

Independent Evaluation UGANDA

Establishment of two District Business Information Centres in Uganda to Promote Private Sector Development and Information and Communication Technologies

UNIDO Project UE/UGA/09/003

July 2012.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2012

Distr. GENERAL

ODG/EVA/12/R. 4

June 2012

Original: English

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ACKNOWLEDGEMENT

The evaluator acknowledges, with thanks, the active support and information provided by several stakeholders, including: representatives of national and local Government institutions, Business Information Centers' managers, staff and users, and UNIDO staff in Uganda and Headquarters. Their contribution to this evaluation effort has been invaluable.

1. Executive summary

Background and purpose of the evaluation

The terminal independent evaluation of the project UEUGA09003 - *Establishment of two District Business Information Centres in Uganda to Promote Private Sector Development and Information and Communication Technologies* - took place in accordance with the UNIDO Evaluation Policy and with the funding agreement established in the Project Document, requiring an independent terminal evaluation at the end of the project cycle.

In this context an independent consultant conducted the evaluation between the second half of June and the first half of July 2012.

The purpose of the evaluation is to enable the donor, UNIDO and the government to:

- (a) Assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact and sustainability.
- (b) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- (c) Provide an analytical basis and recommendations for the focus and design for the possible continuation of the project in a next phase (if applicable).
- (d) Draw lessons of wider application for the replication of the experience gained in this project in other projects/countries.

Evaluation Scope and Methodology

The evaluation was based on the criteria of relevance, efficiency, effectiveness, and sustainability and considered a mix of quantitative and qualitative information from primary and secondary sources.

The basic unit of analysis of the evaluation is the BIC Project in connection with the country context and other initiatives being developed by UNIDO. Along this line, the basic unit is articulated in three dimensions of analysis: a) project planning; b) implementation process and c) contribution to outcomes and potential impacts, including unintended outcomes.

Data were collected using a variety of methods, including: a) desk review; b) a users' survey; and c). Interviews. The quantitative and qualitative data collected from different sources were triangulated at different stages in the interview process, and in the final synthesis. In so doing, the findings and conclusions reflect an impartial assessment in response to the evaluation objectives. The evaluation was carried out by Mr. Sergio Lenci, an independent evaluation consultant.

Assessment per evaluation criteria

Relevance

The evaluation findings confirm the high relevance of the project to the national priorities, to the local needs and to UNIDO.

The low ICT penetration, particularly in rural areas, presents some challenges, but also market opportunities for the BIC concept to fully deploy

its potential. In fact, the BICs have a clear market niche in contributing to bridge the digital divide by training people and facilitating online access to business information for population sectors that otherwise would not have access to it.

The priority given by the national Government to ICT, as a key tool for socioeconomic development, represents a conducive policy environment. In this context, the development of ICT skills is one of the national priorities and is in high demand at the district level. Similarly, the demand for Internet access is increasingly growing and this represent one of the sources of revenues for the BICs. However, the market niche that seems to be more relevant and prominent for the BICs is that of information brokerage. The awareness of the importance of ICT and the understanding of information as a valuable commodity has progressively increased among the target population, as compared to previous phases of the project. Moreover, the increasingly growing number of mobile phone subscribers' country wide enhances the relevance and potential effectiveness of the SMS based business information services, which can become one of key strategic lines for BICs business development.

The results survey show that the project's is relevant to MSME that is the main target of UNIDO, but is also showing high relevance for other population sectors, such as students and social workers, even beyond the administrative boundaries of the districts where the BIC are located.

Some changes in the national policy environment during the implementation of the project affected the relevance of some specific components. In particular, this refers to the idea of refurbishing imported second hand computers, but overall the theory of change of the project is proving to be valid and its intervention logic appropriate. However, the latter could have been better spelled out in the project document by presenting the hierarchy of results in a clearer and better-structured way.

It should be noted that the project duration proposed in the project document proved to be insufficient vis a vis some of the expected results, particularly as relates to the establishment of the two new BICs in the north of the country.

Finally, the available data raise a legitimate question regarding the relevance of the selection of the districts to be updated to centers of excellence. In spite of their strategic geographical location, the selected BICs do not seem to be the best performing ones.

Ownership

The consultations with BICs CEO and with the members of two District Steering Committee show clear ownership at the local level and commitment of the relevant stakeholders to further strengthen and develop this initiative over the long run.

National ownership is also indicated by the active participation of the Ministry of ICT in the project identification phase. This ensured the alignment of the project's objectives to the national priorities. Finally, the interview with the Regulatory Agency for Information Technology, ascribed to the Ministry of Industry, confirmed the Government commitment to supporting the development and consolidation of the BIC concept as part of the national efforts to promote ICT as an important tool for socio economic development.

Efficiency

The project benefited from a dynamic and efficient management. This allowed the BIC to take strategically position initiative vis a vis public institutions and the private sector, bringing on board a critical mass of partners, at national and local level, that directly or indirectly contribute to its potential effectiveness and sustainability.

As evidenced by the budget delivery rates, all the activities were implemented by the end of the project, although the latter had to be extended much beyond its initial duration. In this regard, it should be noted that the delays leading to the extension of the project were not due to inefficiencies in the implementation. The gap between the rhythm of implementation that was envisaged in the original work plan and the actual pace of the process is explained mostly by the time needed to identify and bring on board local stakeholders in the new districts. This process implied negotiations that were more complex than expected, absorbing a significant portion of the limited time available.

With minor changes, the inputs were delivered as planned and they responded to the expected quality. However, the equipment for the two new BICs was delivered only three weeks before the end of the project. The delay in delivering the equipment is explained mainly by two factors: on the one hand, as mentioned above, the complexity of the political negotiations with local actors and, on the other, a less than optimal timing in adopting necessary changes in the course of action to ensure adequate equipment of the new BIC. As a matter of fact, although this output was formally produced as planned it could not be consolidated, as one would expect, during the lifetime to the project.

The project also benefited from synergies with other ongoing UNIDO initiatives at country level, such as the SPX initiative and upstream policy advisory services that UNIDO is providing to the Government of Uganda. The development of the E-waste policy is an illustrative example along this line.

The BICs project builds on the achievement of previous initiatives of other UN organizations, in particular the Centers for Private Sector Development that was created with UNDP support and is now managing the BICs as fully fledged independent companies limited by guarantee. However, potential synergies with other ongoing initiatives of the UN System could have been better explored and optimized. This refers particularly to the UNDP Peace and Recovery Funds. Both these funds are implementing projects in the north of Uganda and have a component of enterprise development, in some cases with territorial overlaps with the BICs project.

In delivering the planned inputs and producing the expected outputs UNIDO benefited from high quality in house expertise. Moreover, the interviews conducted during the evaluation mission confirmed the competence of national consultants, which is evidenced by the very positive feedback from BICs staff and users.

Finally, as mentioned in chapter 5, the evaluation could verify the clear strategic vision of the project managers and their commitment to achieving sustainable results. However, the analysis of the technical design of the project and of the progress reports shows that there is room for improvement

in developing and applying a result based planning, monitoring and reporting system. At present, this is still very much focused at the activity level.

Effectiveness

Overall, the evaluation revealed that the project is going in the right direction and is contributing to developing MSME and to widening the horizons and potential opportunities of the youth.

A number of positive intended and unintended outcomes are emerging from the BICs established in the previous phase and further consolidated with this project. The effectiveness of the newly established BICs cannot be assessed at this stage, as they just started their operation when the evaluation took place.

Evidence shows that seven BICs are fully functional and that a wide range of actors is regularly using their services. Moreover, users go beyond the local business community that was initially targeted. In fact, a significant number of students are benefiting from the opportunities for training and access to information that BICs are providing. This is in line with the focus on youth that is stressed in the project document. In this connection, it is important to mention that although full gender equality remains a target to be met, the available data suggest a fairly positive gender balance among BICs users¹.

The evaluation was able to capture concrete positive changes that can be grouped in the following categories:

- Enhanced ICT skills for business administration and communication with clients and suppliers;
- Access to information on market prices;
- Knowledge on better methods of farming and how to make farming a more profitable business;
- Access to loans;
- Client management and ability to win competition;
- Procurement of production supplies;
- Accessing information on opportunities for education and scholarships;
- Professional orientation i.e. enhanced knowledge among youth on how to develop and manage business.

As one of the interviewees observed: *There is a lot of information out there that does not reach the local level. BICs are filling this gap and this is one of the biggest things they are doing.*

An area in which the BICs could enhance their effectiveness is the online promotion of their services and of the products of local MSME. In this connection, it was mentioned that more could be done to develop and maintain the BICs websites, as well as to support local MSME in developing and maintaining their own.

Sustainability

¹ Ref. Table 11 in chapter 5.

A number of factors should be considered while trying to assess the sustainability of the BICs. Some are contextual factors, such as the instability in power supply and Internet connectivity, and the high costs of the latter. These cannot be controlled by UNIDO or by the BICs managers. Therefore they should be assumed as fixed variables to deal with until they are resolved at the national level. While these contextual factors may imply hiccups in the regular provision of ICT services, and relatively higher costs, they do not reduce their relevance and the demand for them.

The findings of the evaluation also suggest that internal factors, including management issues, may have a stronger impact on sustainability.

In this framework, one of the key challenges is the need to keep up with new technology developments and the relatively short lifetime of computers. The latter requires continued investments by the BICs and, therefore, it is directly related to their economic performance and sound financial management. In turn, the economic performance is directly influenced by their capacity to attract and retain customers and to continue offering relevant and useful services to the local population.

In connection with the above, it should be noted the BICs have been progressively improving their performance over the last four years². However their performance is uneven and all of them are still functioning with the equipment that was donated by UNIDO, so the real proof will come once they will be forced to purchase new equipment.

The analysis of the different level of consolidation achieved by the BICs may help to shed some light on the most important variables to be addressed for long term effectiveness and sustainability. In so doing, we may look at the relation between: a) the overall performances of the BIC as measured by trends in income over expenses and by progress in developing new business streams³ and b) the potential market, as measured by the demographic figures on the total district population and the population of the main city with each one of them.

As mentioned in chapter 5, the total district population does not seem to be necessarily a critical variable. In fact, the best performing district – Soroti - is also the smallest in terms of total population. On the other hand, the size of city population seems to be a more significant variable: the four best performing districts are also those with a relatively larger city population. However, the fact that the worst performer is also the one with the largest city population suggests that other critical factors come into play.

Considering that all the districts received the same inputs from UNIDO and that the best and worst performers were equally trained, we may assume that there are some internal management issues, particular as relates to the capacity to attract and retain customers in the urban areas, as well as reach out individuals and groups in the rural areas.

A key element in this regard has to do with the efficiency of BIC staff. In both

² Ref. Table 9

³ Ref. Table 9 and 10

sites visited, the evaluation mission could verify the existence of enthusiastic, committed and competent staff. The key issue in fact, is not the quality of the staff but their high turn over, which limits the possibility to grow within the firm and capitalize on experience. This challenge is not exclusive to the BIC, but relates to the very structure of the labor market in Uganda. In fact, as illustrated in the first chapter of this report, between 2009 and 2010 79 percent of the working population between 14 and 64 years were self-employed. In this context, it is understandable that most people are prone to constantly explore for new job opportunities. A solution adopted by some BICs to limit the staff turnover is that of giving monetary incentives in terms of a percentage of the income generated by the attraction of new customers or business opportunities. At present, it is not possible to fully assess the effectiveness of this strategy, as it is an ongoing experiment recently launched by only two BICs, namely Jinja and Arua.

Financial sustainability will also depend on the possibility to develop a distinctive brand mark of the BIC. At present, ICT training and general Internet access are the main sources of revenue. However, as one of the CEO rightly pointed out, the long term sustainable business is selling information, not training people or simply providing internet access. In his own words: *If you train somebody on accounting packages once he has learned he does not need you anymore.* This seems a very insightful statement to which one can add that the more people have computers at home, the less they will need BICs to access the internet.

On the contrary, by selling relevant business information that is regularly collected and synthesized and made easily available to clients without having to spend too much time in searching and filtering the get the most relevant data, BICs can maintain and expand their market niche, thus guaranteeing a profitable business with a positive impact on local economic development. In fact, even in the most complex and economically developed societies, with high levels of connectivity and ICT penetration, people are willing to pay for such kind of services.

In light of the above, we may conclude that in spite of the existing challenges there might positive prospects for sustainability. Of course this will be greatly enhanced by progressive reduction of the infrastructural limitations thanks to large investments of the national government.

