



## Mid-Term Review

### SG+ Project on the Business Environment Components

- **Skills and Attitude (S&A)**
- **Governance and Anti-Corruption (GAC)**

Uganda  
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### Executive Summary

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# 1 Presentation of the evaluation

After the first EU-Uganda Business Forum in March 2020, the European Union launched the Sustainable Business for Uganda (SB4U) initiative, supporting Uganda's Vision 2040 and its National Development Plan III (2020/21-2024/25). The SB4U initiative, with the SG+ project as one of its activities, is implemented in a context of strong Government of Uganda (GoU) emphasis on (youth) employment and private sector development. The SB4U initiative aims to overcome three obstacles to investment: skills/attitude development, governance & corruption, and access to finance. To address these, an *EU-Uganda Roadmap to Improved Investment Climate* was launched. The Skills and Governance project (SG+) works on the first two of these barriers. It is a pilot project designed to prepare contents and strategy of subsequent interventions.

SG+ is a three-year project implemented by Enabel from December 2020 until December 2023 via a contribution agreement with the European Union. Main cooperation partner is the Private Sector Foundation Uganda (PSFU). The project focusses on four sectors (Construction, Manufacturing/Agro-processing, Tourism & Hospitality, and ICT & Digitalisation) and comprises of two components:

- The Work Readiness Programme, aimed at matching new graduates with private sector needs. This component provides soft skills to newly recruited graduates in order to better adjust to the demands of companies. A new curriculum was designed comprising of five modules: entrepreneurship, interpersonal skills, personal development skills, professionalism and digital ethics.
- The Governance & Anti-Corruption Component, supporting conditions to combat corruption through four sub-components: support to the Electronic Government Procurement system (EGP), support to e-government services, promoting corporate governance and setting up a private sector led Corruption Reporting Facility (CRF).

The project had a slow start, mostly outside the control of the project partners: pandemic, government procedures and tender processes. Also, the late start of the SB4U platform as a guiding function, contributed to project delay. Project activities started to take off by mid-2022. Nevertheless, considerable achievements have been made.

The field mission of the SG+ Mid-Term Review (MTR) took place from 21-25 November 2022, discussing the project with a large number of key stakeholders in a total of 23 interviews. The limitations of this MTR were the relatively short project implementation period (less than one year) and the short field mission, limiting the number of stakeholders that could be interviewed.

## 2 Results and conclusions

### 2.1 Performance criteria

#### *Relevance*

SG+ is designed as a relevant project for all four major stakeholders. The GoU's National Strategy for Private Sector Development and its National 4IR strategy are closely linked to the SG+ objectives. One of the EU's core programmes, the Inclusive Green Uptake Programme, aims among others at improving conditions for private sector development and investment promotion. For PSFU it is one of their strategic objectives to advocate for a business environment that is conducive for sustainable enterprise growth. And finally for the Kingdom of Belgium SG+ provides opportunities to focus on the Belgian priority areas of education, employment and governance. It is also a way to provide inputs for its Digital for Development focus (D4D).

#### *Coherence*

The SG+ project is seeking coherence and synergies with both other EU funded initiatives and other Enabel supported programmes. For the new Enabel portfolio (2023-2027) synergies will be sought with the Pillar on green and decent jobs for youth in the Albertine and Busoga Regions.

## ***Efficiency***

Project efficiency is a challenge, which may also be expected for a pilot project. In terms of operational and budget execution the project suffered from delays. Not only the regular lockdowns, but also creating clarity among project partners, investigating ways how to organise sub-contracting and MoUs within the current government rules, and preparing the respective component programmes, took the most part of 2021. At the MTR in late 2022, around 22% of the WRP budget and around 43% of the GAC component budget was spent, with one year to go. Project efficiency was further influenced by the pending organisational restructuring being prepared in PSFU. In recent years, PSFU has grown substantially in membership, finances and staff, but its structure and work processes have essentially remained the same.

## ***Effectiveness***

Looking only at the results that should have been achieved, SG+’s effectiveness is limited. But when taking into account the conditions in which SG+ had to start working (COVID-19, new cooperation partners, delays in contracting and grant agreements), the MTR concluded that the major conditions for project success have been established; WRP and GAC have started and have proven their relevance for further development.

## ***Impact***

Although too early to say at this moment, the impact potential is large. The WRP, once scaled-up, can lower youth unemployment and increase private sector effectiveness. Also, European companies will be able start benefiting from the influx of quality graduates. The activities under the GAC component have already proven that the EPG reduces the physical interface between providers and officials, lowering the options for bribes. The initial results of e-government services show the tendency for faster services and lowering the cost of doing business across all sectors.