Ideally, while the financial sustainability of the BICs should be based on commercial terms, they should not lose sight of their social vocation. By this token, it will be important that BICs can offer a diversified range of services. Some of them will be more business oriented to generate income for the BIC, such as the information brokerage services and general internet access, while other should be more oriented at providing training for the development of basic ICT and entrepreneurial skills among underprivileged groups and individuals. The partnership with FIT Uganda and Makerere University are two important steps in the process of diversifying BIC's services and enhancing their financial sustainability.

Finally, from the perspective of technical sustainability, it should be noted that further networking among BICs to share experiences and knowhow would also be needed. This is particularly the case for the newly established BICs. The possibility for an effective networking among the BICs is enhanced by the

fact that they are not in competition with each other, as each one has its own potential market that does not overlap with the other.

Summary of Recommendations

The recommendations are structured by addresses, namely: UNIDO, the Government and/or Counterpart Organizations and the Donor.

Recommendations to UNIDO

- a) It is recommended to ensure appropriate follow-up to the establishment of the new BICs.
This could be done by exploring additional sources of funding to secure another contract to the national consultant that was responsible for technical support and training and has proved to be an effective multiplier. In fact, at this stage, it is important to conduct support visits to the new districts with regular interval, so as to assess progress or lack of and suggest corrective measures. The consultant should be on board at least for another six months, even though not necessarily on a full time basis.
- b) It is recommended to start, as soon as possible, formal dialogues with other UN organizations working in Uganda, particularly with UNDP, to explore and secure synergies that can enhance the effectiveness of BICs and overall UN System wide coherence and effectiveness.
- c) It is recommended to put more effort in ensuring that relevant and useful monitoring frameworks are developed at the planning stage of the projects and to ensure that monitoring and reporting goes beyond the completion of planned activities and budget delivery, to provide analytical information for timely decision making during implementation.

Recommendations to the Government and/or Counterpart Organizations

- d) It is recommended to establish a network of BIC for mutual technical support. This could be done by creating a virtual community of practitioners that can work as a virtual space where a BIC manager or staff can address inquiries to the entire community and hopefully receive relevant answers from colleagues. Such virtual community could be set up under the auspices of NITA or other relevant Government institution. A reference model could be that of the community of practitioners used by the UN System, such as for example EvalNet.

Recommendation to the Donor

- e) It is recommended to ensure a wider time horizon when financing this kind of projects. In fact, the initial proposed duration of one year has proved to be totally unrealistic.
- f) In connection with the above, and with recommendation (a), it is recommended to explore the possibility of financing the contract extension to the national consultant, in the case that UNIDO cannot afford it with its core funding.

Lessons learned

There are two main lessons that can be distilled from the findings of this evaluation.

1. Any project of international cooperation carries a “political capital” for country stakeholders, thus requiring careful negotiations to select partners and beneficiaries. These negotiations can be complex and time consuming particularly at the local level, where the relative weight of the project might be heavier. Therefore, the time absorbed by the start up phase to set up the institutional architecture of the project as well as to select beneficiaries and bring on board relevant partners cannot be considered as an unexpected incident. On the contrary, it should be assumed from the outset as part of the complexity of development processes and factored in at the planning stage. Particularly when defining the duration of a project. By not considering these variables at the planning stage, transaction costs are raised. In fact, although projects can be extended during implementation, each extension requires time and energy from the project managers and the administrative unit at HQ, and may generate hiccups in the implementation of activities on the ground
2. In the wider process of transition towards a results based administrative and management system it is important to make sure that it does not result simply in a new bureaucratic requirement. Such transition should imply substantive changes in the perspective from an input driven to a result based project cycle and these changes should be reflected in the type and quality of information that is reported, not just in the format of progress reports. In this connection, it is important to allocate adequate resources to ensure that results based monitoring and reporting can be effectively implemented. In those countries where there is a critical mass of projects that can justify it, it might be worth considering the possibility of pooling funds to ensure that there are dedicated professionals to develop and implement results based M&E systems

2. Introduction

2.1. Background and purpose of the evaluation

The evaluation of the project UEUGA09003 - *Establishment of two District Business Information Centres in Uganda to Promote Private Sector Development and Information and Communication Technologies* - took place in accordance with the UNIDO Evaluation Policy and with the funding agreement established in the Project Document, requiring an independent terminal evaluation at the end of the project cycle.

In this context, Mr. Sergio Lenci, an independent consultant, conducted the evaluation between the second half of June and the first half of July 2012.

The purpose of the evaluation is to enable the donor, UNIDO and the government to:

- (e) Assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact and sustainability.
- (f) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- (g) Provide an analytical basis and recommendations for the focus and design for the possible continuation of the project in a next phase (if applicable).
- (h) Draw lessons of wider application for the replication of the experience gained in this project in other projects/countries.

2.2. Evaluation Scope and Methodology

The evaluation was based on the criteria of relevance, efficiency, effectiveness, and sustainability and considered a mix of quantitative and qualitative information from primary and secondary sources.

The basic unit of analysis of the evaluation is the BIC Project in connection with the country context and other initiatives being developed by UNIDO.

Along this line, the basic unit is articulated in three dimensions of analysis: a) project planning; b) implementation process and c) contribution to outcomes and potential impacts, including unintended outcomes.

Data were collected using a variety of methods, including: a) desk review; b) a users' survey; and c). Interviews.

The desk review mainly covered progress reports, strategy and policy documents, and other documents that were considered relevant and useful to make an informed judgement, such as for example; national statistical abstracts and studies on the ICT sector in Uganda.

The users' survey was developed in consultation with UNIDO CTA in Uganda and administered by the CEO of the Business Information Centers. The survey questionnaire was placed at the entrance of each of the BICs that are currently functional and basically asked users to rate the utility of the services and to provide a short qualitative statement

illustrating if and how they are contributing to any tangible changes. All the seven Districts returned the questionnaires. In total there were 161 responses, 59% from males and 41% from females.

The country mission lasted five working days, from Monday June 18 2012 to Friday June 22, included. During this week the evaluator conducted 18 interviews and two focus groups with the key stakeholders, including the following: UNIDO staff, UNDP staff, national and local Governments' authorities, BIC managers and staff, members of the District Steering Committees of the BICs and users of their services. The mission included two site visits in the Districts of Jinja and Masaka.

The data collected were organized in blocks of information corresponding to the three dimensions of analysis on which the evaluation is focused. The quantitative and qualitative data collected from different sources were triangulated at different stages in the interview process, and in the final synthesis. In so doing, the findings and conclusions reflect an impartial assessment in response to the evaluation objectives.

The time and resources allocated to the evaluation imposed some constraints on the methodology. Particularly, due to the short time available for the in country mission, the site visits were limited to two locations out of 10 and the number and type of people interviewed does not entirely represent the full spectrum of stakeholders. Similarly, the survey's responses cannot be assumed as representative of the entire population of the districts where the BIC are located.

Moreover, the lack of output and outcome indicators set at the planning stage limits the possibility of a systematic measurement of progress towards results.

In spite of the limitations, the data collected and analyzed led to findings that provide significant examples of achievements and challenges and, in so doing, an understanding of the key factors that can influence the project performance. Consistently with qualitative methods in applied social research, these findings can be logically generalized (as opposed to statistical generalization) and lead to credible conclusions and lessons learnt.

2.3 Project Summary

The main objective of the project UE/UGA/09/003 *Establishment of Two District Business Information Centres to Promote Private Sector Development and Information and Communication Technology* (from now "The BDIC Project" or simply "The Project"), as stated in the PRODOC was to: *harness information and communication technologies (ICT) for the development of local entrepreneurial skills, business growth, employment generation and, ultimately, poverty alleviation in the districts of Uganda in which BICs would be set-up.*

The underlying working hypothesis was that by regularly accessing relevant business information, advisory services and technology training, and by establishing links to the local, national and international market, local MSME would: a) increase their innovation capacities and entrepreneurial skills; b) increase productivity; c) be better positioned to locate their products in the market. This would then lead to business growth,

employment generation and, ultimately, poverty alleviation in the districts of Uganda in which BICs are located.

The key expected outputs were phrased as follows:

- I) To establish two additional BICs in the North of Uganda linking them to the network of already existing BICs and
- II) Further strengthen the DBIC network based on the successful establishment of eight BICs through the upgrade of two existing centres into centres of excellence;
- III) To provide technical support and capacity building for the already established six BICs financed by the Uganda Ministry of ICT.

The project was funded by the Austrian Development Agency, with a total approved budget of 300,000 EUR, of which approximately 12% constitute implementation support costs. Table 1 below shows the total allocation by inputs, excluding support costs.

| Table 1. Initial Budget Allocation per budget line | | | |
|----------------------------------------------------|------------------------------------|--------------------|-------------------------------------------|
| Budget Line | Description | Initial Allocation | % of initial allocation over total budget |
| 11-00 | International experts/consultants | 50,000.00 | 18.8% |
| 13-00 | Administrative support personnel | 20,500.00 | 7.7% |
| 15-00 | Travel of Project Staff | 13,231.00 | 5.0% |
| 16-00 | Other personnel costs | 11,538.00 | 4.3% |
| 17-00 | National experts/consultants | 44,038.00 | 16.6% |
| 21-00 | Subcontracts | 25,769.00 | 9.7% |
| 33-00 | Training, fellowships, study tours | 7,692.00 | 2.9% |
| 43-00 | Premises | 5,631.00 | 2.1% |
| 45-00 | Equipment | 60,038.00 | 22.6% |
| 51-00 | Sundries | 27,050.00 | 10.2% |
| TOTAL | | 265,487.00 | 100.0% |

Source: UNIDO

The national counterparts of the projects are the Ministry of Trade, Industry and Cooperatives (MTIC) formerly Ministry of Tourism, Trade and Industry (MTTI) and Ministry of Information and Communications Technology.

The overall strategic and political leadership of the project rests with a National Steering Committee, who is entrusted with the oversight of the implementation. In addition, at the local level there is a District Steering Committee (DSC) for each of the BICs supported by UNIDO. While the existence of the NSC is linked to the project cycle, thus bound to disappear at the closure of the project, the DSC are meant to be the governing body of

the BICs and its political leader beyond the life cycle of the project. The BICs are legally configured as "Private Companies Limited by Guarantee" and each of them has a Chief Executive Officer (CEO) recruited by the hosting institution, which is in charge of the overall management and acts Secretary of the DSC.

The funds were allocated to the project on 3 August 2009 and the duration was set for one year, until 31 August 2010. After that, the project was extended three times: first until May 2011, second until 31 December 2011 and finally until 30 June 2012. The total duration of the project was therefore 34 months, from August 2009 to the end of June 2012. The table below shows all the revisions to extend the duration and to reallocate the funds.

Table 2. Revisions of Budget Allocations and Project Duration

| Revision | Date | Description |
|----------|------------------|--------------------------------------------------------------------------------|
| A. | 3 August 2009 | To allocate funds and set duration to 31 August 2010 |
| B. | 17 August 2010 | To extend the project completion date to 31 May 2011 |
| C. | 2 December 2010 | For re-allocating funds and make phasing to 2011 |
| D. | 12 May 2011 | For re-allocating funds and to extend the project duration to 31 December 2011 |
| E. | 6 October 2011 | For re-allocating funds and to extend the project duration to 30 June 2012 |
| F. | 29 December 2011 | For phasing funds to 2012 |
| G. | 21 February 2012 | For re-allocating funds |
| H. | 7 May 2012 | For re-allocating funds |
| I. | 1 June 2012 | For re-allocating funds |
| J. | 26 June 2012 | For re-allocating funds |

3. Country and project context

3.1. Socio-economic overview of the country and development priorities

The republic of Uganda is a land locked country with a total area of 241,550.7 square kilometers (sq. kms). Open water and swamps cover 41,743.2 sq. kms. Land area is 199,807.4 sq. kms. Cultivated land cover increased from 84,010 sq. kms in 1990 to 99,018.4 sq. km in 2005.

According to the 2002 Uganda Population and Household Census, reported in the latest Statistical Abstract⁴ the total population was 24.2 million persons. The sex ratio was 95 males per 100 females while 49% of the total population was below 15 years. Based on the census projection, the total population is now estimated at 34.1 million, of which 14.7% leave in urban areas.

According to the preliminary results from the 2011 Uganda Demographic and Health Survey (UDHS)⁵, in 2009/10 the total fertility rate was 6.2 children per woman, Infant mortality rate was 54 deaths per 1000 live birth and under five mortality rate was 90 death per 1000 live birth. Overall literacy rate among children aged 10 years and above was 73 percent. In the same period, 79 percent of the working population (betn14 and 64 years) was self-employed and 21 percent were paid employees. Agriculture sector engaged 66 percent of the working population.

Poverty head count has been steadily declining between 2002 and 2010, going from 38.8 to 24.5⁶

According to the analysis reported in the UNIDO Country Brief of March 2012, *Uganda's economy performed remarkably well following an Economic Recovery Programme (ERP) by the government from 1987-1996 with the GDP growing at an average annual rate of 6.5 percent followed by a decline in monetary growth leading to substantial reduction inflation. From then, the GDP has averaged at 6.3 percent per annum with the inflation kept at single digit at around 8.5 percent for most of these periods. This growth in GDP has been accompanied by changes that reflect structural transformation in the economy.*

In spite of this economy recovery however, Uganda's per capita income is still very low compared to other economies in Africa and Asia. While Uganda's economic performance was at par with that of countries such as Kenya, Ghana, and Malaysia in the early 1970s, these economies have since improved significantly over Uganda's economy, to the extent that Countries like Malaysia and South Korea are now role models to Uganda as opposed to being a peer as it was in the 1970s. With a total GDP of UGX 29.824 trillion (US 15.29 billion) and a per capita GDP of UGX 990,314, Uganda is still among the low-income countries in the world. This has been due to particular

⁴ Published by the Uganda Bureau of Statistics on 16 June 2012, available at <http://www.ubos.org/onlinefiles/uploads/ubos/pdf%20documents/2012StatisticalAbstract.pdf>

⁵ ibid

⁶ Annex V illustrates the trends of all MDG Indicators between 2002 and 2011.

structural bottlenecks in the economy which include: dominance of primary commodities over industrial products, slower than desirable growth in the agricultural and industrial sectors, slow accumulation of core production infrastructure such as energy and transport, and new sectors that are not absorbing that rapidly growing labor force. Currently, Uganda, is experiencing serious and interrelated shocks, namely, hikes in food prices, increases in energy prices and the global financial and economic crisis, and these crises threaten to erode the recent gains made in poverty eradication and reduced prospects of achieving the Millennium Development Goals (MDGs) by the target date. Uganda's other major challenge is to generate productive jobs and livelihoods for the 1 million young people entering into labor force each year.

In this context, the Government of Uganda has designed a National Development Plan (NDP), which aims to promote growth, employment and prosperity through enhancements in productivity and competitiveness, as well as investments in education for skills development. The key development objectives laid out in the NDP are the following:

1. Increasing household incomes and promoting equity
2. Enhancing the availability and quality of gainful employment
3. Improving stock and quality of economic infrastructure
4. Increasing access to quality social services
5. Promoting science, technology, innovation and ICT to enhance competitiveness
6. Enhancing human capital development
7. Strengthening good governance, defense and security
8. Promoting sustainable population and the use of environmental and natural resources

3.2. Situational Analysis of the Information and Communication Technology Sector⁷

Uganda's ICT sector has considerably been liberalized from a few state monopolies to several private providers. In Uganda, ICT services particularly telecommunications and broadcasting have traditionally been supplied by state monopolies. Liberalization of the sector started in 1994 with introduction of competition in the telecommunications industry while liberalization of broadcasting services was effected in the year 2000.

During the period of state monopoly, performance of the ICT sector was weak. In the case of telecommunication, telephone penetration remained very low at a tele-density of 0.5 per cent; the network coverage was also limited to places in and around the capital city, Kampala.

The country, however, started witnessing a surge in telephone subscription trends with the licensing of the second national operator in 1998. The average annual growth rate for the mobile subscriber base between 2005 and 2007 was 61 per cent, with 2007 in

⁷ The information reported in this section of the report is extracted from the National Development Plan 2010-2015 and from the *Uganda ICT Sector Performance Review, Towards Evidence-based ICT Policy and Regulation, Volume Two, Policy Paper 13, 2010*.

particular realizing 2.4 million additions. This has translated into a mobile penetration of approximately 21 lines per 100 inhabitants, up from 8 lines per 100 in 2005.

According to the Uganda Communication Commission, there were 8.5 million subscribers by December 2008, compared to 276,000 in 2001. This would mean that at least one in every four people (28.7% of the population) owns a mobile phone. This figure might however be skewed due to the existence of multiple SIM ownership. A number of consumers hold more than one SIM in order to benefit from the favorable rates for calling within a network. No report or official survey has been conducted to establish the existence of multiple SIM ownership. Moreover, the available data do not distinguish between users in urban and rural areas, the latter being presumably a smaller percentage. However, considering that less than 15% of the total population lives in urban areas, we can assume that the number of subscribers is significantly growing also in the rural areas.

The development of ICT sector in Uganda is also facing a number of constraints that are outlined in the National Development Plan as follows:

Constraints for the Telecommunications Sub-Sector

- Infrastructure gaps in the delivery of broadband.
- High dependence on satellite bandwidth for the provision of Internet services.
- High costs of Internet services.
- Limited access to the electricity grid in most parts of the country.
- High usage taxes in the telephony sub-sector.
- Generally low income levels especially in the rural areas.
- Low ICT integration in Government as well as business processes resulting in low demand for Internet.
- A largely illiterate consumer mass unaware of its rights, benefits and opportunities.

Constraints for the Information Technology (IT) and Information Management Services (IMS) Subsector

- Low levels of awareness by the public on the role IT can play in social economic transformation.
- Lack of IT skills and knowledge by the population especially in rural areas.
- High cost of IT equipment and software.
- Increase in cyber crime (electronic fraud, computer misuse) and growing insecurity in the use of IT equipment and software.
- High level of digital marginalization (digital divide), especially in rural communities.
- Expensive Internet connectivity costs due to limited connection to the submarine cable system.
- Lack of sufficient IT skills at managerial level.
- Insufficient local content.
- Lack of relevant IT business-driven applications.
- Lack of an appropriate legal and regulatory framework for the IT subsector.
- Lack of standards in hardware manufacturing and software development.

In order to address these challenges, the National Development Plan defines some specific objectives, strategies and lines of intervention. Table 3 summarizes the most relevant to the project being evaluated.

Table 3. National Objectives and Strategies for ICT development

| NDP Objective | Strategy | Intervention Description |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Enhance access to quality, affordable and equitable ICT services country wide | 1. Develop ICT infrastructure | i) Roll out the National fiber optic cables to cover all districts. ii) Construct Information Technology (IT) Business Parks. iii) Support Public Private Partnership (PPP) arrangements to extend fiber optic cable to production centers and institutions. iv) Construct Information Technology (IT) Business Parks. v) Support Public Private Partnership (PPP) arrangements to extend fiber optic cable to production centers and institutions. |
| 2. Enhance the use and application of ICT services in business and service delivery. | 2.1. Promote the use of ICT in business and service operations (e-commerce and e-government). | i) Enact and operationalise the Cyber Laws. ii) Popularize Tele-Business Information Centers and Payphone services. iii) Increase the computerization of service delivery functions in Government. iv) Develop relevant local internet content and translation in local language for business, and science and technology. v) Collect, preserve and disseminate documented information for present and future use. |
| | 2.2. Build competent human resource capacity in the sector. | i) Provide requisite ICT skills. ii) Accredit ICT courses and training institutions. iii) Incorporate ICT into education curricula. |
| | 2.3 Develop and implement a policy, legal and regulatory framework for systematic sector development. | i) Make operational cyber laws to facilitate e-commerce |
| | 2.4 Promote utilization of ICT as a business. | i) Support Business Process Outsourcing (BPO) Services. ii) Support initial operations of the Information Technology (IT) Business Parks. iii) Promote hardware assembly and software development as an investment opportunity to potential local and foreign investors. |

Source: National Development Plan, pag.128-129

3.3. The UN and UNIDO response to National Priorities

To support the implementation of the National Development plan, the UN system, to which UNIDO belongs, developed a new UN Development Assistance Framework (UNDAF) covering the period from 2010 to 2014. The UNDAF outlines the key areas of focus of the UN work in the country and defines a number of expected results. As stated in the document signed by the Government and by the representatives of the participating UN organizations: *The UNDAF was designed as a results-driven framework with three broad UNDAF Outcome Areas and corresponding agency outcomes and outputs: i) Governance and Human Rights; ii) Sustainable Livelihoods; and iii) Quality Social Services. The UNDAF reflects the national scope of the UN System in Uganda, but within that scope, six special areas of focus are mainstreamed and highlighted. These include i) Northern Uganda, a region that needs special attention to attain the national average in human development indicators and then meet the MDG targets; ii) human rights, which have improved but many challenges remain in the area of economic, social and cultural rights, especially of the most vulnerable groups of the population; and iii) gender discrimination against women in all spheres of life; iv) the environment, for which the Government of Uganda has put in place strategies and plans to promote sound environmental management, but the quality of the environment continues to decline. v) Population, for which there is a growing realization of the importance of population in development; and vi) HIV & AIDS that its pandemic continues to have deep, negative socio-economic repercussions.*

These areas of focus match the key objectives of the National Development Plan, as illustrated below:

Table 4. Matching between UNDAF Outcome Areas and NPD Development Objectives.

| UNDAF Outcome areas | Corresponding NPD Development Objectives |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) Governance and Human Rights | 7. Strengthening good governance, defense and security |
| ii) Sustainable Livelihoods | 1. Increasing household incomes and promoting equity 2. Enhancing the availability and quality of gainful employment 3. Improving stock and quality of economic infrastructure 5. Promoting science, technology, innovation and ICT to enhance competitiveness 8. Promoting sustainable population and the use of environmental and natural resources |
| iii) Quality Social Services | 4. Increasing access to quality social services 8. Promoting sustainable population and the use of environmental and natural resources |

Source: UNDAF Document pag.5

UNIDO activities in Uganda, including the BICs project, fall under outcome area ii) of the UNDAF and are directly linked to NPD objectives 1, 2, 3, 5 and 8. Prior to the current planning cycle, UNIDO has supported the Government of Uganda's poverty eradication action plans through the implementation of two Uganda Integrated Programmes (UIP 1998-2009). Currently, UNIDO is in the process of developing its Country Programme. While this process is ongoing, there are a variety of standalone programme and projects that UNIDO has gone ahead to undertake to ensure continued support to the national development objectives in three main areas:

1. Support to One Village, one Product (OVOP)
2. Support to Leather ad textiles products policy and strategy and
3. Continuation of the various UIP programme components.

This BICs project is one of the initiatives that are being followed up from the previous UIP.

4. Project Planning

This chapter discusses the project identification and formulation process

4.1. Project identification

This section focuses on discussing how the idea of the project was conceived and the participation of national and local stakeholders in this process.

Based on the interviews conducted during the evaluation mission, the identification process benefited from a strong participation of Ugandan national authorities from its outset, which secured a clear alignment to national development priorities.

The project was conceived as follow up to a previous initiative that fell under UIP II and aimed at creating 8 Pilot District Business Information Centers with funding from the Austrian Development Agency and technical assistance by UNIDO. The idea of a follow up to this initiative came from the Ministry of Information and Communication Technology of the Ugandan Government, who was positively impressed by the pilot phase. In this connection, the Ministry of ICT decided to set up 6 additional Business Information Centers committing to provide the infrastructure, while officially requesting further technical assistance by UNIDO. The Ministry of Industry too showed interest in a follow up phase and requested UNIDO's technical and financial support to set up two additional centers in the north of the country. The latter proposal was part of a larger post conflict recovery and development strategy that was, and still is, one of the Government's priorities.

As a complement to the Government's proposal, UNIDO brought up the idea of strengthening the already existing 8 pilot Centers to support them until they could reach a level of maturity that could ensure technical and financial sustainability; in this connection, UNIDO also proposed to upgrade two of the existing BICs to "Centers of Excellence" that could become a reference for the others. The idea was also to link all the BICs in a countrywide network that could enhance technical sustainability through mutual support. The centers of excellence were also conceived as technical hubs to refurbish second hand computers, thus making available affordable hardware components to the BICs network.

In this context, UNIDO's staff in Vienna started to explore possible contributions from bilateral donors and managed to secure new funding from the Austrian Development Agency.