## ***Sustainability***

For this criterion, the MTR can only provide elements for discussion in Steering Committee and SB4U platform. Even though there are positive signs, it is too early to judge what the best way forward is. In terms of institutional set-up – laws, regulations, policies and organisations – all seems to be available in Uganda to develop a prosperous investment climate for EU-Uganda companies and public-private partnerships. To make this set-up function towards sustainable change, is a more intricate matter, involving issues like political leadership, culture, ethnicity and the changing of social norms and attitudes (‘engrained habits’).

## **2.2 Specific evaluation questions**

### ***Question 1:***

To what extent does the SG+ project have capacity/potential to influence policy formulation in the education and training processes as well as governance and accountability sectors?

There is a large potential for addressing SG+ policy issues through the SB4U platform and its Technical Working Groups (TWG). To become a strong initiative for policy advice and addressing investment bottlenecks, there is a need for more projects that feed their findings into the SB4U platform

### ***Question 2:***

How does the MTR evaluate the approach and actions that were put in place by the project to contribute to an enhanced business environment in Uganda?

The approach of SG+ to work both on the demand and supply side of enhancing the business environment (graduates and companies), and at the same time address the corruption barriers, is ambitious. Therefore, designing SG+ as a pilot project is a wise decision.

### **Question 3:**

To what extent has the project coordination and support mechanism effectively enhanced project implementation and delivery of the results of the project?

The MTR believes that the implementation modalities for a follow-up programme, starting with the next EU contribution agreement, needs a review. During 2023, the MTR suggests to discuss roles of Steering Committee and Project Management Unit vis-à-vis the SB4U TWGs. For the period after 2023, a set up in which the TWGs may have a larger guiding function towards the projects is suggested.

### **Question 4:**

How does the MTR evaluate the partnership modality and collaboration of Enabel-PSFU in the implementation of the project?

The Enabel-PSFU relationship in implementing SG+ is both a funding and partnership engagement, which is normal in bi-lateral cooperation but needs careful attention to balance the two. For the GAC component the cooperation works well, not yet for the WRP component for which the MTR suggest a parallel stream to accelerate activities involving one or two business associations.

### **Question 5:**

What are the MTR recommendations at this stage of the potentially relevant topics for capitalisation (knowledge management) for the project?

A large number of topics, some of them are:

- Effectiveness of the use of digital tools to reduce corruption
- The role of universities in preparing graduates for green economy companies
- Soft skills development in companies and educational institutes
- Working towards corporate good governance certification
- Alternative dispute resolution mechanisms, including mediation and dialogue versus prosecution in anti-corruption initiatives and platforms. Setting up the CRF already generated a discussion on the most appropriate mechanism
- Changing management styles as a consequence of e-government and EGP; both transition management as well as managing across MDAs

## **3 Recommendations**

SG+ is a pilot project with relatively limited resources paving the way for future support. Piloting new instruments and services aims at providing information to the SB4U platform on how to promote soft skills and how to support the conditions reducing corruption in the private sector. Since it is a pilot project, the MTR suggestions are partly for the project period itself and partly for the period beyond.

The MTR has two main strategic suggestions:

#### *1. For 2023: Accelerate the WRP outputs in two ways*

- PSFU to expand its approach by seeking cooperation with one of their existing private sector development projects, e.g. Young Africa Works.
- Enabel to seek a parallel approach to gain more pilot information by contacting one or two large business associations for gaining access to interested companies, and contacting potentially large pools of new graduates via the Innovation Hubs

#### *2. Beyond the project: Establish closer linkages with the SB4U platform*

The SB4U Platform is designed to use SG+ project information in their policy discussions. This has not yet happened because relevant SG+ information is only recently becoming available and the

SB4U TWGs have only just started. Since the follow-up phase of SG+ is entering the planning stage, the MTR suggest to use the coming year for discussing the most appropriate governance arrangement. Three options for a structure to arrive at closer linkages between Platform and projects could be:

- TWG members to take part in the Steering Committee meetings
- SB4U Secretariat to function as liaison between Steering Committee and SB4U Platform
- Task one of the TWGs with becoming the Project Steering Committee

Main operational recommendations for 2023:

- Allow for a no-cost extension. Targets may not be achieved during 2023 leading to less information for SB4U platform.
- Start working on the follow-up programme and create coherence with the Enabel portfolio 2023-2027
- Set up the CRF post-reporting management mechanism
- Promote e-government procurement among Development Partners

Main operational recommendations for the period beyond 2023:

- Search for other (cheaper) training options. First look at companies, then Universities
- Speed up process of MoUs with companies on e-government services
- Amend the WRP entry criteria (employment status and level of education)
- Revisit rules and contents of due diligence