4.2. Project Formulation

This section discusses the formulation process and the quality of the project document as relates to the following dimensions: *a) the actors involved in the formulation; b) the situation analysis that justifies the intervention and c) The intervention logic and the underlying theory of change.*

a) Actors involved in the formulation

In the framework of the objectives and priorities defined in consultation with the national authorities, the technical formulation of the project was led by UNIDO, in a joint effort between staff in Vienna and in Uganda.

b) Situation analysis

The Project Document presents a thorough situation analysis. In particular, it provides a clear description of the key development challenges at national level and an in depth and well documented discussion of the specific challenges related to the development of micro, small and medium enterprises and of the ICT sector in the country. By the same token, the document presents the Government's strategy in response to the identified challenges and provides arguments that illustrate UNIDO's comparative advantage in the relevant areas of intervention, as well as the potential valued added that could derive by establishing synergies with other ongoing initiatives at the country level.

The project document identifies the criteria for selecting the locations of the two new BICs in the northern region, as listed below:

I. Critical mass of MSME.

To ensure that in the selected location there is demand from the business community and a sufficient number of people to pay the services to be provided by the BICs.

II. Availability of infrastructure.

To ensure that there are minimum sufficient conditions of power supply, connectivity, equipment and maintenance.

III. Physical location

To ensure that the center can be hosted in a location that is close enough to where the demand has been identified.

IV. Existing MSME support structure

To ensure that there is a conducive institutional environment in support of MSME, such as for example the existence of a chamber of commerce, small scale industry association, manufacturer association, farmers associations etc..

V. Existing or planned initiatives by the Government or other development partners.

To enable strategic partnership with the wider development community so as to enhance effectiveness and sustainability.

These criteria were agreed upon with the national authorities and included in the project document, but the collection and analysis of data for the actual selection of the districts was left as one of the first step of the implementation phase.

Finally, while addressing the issue of the target population, the project document identifies MSME in rural areas as the most direct beneficiaries. In this connection a particular emphasis is placed on promoting MSME run by females. In fact, the latter are acknowledged to be those who carry the heaviest burden of poverty. However, the issue of gender equality is not discussed beyond this general statement, nor is there a specific strategy to mainstream the gender equality approach through out the implementation. In this connection, it should be noted that although a strategy to promote gender equality was not documented, UNIDO staff tried to ensure that gender balance would be assumed as a criteria in the selection of BIC staff. In fact, the evaluation mission could verify this during the field visits.

c) *The intervention logic and the underlying theory of change.*

The DBIC concept is explained in the narrative section of the PRODOC illustrating the approach that UNIDO developed on the basis of its international experience. The Business Information Centers are thought as agents of change that provide services to MSME along four main lines, namely: a) Business advisory services; b) Access to relevant business information and reliable internet; c) Technology training and d) Assistance in establishing linkages to local, regional and international markets.

However, the concrete changes to which these services would lead are not equally articulated in the PRODOC. The planned activities are relevant and appropriate for the delivery of the expected outputs, but there seem to be a gray area between general and ambitious results statements at the impact and outcome level and the expected outputs.

The narrative of the document does not include a dedicated section illustrating the theory of change that clearly links the services to be provided by the BICs to the expected development changes within the short, medium and long term. By the same token, the logical framework does not reflect a clear and realistic hierarchy of results achievable within the time and resources allocated.

There are a number of statements regarding the project's impact, the objectives, and the expected outcome but these are dispersed across different sections of the document.

The narrative of the PRODOC refers to the "main objective" of the project as: *To harness ICT and relevant business information services for the development of local entrepreneurial skills, thereby promoting productivity for increased local private sector competitiveness, industrial innovation capacities and employment generation⁸.*

Similarly, in a different section the document refers to "the main expected outcome" as: *Alleviated poverty and raised socioeconomic living standards in districts of Uganda in which BICs will have been set-up by contributing to the development of a better skilled, more innovative and competitive private sector.*

⁸ Project Document, Section C1, pag.15

The logical framework presents the expected impact, outcome and outputs as follows:

| Table 5. Synthesized Logical framework as per the original statements in the PRODOC | |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Development Goal / Impact. | To help alleviate poverty and raise socio-economic living standards |
| Outcome/immediate objective | To contribute to the efforts of the Government of Uganda to leverage ICT for social and economic development through the establishment of two new BICs in northern Uganda, strengthening the existing BICs in their service delivery and upgrading two of them as Centers of Excellence and providing technical assistance programme to the five BICs being established by the Ministry of ICT. |
| Outputs | <ol style="list-style-type: none"> 1. Establishment of Two BICs in Northern Uganda 2. Development of tailor made ICT and MSME development training packages for communities within which BICs are to be established 3. Establishment of two centers of excellence within the existing BICs 4. Providing technical assistance programme to the 5 BICs being established by the Ministry of ICT 5. Strengthening the existing BICs in service delivery and networking 6. Development of institutionalized linkages between new BICs and the existing network of BICs. |

As it is evident by reading the table, the impact statement is very ambitious and vague, and what is defined as the “outcome / immediate objective” basically synthesizes the six outputs in one single statement, but does not define concrete changes. Moreover, there are no indicators that operationally define the expected impact and outcomes.

During the implementation of the project some of the outputs were merged, resulting in only three outputs reformulated as follows:

- I) To establish two additional BICs in the North of Uganda linking them to the network of already existing BICs and
- II) Further strengthen the DBIC network based on the successful establishment of eight BICs through the upgrade of two existing centres into centres of excellence;
- III) To provide technical support and capacity building for the already established six BICs financed by the Uganda Ministry of ICT.

Based on the interview conducted, it seems that the reformulation of the project's outputs was not due to a substantive revision of the intervention logic, but simply to the

introduction of a new administrative system in UNIDO, which adopts a results based budgeting approach and sets a limit of four expected output per project⁹.

In spite of the limitations of the Project Document it should be noted that the consultations with UNIDO project managers and with the project CTA suggest the existence of a clear working hypothesis that has guided the implementation of the project. This working hypothesis can be reconstructed as follow:

The project intends to support the establishment and or consolidation of Business Information Centers so that by regularly using their services the local MSME would: a) increase their innovation capacities and entrepreneurial skills and b) be better positioned to locate their products in the market. This would then lead to business growth, employment generation and, ultimately, poverty alleviation in the districts of Uganda in which BICs would be set-up.

This central statement could be articulated in a set of expected results that can emerge over the short, medium and long term. Table 5 below proposes a logical framework that reflects the theory of change as reconstructed above, with examples of possible indicators to measure progress towards expected changes:

| Table 6. Reconstructed logical framework at the impact and outcome level | | |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Expected Change | | Examples of possible indicators |
| Long term Impact | Reduced poverty levels in the relevant districts | Poverty head count in relevant districts as measured by the Uganda Bureau of Statistics |
| Outcomes | Increased entrepreneurial skills of the users of BICs services | Number of new business, or new services within existing business, launched by BICs users as compared to those launched by non BICs users. |
| | Increased innovation capacities of local MSME using BICs services | Number of new products or new models of existing products offered by BICs users as compared to those launched by non BICs users. |
| | Business growth | Revenue trends of MSME using BICs services as compared to those not using it. |
| | Employment generation | Trends in hiring and firing of MSME using BICs services as compared to those not using it. |
| | Increased ICT capacities of BICs users | Ability to communicate via email and through social networks Ability to run accounting and other relevant software for business management. |

⁹ The transition to the new RBM platform is still ongoing. In fact, the budget information for this project is presented by inputs, as it has been provided to the consultant by UNIDO.

| | | |
|--|-----------------------------------------|----------------------------------------------------------------------------------------------|
| | | Ability to access the Internet and autonomously conduct information searches. |
| | Access to relevant business information | Quantity and quality of information obtained by users by accessing internet through the BICs |

This framework might enable to follow a track over the medium to long term. In addition, output indicators should be developed so as to track BIC's performance during project implementation. Such indicators could be verified and reported on a quarterly basis. As a minimum they should include the following:

- Number of users in each BIC
- Number of machines in use as compared to the number donated by UNIDO
- Income over expenses
- New business streams activated and progress made along this line.

5. Project Implementation

This chapter discusses the implementation of the project, particularly as it refers issues of: a) financial implementation and budget revisions; b) project management; c) progress towards expected outputs and d) emerging outcomes in the target population.

5.1. Financial implementation and budget revisions.

Table seven illustrates the initial and final budget allocation by inputs and the corresponding delivery rates at the end of the project.

| Table 7. Budget allocation by inputs and delivery rates to the end of the project (not including support costs) | | | | | | |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------|----------------------------------------------------|------------------------|--------------------------------------------------|---------------|
| Budget Line | Description | Initial Allocation (EUR) | Percentage of initial allocation over total budget | Final Allocation (EUR) | Percentage of final allocation over total budget | Delivery Rate |
| 11-00 | International experts/consultants | 50,000.00 | 18.8% | 80,459.91 | 30.3% | 100.2% |
| 13-00 | Administrative support personnel | 20,500.00 | 7.7% | 0.00 | 0.0% | 0.0% |
| 15-00 | Travel of Project Staff | 13,231.00 | 5.0% | 12,412.70 | 4.7% | 100.0% |
| 16-00 | Other personnel costs | 11,538.00 | 4.3% | 854.44 | 0.3% | 100.0% |
| 17-00 | National experts/consultants | 44,038.00 | 16.6% | 57,590.53 | 21.7% | 100.1% |
| 21-00 | Subcontracts | 25,769.00 | 9.7% | 10,644.58 | 4.0% | 100.6% |
| 33-00 | Training, fellowships, study tours | 7,692.00 | 2.9% | 21,169.44 | 8.0% | 100.0% |
| 43-00 | Premises | 5,631.00 | 2.1% | 9,132.53 | 3.4% | 100.0% |
| 45-00 | Equipment | 60,038.00 | 22.6% | 61,259.59 | 23.1% | 99.3% |
| 51-00 | Sundries | 27,050.00 | 10.2% | 11,963.33 | 4.5% | 97.5% |
| | TOTAL | 265,487.00 | 100.0% | 265,487.05 | 100.0% | 99.8% |

Source: UNIDO

The overall budget delivery rate at the closure of the project (30 June 2012) is 99.8% and the delivery by budget line ranges between 100.2% and 97.5%.

The differences between the initial and final allocations reflect the budget revisions; these did not imply any major strategic turn, but simply the need to consider a more realistic timeframe for the implementation of project's activities and, in this connection, a greater emphasis on technical assistance and training. In fact, the allocation increased by 11.5% for international consultants, 5.1% for national consultants and 5.1% for training. In total, these three budget lines went up from 38.3% to 60% of available resources. In turn, the allocation to the budget lines corresponding to administrative support personnel, other personnel costs and sundries were drastically reduced from 22.2% to 4.8% of the total resources. Finally, the amount allocated to equipment suffered a minimal variation going from 22.6% to 23.1% of the total budget.

Although these data do not necessarily indicate the quality of the implementation process or the substantive achievements of the project, they provide hard evidence of the type of activities carried out and their relative weight within the available resources. Along this line, it seems that the final distribution of resources is coherent with the nature of the project, which basically consists in the delivery of technical assistance, training and equipment.

5.2. Project Monitoring

As already mentioned, the in depth interviews conducted with UNIDO staff evidenced a clear strategic vision of the project and of its potential outcomes. On the other hand, the project document only included indicators at the activity level and the results chain was not clearly spelled out. In so doing, the project document did not provide a relevant and useful framework to develop a result based monitoring system.

As evidenced by the project's progress reports and by the meeting minutes of the National Steering Committee, the emphasis was placed on overseeing and reporting the implementation of planned activities and budget execution. There is no evidence of any regular and documented exercise of strategic analysis or self-assessment of the implementation process, in relation to the challenges and risks being faced and their potential consequences in terms of effectiveness and sustainability. In this connection, based on the meeting minutes, it seems that the National Steering Committee was used more as a forum to report activities and ensure the buying in of national stakeholders, than as a platform for strategic analysis and decision-making.

The project management unit provided the evaluation mission with a substantial number of quantitative and qualitative data that go beyond the description of ongoing or completed activities. However, these data have not been systematically collected, synthesized and used to regularly report analytical information on the progress towards expected outputs and outcomes and to flag early warning signals to take corrective measures when needed.

These limitations in the monitoring approach did not necessarily hinder a number of important achievements and the contribution to significant emerging outcomes, which will be discussed in the next chapter of this report.

However, they did imply some consequences for the timely delivery of computer equipment to the newly established BICs and their technical consolidation before the end of the project. In fact, the original plan of work assumed that Microsoft would provide the software for the new BICs in the framework of a global partnership with UNIDO. Similarly, discussions were held between LG and UNIDO HQ to formalize a global agreement by which LG would provide the hardware at a very advantageous price. The efforts to explore and concretize this hypothesis absorbed the entire first year of the project, until the idea was dropped and it was decided to purchase the necessary hardware and software through normal market channels. This decision was taken in September 2011.

The reason why the partnership with LG did not take off is not fully clear, but the key point is the following: the decision to adopt an alternative course of action for the equipment of the new BICs was taken only towards the end of the project.

In addition, due to technical problems in the procurement process, the equipment for the new BICs was delivered only at the beginning of June 2012, a few weeks before the closure of the project. In fact while the project final evaluation mission was ongoing, the two BICs had not yet been formally launched¹⁰.

Last but not least, in the absence of a reporting system that goes beyond the implementation of activities and budget delivery, the experience of the project cannot be progressively systematized and capitalized.

5.3. Progress towards expected outputs and relevant activities

This section discusses the status of the expected outputs and the key activities as relevant to explain the progress made or lack of. It is structured around the three outputs as rephrased during the implementation of the project, namely:

- i. To establish two additional BICs in the North of Uganda linking them to the network of already existing BICs.
- ii. Further strengthen the DBIC network based on the successful establishment of eight BICs through the upgrade of two existing centres into centres of excellence;
- iii. To provide technical support and capacity building for the already established six BICs financed by the Uganda Ministry of ICT.

Output 1: To establish two additional BICs in the North of Uganda linking them to the network of already existing BICs

Overall, substantial progress was made in the establishment of the new BICs. This includes the selection of the relevant Districts based on the criteria defined in the project document; the identification of the hosting institution and the definition of the ownership and management structure; the District Steering Committee was also formally set up as

¹⁰ The official launching was scheduled for June 29, one day before the closure of the administrative project.

the governance body of the BICs. Moreover, a number of training and technical assistance activities were carried out involving local staff.

However, as already mentioned the new BICs were formally launched by the end of June 2012, thus starting their operations only at the very end of the project duration. In this connection, it should be noted that even though the BIC were formally installed as planned, as a matter of fact there was no time to test their functioning and provide the necessary technical support during the start up phase. As it will be further discussed in the next chapter, this is an issue of concern regarding the sustainability of the newly installed centers and further follow up actions might be required.

The key activities conducted and the challenges phased in relation to this output are reported below.

Selection of the relevant Districts

The following criteria were used to select the northern districts where the new BICs were to be established:

- Critical mass of MSME
- Availability of infrastructure.
- Physical location
- Existing MSME support structure
- Existing or planned initiatives by the Government or other development partners.

Based on the above listed criteria, an initial desk review led to a long list of five potential locations, namely the districts of Karamoja, Dokollo, Adjumani, Apac and Pader. Two of these districts did not meet all the criteria and were left out, namely Dokollo and Adjumani. Further, a needs assessment and a business model were developed for the remaining three locations, but the district of Karamoja was excluded due to security concerns. Finally, the needs assessment confirmed the existence of a conductive environment and a sufficient potential demand for the BIC services in the districts of Apac and Pader. The results of this process were then shared with the National Steering Committee and UNIDO's proposal was endorsed. The exact duration of this process is not clear in the available documentation, but reportedly it extended over a period of time included between March 2010 and August 2011, when the first official meeting of the NSC took place and the final decision was formally taken.

Setting up the ownership, management and governance structure

While the decision regarding the location of the BICs was been formalized, discussions were ongoing with local stakeholders to identify the hosting institutions that would own and manage the BICs and the members of the District Steering Committee. Finally, the relevant actors were identified and MoU was developed to formalize their commitment.

In the case of Pader, the decision on the ownership and hosting of the BIC required extensive negotiation with the District Government. In fact, while UNIDO was favouring the possibility of engaging a local radio station (LUO FM) as the hosting institution, the local Government was more inclined to explore other options. UNIDO's proposal was guided by the prospects of financial sustainability. In fact LUO FM Ltd is a well established firm, owned by an experienced local businessman. On the other hand, the

District Government, reportedly, was guided more by political criteria. Finally the District Government was convinced by UNIDO's arguments and an agreement was reached. This was a relatively complex and time-consuming process. In fact the MoUs were finalized and signed in June 2012.

In the case of Apac it was opted for an NGO as hosting institution and owner: the local Farmers Associations. Although there was some concern regarding the mindset of an NGO *vis a vis* what is supposed to be a business endeavour, this was considered to be the best available option. It would be interesting to analyze in the future the different outcomes under this different ownership model.

The ownership, management and governance structure of the new BICs was finally set up as follow:

| <i>Table 8. Ownership, Management and Governance of the Apac and Pader BICs</i> | | | |
|----------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------|
| Location | Ownership | Management | Governance (Steering Committee) |
| Apac | Apac District Farmers Association (NGO) | Apac District Farmers Association | District Government; NGO representatives; MSME representatives. |
| Pader | Luo FM Ltd. | Luo FM Ltd. | District Government; NGO Forum; SACCOS; Pader Girls Academy; WORUDET; MSME representatives. |

Annex IV illustrates the respective roles and responsibilities at the ownership, management and governance level.

Recruitment, Training and Technical Assistance for BIC Staff

UNIDO's project staff was involved in the recruitment process of the Information Officer and ICT Trainer for each new location. This included preparation of draft job description and interview guidelines. Moreover, the UNIDO's national consultant was present during the interviews to ensure a thorough technical competency assessment of candidates. The interviews led to a short list of three candidates for each post and the final decision on the person to hire was left to the host institution. The recruitment process from the call for application until the staff was actually on board went from February to April 2012.

During the month of May 2012 the new staff was trained in collecting, storing, interpreting and marketing information. Initially the training took place at the respective locations and then hands-on training was provided in the two Centers of Excellence, namely Masaka and Gulu, for a period for 2 weeks. UNIDO's national consultant was coordinating with the assistance of the staff of the Centers of Excellence. At the end of the 2 weeks, all the other 8 Information Officers were brought for 2 days to Masaka to share their experience with the new colleagues. Thereafter, all the CEOs, including the new BICs, were brought together for one day for a networking meeting. Finally, the national consultant went back to each of the new BICs and spent 1 week focusing on the marketing the services.

Equipment of the new BIC

Each new BIC was equipped with 11 workstations i.e.: 5 for Internet access, 5 for training and 1 for the information officer. As mentioned, the equipment delivery was delayed until beginning of June 2012.

However, it should be noted that, as far as equipment costs are concerned, there were significant efficiency gains, as compared to the equipment costs of the other BICs established the previous phase of the project. This was due to the adoption of NComputing technology based on the figures reported by the project management unit, this option enabled to save at least 40% on the purchasing price alone. The concept adopted by NComputing is that a single computer can support multiple users at the same time, each working independently using their own monitor, keyboard and mouse and with a familiar computing experience. This is based on the fact that today's computers are so powerful that the vast majority of applications only use a small fraction of the computer's capacity. Therefore, this solution increases access while reducing equipment, energy and maintenance costs.

Output 2: Further strengthen the BICs network based on the successful establishment of eight BICs through the upgrade of two existing centres into centres of excellence.

This is the output where the highest level of progress can be observed, particularly as relates to the consolidation of the existing BICs.

Based on the on the information gathered during the evaluation mission and in an effort to analyze progress in a systematic manner, this output can be unpacked in three interrelated dimensions with corresponding lines of action: a) consolidate the existing BIC by providing further training and technical assistance and supporting partnership building to develop new business streams; b) consolidate the linkages among the BIC supported by UNIDO and formalize them in an institutional network; and c) upgrade two existing centers into centers of excellence.

Each of these three dimensions is addressed separately below.

Consolidate the existing BIC

Out of the 8 BIC established in the previous phase of the project, seven are fully functional. Most unfortunately, the equipment of the Masindi District BIC was stolen so that the latter was forced to stop its operations after 2010. Reportedly, its resumption is underway as there are talks between UNIDO, the Masindi Local Government and Mid-North Private Sector Development Company Limited (the managers of the BIC) to re equip the center.

All the BICs are still managed by the Private Sector promotion centers in the respective districts and offering Business Information solutions, ICT training, Internet Access services and Secretarial services, Business development & consultancy services.

Six of the seven BIC that are still functional show a promising economic performance. The Districts of Aura and Soroti are showing the most impressive performance. In fact, they have been consistently making profit over the last four years. Similarly, Gulu and Jinjia, although registered a negative balance in 2009, have ever since been improving

their performance registering a progressively increasing profit over the last three years. By the same token, the Masaka District BIC started with a positive balance in 2009 and after experiencing relatively minor losses in 2010, it has registered a positive balance in 2011 and in the first quarter of 2012. It is also worth mentioning that the Masindi District BIC after a negative balance in 2009 registered a positive balance in 2010, although it was then forced to stop its operations. Finally, the Mbale District BIC has been consistently registering a negative balance over the last four years.

Table 9 below shows the performance of the BIC in terms of income over expenses from 2009 until April 2012.

| Table 9 DBIC Economic Performance 2009-2012* (until April) | | | | |
|------------------------------------------------------------|---------------------------------|------------|------------|------------|
| | Balance of Income over Expenses | | | |
| | 2009 | 2010 | 2011 | 2012 |
| Arua | 140,500 | 886,850 | 1,248,000 | 4,663,000 |
| Gulu | -414,900 | 1,069,500 | 1,758,439 | 953,695 |
| Jinja | -6,568,480 | 769,430 | 12,024,650 | 2,535,480 |
| Kabale | -420,500 | -1,629,500 | 772,000 | 5,284,945 |
| Masaka | 1,540,800 | -111,950 | 3,502,200 | 1,385,400 |
| Mbale | -9,492,002 | -1,893,212 | -4,710,633 | -2,783,900 |
| Soroti | 6,169,200 | 3,790,000 | 3,790,000 | 3,347,000 |
| Masindi | -1443250 | 1,688,500 | - | - |

Source: UNIDO

The support to the existing BICs in this phase has mainly been in hands on training, technical support and partnership building.

The technical support and hands on training focused on the following:

- Provision of refresher training to the Information officers attached to the BICs in order for them to source, package, market, and share among BICs business information services;
- Provision of training to the Information officers in proposal writing, business surveys market research, business plan writing, diagnostic studies, inter alia;
- Promotion of web hosting services & web development training;
- Coordination of diagnostic studies for the delivery of SMS based information services;
- Assisting BICs develop incentives to users of the services as well as to BICs staff.

Each BIC was given 5 working days and the methodology adopted can be synthesized as follows:

- Introductory training, which was done for new staff, mostly in Masaka, Jinja, Arua and Kabale.
- Demonstrations which included among others, doing it as they saw, and demonstrating how the BICs works, how they handle a client, how they approach an MSME, and other such demonstrations.
- Coaching; this included one-one sessions, group sessions, and using inclusive discussions and reflections.
- Job rotations; After a training in customer care was done, rotation was done to show how staff can do more than one task in case the fellow staff is away and how this can motivate and enlarge the scope of knowledge of the staff.
- Physical site and MSME visits. This was used to train staff in knowing the approached they use out of the centre to pull MSMEs to the center.
- Exercises and Assignments for final assessment of the trainees.

As an output of this process, the consultants who led the training developed a well-documented report that also includes feedback from the trainees. Two significant statements in this connection are:

“The coming of the UNIDO National consultant was an eye opener to the opportunities that the business information center has but have not been exploited to the fullest therefore I would suggest that at least in every year such visits be made”

“Am also suggesting that facilitation for exchange visits be made at least such that people can move and begin thinking big in their works and also broaden their performance systems”

These statements clearly reflect the satisfaction with the support provided by UNIDO and also point at the need to have at least yearly follow-up visits.

Probably the most important initiative in supporting the BICs to expand their business as information brokers is the partnership with FIT Uganda -a private consultancy company in the information business sector- to provide market information services to local MSME using mobile phones. The service basically consists in regularly providing up to date information on the price of selected products in the international, national and local markets. The initial focus of this initiative is on coffee and banana, but other products could be included in the future as relevant to the BIC clients. The information is sent out on a weekly basis and clients can subscribe to different packages depending on the number of messages they want to receive, up to a maximum of three messages per week.

The strategy of this service is based on a simple idea: each BIC provides a portfolio of clients from the local business or farmers' community; FIT Uganda charges a price to deliver the information on a regular basis and the telecom companies generate revenues from the use of their lines. FIT Uganda and the BIC have a mutual interest in activating and further developing this service over the medium to long term. For the time being the BICs are simply providing customers for this service, but in perspective they can also become providers of local content information that can be sold to FIT Uganda for them to

store it process it and sell it again to the final costumers. This will generate a win-win situation between FIT Uganda, the BIC and the national telecom companies.

FIT Uganda was brought on board on October 2011. To activate this service they started by negotiating the price for SMS with the five telecom companies operating in the country. The telecom companies bought the idea as a promising one and a very favorable deal was struck: each message will go out for as little as 75 Uganda Shillings¹¹. This is the minimum possible charge, less than what is normally charged in the country for promotional messages. Parallel to that, they started sensitizing the BICs information officers and CEO on the nature of this service and its potential benefits, and trained them on its technical aspects. In so doing, they started with the districts of Gulu, Mbale, Jinja and Masaka.

The revenue sharing model for each message sent out will work as follows: 50% of the income goes to the telecom companies. Out of the remaining 50%, 13% goes to the company to which FIT Uganda outsources the data aggregation and synthesis, and the remaining 37% is split in equal parts between BICs and FIT Uganda.

Some necessary conditions were set for the business to start. These are the following:

- a) A letter of no objection to start collecting the data.
- b) A MoU between FIT Uganda and the BICs¹².
- c) A minimum target of 5,000 subscribers for each BIC to operate the service.

The outreach to build the clients portfolio started in March 2012. By the 12th week (i.e. by June 19 2012) there were in total 25,230 subscribers. The table below shows the details by district, in relation to their population size.

Table. 10 District and City Population and number of Subscribers to FIT Uganda Service as of 19 June 2012

| | Gulu* | Masaka | Mbale | Soroti | Masindi | Kabaale | Arua | Jinja | TOTAL |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| District Population | 298,500 | 289,000 | 410,300 | 241,200 | 285,200 | 580,600 | 565,300 | 491,000 | 2,595,957 |
| City Population | | 74,100 | 91,800 | 66,000 | 45,400 | 44,600 | 59,400 | 89,700 | 411,600 |
| FIT Subscribers | 735 | 2,787 | 1,098 | 12,445 | - | 24 | 2,126 | 6,015 | 25,230 |

Source: UBOS and FIT Uganda. Processed by author

It is interesting to note that the best performing district – Soroti - is also the smallest in terms of total population. On the contrary, Mbale, which is the worst performing district,

¹¹ Equivalent to 0.03 USD (exchange rate of 6 July 2012).

¹² At the time of the evaluation mission 5 BICs CEO already signed. They others were still consulting their board but, in principle, every body already agreed.

is the one with the largest total population. Therefore, the total district population does not seem to influence much the performance.

On the other hand, the size of city population seems to be a more significant variable: the four best performing districts (in green and yellow in the table) are also those with a relatively larger city population. However, the fact that worst performer is also the one with the largest city population, suggests that other critical factors come into play. The latter will be analyzed in chapter 6.

Another significant initiative promoted by UNIDO is the partnership between the BIC and the Ugandan Investment Authority (UIA) to provide entrepreneurship skills training. In this context, the BIC identify potential customers for the trainings provided by UIA and gets a commission on each customer.

The partnership with Makerere University of Kampala is also an important initiative. A pending issue of concern from the previous phase of the project was that the BICs ICT training services were not standardized in its content and quality and there was no official certification. To address this concern, the project explored the possibility to partner with Techno Brain Ltd, a Microsoft Gold Partner who manifested interest in working with the BICs. The company holds the master franchise of New Horizons, an internationally accepted certification for many Sub-Saharan countries including Uganda. However, the BICs management did not accept the terms and conditions offered by New Horizon and this option was dropped. Soon after UNIDO started discussions with the Management, Training and Advisory Service unit of Makerere university, which is also a Government Agency under the Ministry of Industry.

Based on the interview conducted and on the available reports, this was soon identified as a win-win situation. In fact, for Makarere University the BICs can be an entry point into the community and send students to its ICT courses. In turn, the BICs would get a fee for each student attending the programme. Moreover, Makarere would certify the training provided by the BICs themselves. Both courses, those conducted in the University and those conducted in the BICs would be based on the same curriculum and the same manual, which would be sold locally by the BICs, thus becoming an additional source of revenue. At present, a draft MoU is being finalized and is meant to be signed in the very near future by Makarere University and by the BICs

Consolidate the linkages among the BIC supported by UNIDO and formalize them in an institutional network

A number of initiatives have been developed to consolidate the linkages among the BIC, so as to share information and support each other in their functioning and business development, but the network has not yet been institutionalized.

Notwithstanding, there are number of activities that have been carried out to strengthen the linkages among the BICs. These include shared training sessions and several meetings of CEOs and Information Officers. Moreover, two important initiatives of formal networking were supported by the project and are worth mentioning. The first is an online business information platform and the second is the link created with another UNIDO project, namely the *Subcontracting and Partnership Exchange*, also known as the SPX initiative.

On line Business Information Platform

The development of the on line Business Information Platform was based on the fact that there is a great deal of information produced and or gathered at the national level does not necessarily trickle down to the local level. This includes, *inter alia*, information on national statistics, quality standards and business processes for export, or guidelines for manufacturing selected products. Based on this idea, UNIDO facilitated contacts among a number of national institutions that do not have decentralized offices at the District level and linked them up with the DBICs. In other words, all the information managed by these national institutions is gathered in one single gateway and made available on line to the BICs, who can sell the information locally and generate additional revenues. Even though BICs clients will have to pay for this service, it will still be convenient for them to use it. In fact, the fee to be paid locally would be significantly less than the costs of going to Kampala to get the same information.

The on line platform was created with an information module that can import from different databases, whereby each institutions can regularly and autonomously update its relevant component.

Based on the available data, the national institutions currently involved in this initiative are the following:

- Uganda Investment Authority
- Uganda export promotion board
- Ugandan National Bureau of Standards
- Ugandan Bureau of Statistics
- Uganda Coffee Development Authority.
- Uganda Manufacturers association
- Uganda Small Scale Industry Association
- Ugandan Industrial Research Institute

To formalize this initiative and ensure the commitment of the parties involved, UNIDO developed a MoU that is now under consideration for its signature by the relevant authorities.

Linkages with the SPX Initiative

The Ugandan Investment Authority (UIA) coordinates the SPX initiative with support from UNIDO. The basic idea is to create a database of local MSME that meet minimum accepted standards to become subcontractors of larger companies at national and international level.

The SPX initiative started in 2010 and is implemented in three phases, until September 2012. The three phases are the following:

1. SPX Profiling: Identify the relevant MSME.

As a first step, the BICs provided a list of MSME to be potentially included in the database. The focus on this phase was on three pilot sectors, namely: metal working and fabrication; manufacturing of plastics and industrial services (such as supply of equipment, communication services etc..). Based on this, the UNIDO national consultant for SPX conducted field visits to the MSME to gather additional information and complete their initial profile.

2. Benchmarking of profiled companies.

The performance of the firms profiled in the previous step was compared against the best in the sector, so as to identify strengths and weaknesses and gaps to bridge.

3. Supply development.

Upgrade the selected MSME through technology, technical assistance and grants.

This should result in matchmaking between large and small companies. In fact, if a large company sends an inquiry to the SPX Center, hosted by the Ugandan Investment Authority, the database will help identifying the MSME that best meets the requirement and create the link.

The synergy with the BICs project consists in the fact that BICs are being used as the source of information to develop the database and in the future they can also facilitate the match making between large companies and local MSME. Potentially this could be another win-win situation whereby the BICs could charge a fee for the local MSME to be included in the SPX database, thus being more visible nationally and internationally. In this connection, UNIDO and UIA are working with the BICs on areas like record keeping, books of account and development of business plans.

Based on the interviews conducted during the evaluation mission, there are a number of challenges to be faced for the initiative to be successful. The major challenge is access to credit for MSME. In fact, even though meeting the required quality standards, local MSME often times do not have enough capital to buy the materials in advance and satisfy the demand of large companies in terms of quantity and timeliness. Another challenge relates to the fact that not all the MSME have an email address or a web site, so it might not always be easy and quick to contact them. While the latter challenge can be solved relatively easily with the support of BICs', the issue of access to credit is a structural not that cannot be resolved by UNIDO.

Finally, the sustainability of this initiative will very much depend on the continued commitment of UIA who is supposed to take over once the UNIDO project is closed.

Upgrade two existing centers into centers of excellence.

The Districts selected to upgrade the BICs to centers of excellence are Masaka and Gulu. There is no documentary evidence regarding the criteria used to select these Districts. Based on the interviews conducted the criterion for selection was basically their strategic geographical location that enables to cover the north and the center of the country.

The initial idea of the centers of excellence was that they could be a reference point for BICs country wide to facilitate access to affordable hardware by refurbishing second hand computers. In addition, they were thought as multipliers of the training and technical support provided by UNIDO. However, due to changes in the national policy environment, the idea of refurbishing second hand computers had to be dropped.

The two components of the concept of centers of excellence are addressed separately below.

Refurbishment of Imported Second Hand Computers.

UNIDO and Microsoft developed a strategic partnership addressing the demand for affordable access to computer hardware in Uganda with the initiative of setting up a public-private partnership to refurbish imported used computers from Europe and to make them available primarily to MSMEs and others. The offering by Microsoft included licensed software, operating system and Office, one year after sales support and a take back offer at the end of life. This initiative was launched in June 2008 officiated by UNIDO DG, Senior Vice President of Microsoft and the Prime Minister of Uganda representing the President.

The business model for the computer refurbishment initiative was a public-private partnership under the name of Uganda Green Computer Co. Ltd. However in the budget speech of June 2009 the Minister of Finance imposed a ban on the import of used computers among other items such as refrigerators, freezers and TVs. This was due to environmental concerns regarding the impact of E-waste. In light of this ban, the all initiative became invalid, having to wind up.

Based on the interview conducted, the Government of Uganda is now reconsidering this decision and requested UNIDO to provide technical assistance, in collaboration with its partners such as Microsoft, HP and Nokia, to develop an E-waste policy and also to develop standards in order for the government to review the ban. These standards are meant to ensure that the imported second hand PCs still have a useful life and are in working order. In this connection, UNIDO has also just started the implementation of a project to set up a pilot manual for E-waste dismantling facility.

The centers of excellence as multipliers of the training and technical support

The available data do not allow making a judgment on whether the BIC selected as centers of excellence are actually in a position to better function as multipliers, in comparison to the other existing BICs. The data on the economic performance show that they are relatively better off, but they are not the best performers. If we assume the annual balances as indicators of management performances and the progress made towards the target set by FIT Uganda¹³ as indicator of the capacity to outreach clients, the three best performers are Soroti, Jinja and Aura.

Having said that, there is evidence showing that the so called centers of excellence have been used as gathering points to provide hands on training and technical support to the wider BICs community. Moreover, as documented in the available reports, their experience, particularly that of Masaka, has been used to explain the BICs concept and advocate for it with other local and national stakeholders. However, as mentioned, it is not clear if Masaka and Gulu BICs are themselves really playing any particular role in transferring know how to the other BICs.

Output 3: To provide technical support and capacity building for the already established six BICs financed by the Uganda Ministry of ICT.

The establishment of these centers and their consolidation is under the coordination of the Uganda National Information Technology Agency (NITA). The latter is a regulatory

¹³ Ref. table 9 and 10 in this report.

Agency for IT as well as an implementer of relevant Government initiatives. Originally, these centers were conceived mainly as reference points for E-governance and the more business-oriented idea of the UNIDO supported BICs was initially not at the forefront.

As planned in the project document, UNIDO has provided on demand training and technical assistance. In so doing, it introduced the BICs business model and linked them up to ongoing efforts to consolidate the BICs and diversify their source of revenue. In fact, the BICs supported by the Government have been involved in the partnership with FIT Uganda to provide SMS based market information services.

Based on the interviews conducted in Kampala, the support provided by UNIDO is appreciated as highly relevant and useful.

Beside these generally positive remarks, the evaluation does not count on additional data to make a judgment on the performance of these BICs and their potential sustainability.

5.4. Emerging outcomes in the target population

This section illustrates the emerging outcomes of the project in the districts' population, as they could be identified through the users' survey and the filed visits to Jinjia and Masaka.

The survey questionnaire was placed at the entrance of each of the seven BICs that are currently functional and basically asked users to rate the utility of the services and to provide a short qualitative statement illustrating if and how they are contributing to any tangible changes. In total there were 161 responses from 95 males and 66 females, corresponding respectively to 59% and 41% of the total respondents. People coming from 24 different Districts submitted the answers to the questionnaires and this clearly shows that the BICs have a potential effect that goes beyond the boundaries of the locations where they were installed.

Within the total population of respondents, 72% are not older than 30 years, with 37% being in the age range between 18 and 24 years and 35% between 25 and 30 years. The gender relation is more balanced in the lowest age range, while the number of males is more dominant in the highest age ranges. Table 11 below shows the respondents' profile by gender over the total population and within each age range.

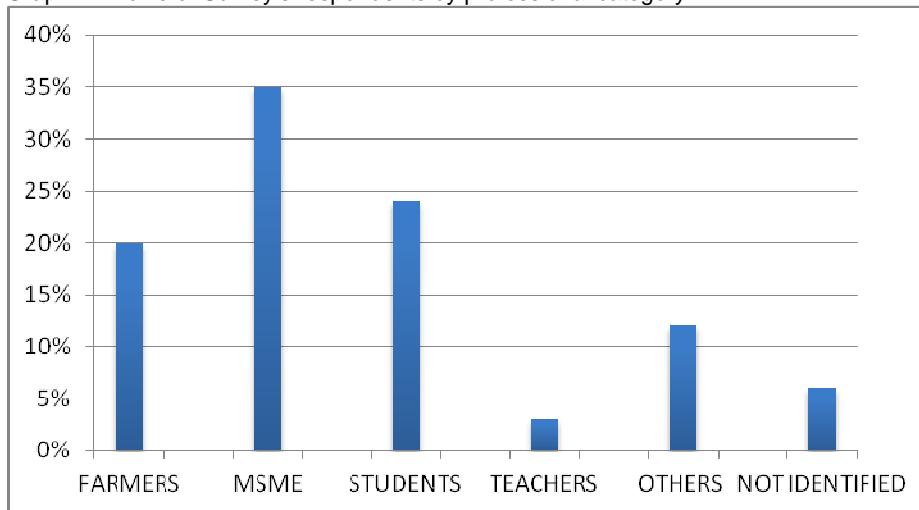
Table 11. Survey's respondents profile by gender and age range.

| Total Respondent in Absolute Numbers | Total % by Gender | | Age Range | % of Total Respondents | % by Gender within age ranges | |
|--------------------------------------|-------------------|------|-----------|------------------------|-------------------------------|------|
| | Female | Male | | | Female | Male |
| 161 | 41% | 59% | 18-24 | 37% | 47% | 53% |

| | | | | | | |
|--|--|--|---------|-----|-----|-----|
| | | | 25-30 | 35% | 34% | 66% |
| | | | 31-40 | 17% | 44% | 56% |
| | | | Over 40 | 12% | 32% | 68% |

MSME Entrepreneurs, farmers and students constitute 79% of the respondents. MSME are the relative majority with 35% of the respondents, followed by students with 24%, and farmers with 20%. The rest is composed of a 3% of teacher and 12% of different categories, such as: insurer, accountant, banker, civil servant, community worker, driver, pastor, police officer, procurement officer, retired people, secretary and a seminarist; finally 6% of the respondents did not identify their professional category. Graph 1 below illustrates these figures.

Graph 1. Profile of Survey's respondents by professional category



Moreover, as illustrated in the table below, females constitute 41% of the farmers, 39% of the MSME and the absolute majority of students: 56%

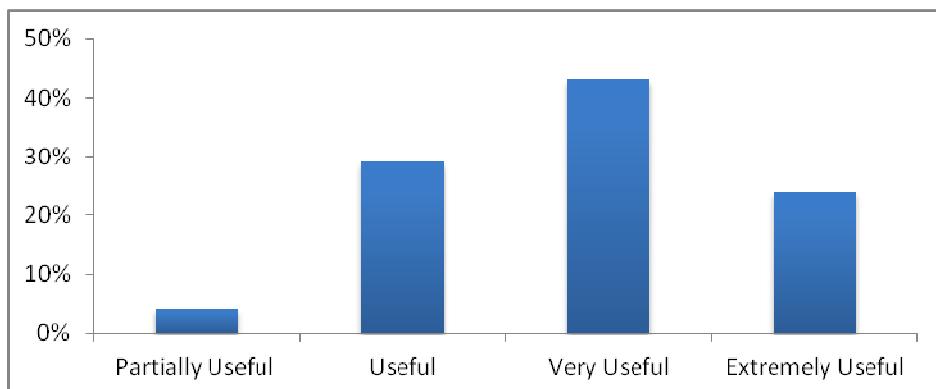
| Table 11 Main Categories by Gender | | |
|------------------------------------|-----------------------|-------------|
| Category | Number of respondents | Percentages |
| FARMERS | 32 | 20% |
| FEMALE FARMER | 13 | 41% |
| MALE FARMER | 19 | 59% |
| MSME | 54 | 34% |
| FEMALE SME | 21 | 39% |
| MALE SME | 33 | 61% |
| | 39 | 24% |

| STUDENTS | | |
|-----------------|----|-----|
| FEMALE STUDENTS | 22 | 56% |
| MALE STUDENTS | 17 | 44% |

Overall, 96% of the ratings are in the three highest categories, namely: "useful", "very useful" or "extremely useful". The relative majority of the respondents, 43%, consider the services to be "very useful" and 24% "extremely useful", while 29% consider it "useful". Finally, only 6% of the respondents rated the services as "partially useful" and none of them gave a full negative rating, i.e. "not useful".

Graph 2 illustrates the percentage of each rating.

Graph 2: Rating of BICs Services



Breaking down the ratings by the three main categories of respondents provides some interesting elements of analysis. In particular, it shows that overall the services are mostly valued by MSME who in the project document were defined as the main target population. The latter, constitute 59% of those rating "very useful" or "extremely useful". In order, students and farmers follow. It is also interesting to note that the majority of those who rated the service as "extremely useful" are students, thus suggesting positive unintended outcomes in a population sector that was not initially considered as the main target. Table 11 illustrates all the details.

| Table 11: Rating of BICs Services by the three Main Categories | | | | |
|----------------------------------------------------------------|-----------------|-----------------------|--------|---------|
| Rating | Total Responses | Responses by Category | | |
| | | MSME | FARMER | STUDENT |
| Not useful | - | - | - | - |

| | | | | |
|------------------|-----|-----|-----|-----|
| Partially Useful | 4% | 50% | 33% | 17% |
| Useful | 29% | 37% | 17% | 24% |
| Very useful | 43% | 36% | 20% | 16% |
| Extremely useful | 24% | 23% | 21% | 41% |

Finally, as illustrated in table 12, females are those who most appreciate the BICs services. In fact they constitute 67% of the respondents who rated “extremely useful”.

| Table 12: Rating of BICs Services by Gender | | | | |
|---------------------------------------------|-----------------|---------------------|------|--|
| Rating | Total Responses | Responses by Gender | | |
| | | Female | Male | |
| Not useful | - | - | - | |
| Partially Useful | 4% | - | 100% | |
| Useful | 29% | 26% | 74% | |
| Very useful | 43% | 40% | 60% | |
| Extremely useful | 24% | 67% | 33% | |

The qualitative responses to the open question regarding the changing to which the BICs are eventually contributing also show very positive feedback. The farmer and MSME community show very similar answers mostly fitting in the following categories:

- Enhanced ICT skills for business administration and communication with clients and suppliers;
- Access to information on market prices;
- Knowledge on better methods of farming and how to make farming a more profitable business;
- Access to loans
- Client management and ability to win competition;
- Procurement of production supplies;

Below are some significant statements reported literally from the survey's responses:

I have learnt hot to operate a computer and can use Internet, and how to operate my business

I received a loan for the purchase of sawing machine; it has opened market for the foreigners to buy my crafts

I got a loan for transporting my products to the market

I have acquired a machine for my cottage industry for doing knitting work and I employ 7 people

I received Information on growing European mushrooms

Fast and reliable business transactions

I have gained knowledge on how to improve on my products

We can relate to other businesses through the Internet

I have gained skills in producing candles from information on Internet, machinery and markets

From information given I have got loans from FNICA after understanding the terms & conditions. Through Internet I also know the prices in other parts of country

I can now use a computer and price my products

I have gained knowledge on better methods of farming and hence higher yields

How to use a computer and keep records

I have got skills of how to purchase new Items that are demanded by Clients

I have got information on market prices

It has helped in training business people how to identify competitors and how to deal with competition

I have new customers in different places in Kabale having acquired skills to win them from the center

I have improved on my Agricultural outputs which has increased my earnings

Improved on the quality of farm products and supplies to the market, I have become a commercial farmer

More experience in business skills especially marketing

It helps me know the changes as they occur in the world through the Internet

The benefits for the students' population are mostly related to the following:

- Acquiring general ICT skills;
- Accessing information on opportunities for education and scholarships;
- Easier communication with friends and with family living abroad;
- Professional orientation i.e. enhanced knowledge on business management and marketing.

Some significant statements include the following:

I have been able to access scholarship opportunity which I never had before. The Centre is having good internet and cheap

Access to wide Information

I can do research proposals, access to the internet has increased personal relations

I was able to go for my masters degree

Helped me to get more Ideas and make friends

Can use the computer fully

Gives knowledge about all fields

Computers and leadership skills

Acquisition of IC skills for a career

Computer skills training helped me in my research project for the award of a degree in education

I learnt computers and I have also taught others in my business

I have acquired skills on how to start a business

Please improve the Internet connectivity otherwise other services are Ok

Nothing has changed but I hope to have some things as time goes on

It feels good

The findings from the site visits backup the survey's results with additional evidence along very similar lines and reveal some success stories that give significant examples of what can be achieved.

One of the businessman interviewed in the Masaka District works in the sector of metal fabrication. According to his story, before the existence of the BIC he had difficulties in getting new designs for his products, which includes metal door, windows, fences or bed frames among others. This was creating problems in satisfying the evolving market demand, thus negatively affecting his performance. Thanks to the BIC he was able to identify online new designs and experiment them on his products. In so doing, he could attract new customers and charge higher prices. Ultimately, this led to the growth of his business that passed from four to seven employees.

Another significant story is that of a pineapple juice producer who, thanks to the BIC obtained information on the requirements of the National Bureau of Standards and was able to formalize his new business.

Similarly, a Photographer who runs Photo Studio used the BIC services to purchase on line two minivans for his business and to upgrade his photography software. This resulted in greater supply capacity and, eventually enhanced revenues.

Interesting success stories also are from very micro businesses, such as that of a lady in Jinja working on textiles in the local market. Through the BIC she got clients for training on textile manufacturing and this increased her revenues.

6. Assessment

This is the conclusive chapter that provides the final assessment of the project based on the evidence presented in the previous chapters. The assessment is structured around the following criteria: relevance, ownership, efficiency, effectiveness and sustainability.

6.1. Relevance

The evaluation findings confirm the high relevance of the project to the national priorities, to the local needs and to UNIDO.

The low ICT penetration, particularly in rural areas, presents some challenges, but also market opportunities for the BIC concept to fully deploy its potential. In fact, the BICs have a clear market niche in contributing to bridge the digital divide by training people and facilitating online access to business information for population sectors that otherwise would not have access to it.

The priority given by the national Government to ICT, as a key tool for socioeconomic development, represents a conductive policy environment. In this context, the development of ICT skills is one of the national priorities and is in high demand at the district level. Similarly, the demand for Internet access is increasingly growing and this represent one of the sources of revenues for the BICs. However, the market niche that seems to be more relevant and prominent for the BICs is that of information brokerage. The awareness of the importance of ICT and the understanding of information as a valuable commodity has progressively increased among the target population, as compared to previous phases of the project. Moreover, the increasingly growing number of mobile phone subscribers country wide enhances the relevance and potential effectiveness of the SMS based business information services, which can become one of key strategic lines for BICs business development.

The results survey show that the project's is relevant to MSME that is the main target of UNIDO, but is also showing high relevance for other population sectors, such as students and social workers, even beyond the administrative boundaries of the districts where the BIC are located.

Some changes in the national policy environment during the implementation of the project affected the relevance of some specific components. In particular, this refers to the idea of refurbishing imported second hand computers, but overall the theory of change of the project is proving to be valid and its intervention logic appropriate. However, the latter could have been better spelled out in the project document by presenting the hierarchy of results in a more clear and better-structured way.

It should be noted that the project duration proposed in the project document proved to be insufficient *vis a vis* some of the expected results, particularly as relates to the establishment of the two new BICs in the north of the country.

Finally, the available data raise a legitimate question regarding the relevance of the selection of the districts to be updated to centers of excellence. In spite of their strategic geographical location, the selected BICs do not seem to be the best performing ones.

6.2. Ownership

The consultations with BICs CEO and with the members of two District Steering Committee show clear ownership at the local level and commitment of the relevant stakeholders to further strengthen and develop this initiative over the long run.

National ownership is also indicated by the active participation of the Ministry of ICT in the project identification phase. This ensured the alignment of the project's objectives to the national priorities. Finally, the interview with the Regulatory Agency for Information Technology, ascribed to the Ministry of Industry, confirmed the Government commitment to supporting the development and consolidation of the BIC concept as part of the national efforts to promote ICT as an important tool for socio economic development.

6.3. Efficiency

The project benefited from a dynamic and efficient management. This allowed the BIC to take strategically position initiative *vis a vis* public institutions and the private sector, bringing on board a critical mass of partners, at national and local level, that directly or indirectly contribute to its potential effectiveness and sustainability.

As evidenced by the budget delivery rates, all the activities were implemented by the end of the project, although the latter had to be extended much beyond its initial duration. In this regard, it should be noted that the delays leading to the extension of the project were not due to inefficiencies in the implementation. The gap between the rhythm of implementation that was envisaged in the original work plan and the actual pace of the process is explained mostly by the time needed to identify and bring on board local stakeholders in the new districts. This process implied negotiations that where more complex than expected, absorbing a significant portion of the limited time available.

With minor changes, the inputs were delivered as planned and they responded to the expected quality. However, the equipment for the two new BICs was delivered only three weeks before the end of the project. The delay in delivering the equipment is explained mainly by two factors: on the one hand, as mentioned above, the complexity of the political negotiations with local actors and, on the other, a less than optimal timing in adopting necessary changes in the course of action to ensure adequate equipment of the new BIC. As a matter of fact, although this output was formally produced as planned it could not be consolidated, as one would expect, during the lifetime to the project.

The project also benefited from synergies with other ongoing UNIDO initiatives at country level, such as the SPX initiative and upstream policy advisory services that UNIDO is providing to the Government of Uganda. The development of the E-waste policy is an illustrative example along this line.

The BICs project builds on the achievement of previous initiatives of other UN organizations, in particular the Centers for Private Sector Development that were created with UNDP support and are now managing the BICs as fully fledged independent companies limited by guarantee. However, potential synergies with other ongoing initiatives of the UN System could have been better explored and optimized. This refers particularly to the UNDP Peace and Recovery Funds. Both these funds are

implementing projects in the north of Uganda and have a component of enterprise development, in some cases with territorial overlaps with the BICs project.

In delivering the planned inputs and producing the expected outputs UNIDO benefited from high quality in house expertise. Moreover, the interviews conducted during the evaluation mission confirmed the competence of national consultants, which is evidenced by the very positive feedback from BICs staff and users.

Finally, as mentioned in chapter 5, the evaluation could verify the clear strategic vision of the project managers and their commitment to achieving sustainable results. However, the analysis of the technical design of the project and of the progress reports shows that there is room for improvement in developing and applying a result based planning, monitoring and reporting system. At present, this is still very much focused at the activity level.

6.4 Effectiveness

Overall, the evaluation revealed that the project is going in the right direction and is contributing to developing MSME and to widening the horizons and potential opportunities of the youth.

A number of positive intended and unintended outcomes are emerging from the BICs established in the previous phase and further consolidated with this project. The effectiveness of the newly established BICs cannot be assessed at this stage, as they just started their operation when the evaluation took place.

Evidence shows that seven BICs are fully functional and that a wide range of actors is regularly using their services. Moreover, users go beyond the local business community that was initially targeted. In fact, a significant number of students are benefiting from the opportunities for training and access to information that BICs are providing. This is in line with the focus on youth that is stressed in the project document. In this connection, it is important to mention that although full gender equality remains a target to be met, the available data suggest a fairly positive gender balance among BICs users¹⁴.

The evaluation was able to capture concrete positive changes that can be grouped in the following categories:

- Enhanced ICT skills for business administration and communication with clients and suppliers;
- Access to information on market prices;
- Knowledge on better methods of farming and how to make farming a more profitable business;
- Access to loans;
- Client management and ability to win competition;
- Procurement of production supplies;
- Accessing information on opportunities for education and scholarships;
- Professional orientation, i.e. enhanced knowledge among youth on how to develop and manage business.

¹⁴ Ref. Table 11 in chapter 5.

One of the interviewees observed: *there is a lot of information out there that does not reach the local level. BICs are filling this gap and this is one of the biggest things they are doing.*

An area in which the BICs could enhance their effectiveness is the online promotion of their services and of the products of local MSME. In this connection, it was mentioned that more could be done to develop and maintain the BICs websites, as well as to support local MSME in developing and maintaining their own.

6.5 Sustainability

A number of factors should be considered while trying to assess the sustainability of the BICs. Some are contextual factors, such as the instability in power supply and Internet connectivity, and the high costs of the latter. These cannot be controlled by UNIDO or by the BICs managers. Therefore they should be assumed as fixed variables to deal with until they are resolved at the national level. While these contextual factors may imply hiccups in the regular provision of ICT services, and relatively higher costs, they do not reduce their relevance and the demand for them.

The findings of the evaluation also suggest that internal factors, including management issues, may have a stronger impact on sustainability.

In this framework, one of the key challenges is the need to keep up with new technology developments and the relatively short lifetime of computers. The latter requires continued investments by the BICs and, therefore, it is directly related to their economic performance and sound financial management. In turn, the economic performance is directly influenced by their capacity to attract and retain customers and to continue offering relevant and useful services to the local population.

In connection with the above, it should be noted the BICs have been progressively improving their performance over the last four years¹⁵. However their performance is uneven and they are still mostly functioning with the equipment that was donated by UNIDO, so the real proof will come once they will be forced to purchase new equipment.

The analysis of the different level of consolidation achieved by the BICs may help to shed some light on the most important variables to be addressed for long-term effectiveness and sustainability. In so doing, we may look at the relation between: a) the overall performances of the BIC as measured by trends in income over expenses and by progress in developing new business streams¹⁶ and b) the potential market, as measured by the demographic figures on the total district population and the population of the main city with each one of them.

As mentioned in chapter 5, the total district population does not seem to be necessarily a critical variable. In fact, the best performing district – Soroti - is also the smallest in terms

¹⁵ Ref. Table 9

¹⁶ Ref. Table 9 and 10

of total population. On the other hand, the size of city population seems to be a more significant variable: the four best performing districts are also those with a relatively larger city population. However, the fact that the worst performer is also the one with the largest city population suggests that other critical factors come into play.

Considering that all the districts received the same inputs from UNIDO and that the best and worst performers were equally trained, we may assume that there are some internal management issues, particular as relates to the capacity to attract and retain customers in the urban areas, as well as reach out individuals and groups in the rural areas.

A key element in this regard has to do with the efficiency of BIC staff. In both sites visited, the evaluation mission could verify the existence of enthusiastic, committed and competent staff. The key issue in fact, is not the quality of the staff but their high turn over, which limits the possibility to grow within the firm and capitalize on experience. This challenge is not exclusive to the BIC, but relates to the very structure of the labor market in Uganda. In fact, as illustrated in the first chapter of this report, between 2009 and 2010 79 percent of the working population between 14 and 64 years were self-employed. In this context, it is understandable that most people are prone to constantly explore for new job opportunities. A solution adopted by some BICs to limit the staff turnover is that of giving monetary incentives in terms of a percentage of the income generated by the attraction of new customers or business opportunities. At present, it is not possible to fully assess the effectiveness of this strategy, as it is an ongoing experiment recently launched by only two BICs, namely Jinjia and Arua.

Financial sustainability will also depend on the possibility to develop a distinctive brand mark of the BIC. At present, ICT training and general Internet access are the main sources of revenue. However, as one of the CEO rightly pointed out, the long-term sustainable business is selling information, not training people or simply providing internet access. In his own words: *If you train somebody on accounting packages once he has learned he does not need you anymore.* This seems a very insightful statement to which one can add that the more people have computers at home, the less they will need BICs to access the internet.

On the contrary, by selling relevant business information that is regularly collected and synthesized and made easily available to clients without having to spend too much time in searching and filtering the get the most relevant data, BICs can maintain and expand their market niche, thus guaranteeing a profitable business with a positive impact on local economic development. In fact, even in the most complex and economically developed societies, with high levels of connectivity and ICT penetration, people are willing to pay for such kind of services.

In light of the above, we may conclude that in spite of the existing challenges there might positive prospects for sustainability. Of course this will be greatly enhanced by progressive reduction of the infrastructural limitations thanks to large investments of the national government.

Ideally, while the financial sustainability of the BICs should be based on commercial terms, they should not loose sight of their social vocation. By this token, it will be important that BICs can offer a diversified range of services. Some of them will be more business oriented to generate income for the BIC, such as the information brokerage services and general internet access, while other should be more oriented at providing

training for the development of basic ICT and entrepreneurial skills among underprivileged groups and individuals. The partnership with FIT Uganda and Makerere University are two important steps in the process of diversifying BIC's services and enhancing their financial sustainability.

Finally, from the perspective of technical sustainability, it should be noted that further networking among BICs to share experiences and knowhow would also be needed. This is particularly the case for the newly established BICs. The possibility for an effective networking among the BICs is enhanced by the fact that they are not in competition with each other, as each one has its own potential market that does not overlap with the other.

7. Recommendations

The recommendations are structured by addresses, namely: UNIDO, the Government and/or Counterpart Organizations and the Donor.

7.1. *Recommendations to UNIDO*

- a. It is recommended to ensure appropriate follow-up to the establishment of the new BICs. This could be done by exploring additional sources of funding to secure another contract to the national consultant that was responsible for technical support and training and has proved to be an effective multiplier. In fact, at this stage, it is important to conduct support visits to the new districts with regular interval, so as to assess progress or lack of and suggest corrective measures. The consultant should be on board at least for another six months, even though not necessarily on a full time basis.
- b. It is recommended to start, as soon as possible, formal dialogues with other UN organizations working in Uganda, particularly with UNDP, to explore and secure synergies that can enhance the effectiveness of BICs and overall UN System wide coherence and effectiveness.
- c. It is recommended to put more effort in ensuring that relevant and useful monitoring frameworks are developed at the planning stage of the projects and to ensure that monitoring and reporting goes beyond the completion of planned activities and budget delivery, to provide analytical information for timely decision making during implementation.

7.2. *Recommendations to the Government and/or Counterpart Organizations*

- d. It is recommended to establish a network of BIC for mutual technical support. This could be done by creating a virtual community of practitioners that can work as a virtual space where a BIC manager or staff can address inquiries to the entire community and hopefully receive relevant answers from colleagues. Such virtual community could be set up under the auspices of NITA or other relevant Government institution. A reference model could be that of the community of practitioners used by the UN System, such as for example EvalNet.

7.3. *Recommendation to the Donor*

- e. It is recommended to ensure a wider time horizon when financing this kind of projects. In fact, the initial proposed duration of one year has proved to be totally unrealistic.
- f. In connection with the above, and with recommendation (a), it is recommended to explore the possibility of financing the contract extension to the national consultant, in the case that UNIDO cannot afford it with its core funding.

8. Lessons learned

There are two main lessons that can be distilled from the findings of this evaluation.

1. Any project of international cooperation carries a “political capital” for country stakeholders, thus requiring careful negotiations to select partners and beneficiaries. These negotiations can be complex and time consuming particularly at the local level, where the relative weight of the project might be heavier. Therefore, the time absorbed by the start up phase to set up the institutional architecture of the project as well as to select beneficiaries and bring on board relevant partners cannot be considered as an unexpected incident. On the contrary, it should be assumed from the outset as part of the complexity of development processes and factored in at the planning stage. Particularly when defining the duration of a project. By not considering these variables at the planning stage, transaction costs are raised. In fact, although projects can be extended during implementation, each extension requires time and energy from the project managers and the administrative unit at HQ, and may generate hiccups in the implementation of activities on the ground
2. In the wider process of transition towards a results based administrative and management system it is important to make sure that it does not result simply in a new bureaucratic requirement. Such transition should imply substantive changes in the perspective from an input driven to a result based project cycle and these changes should be reflected in the type and quality of information that is reported, not just in the format of progress reports. In this connection, it is important to allocate adequate resources to ensure that results based monitoring and reporting can be effectively implemented. In those countries where there is a critical mass of projects that can justify it, it might be worth considering the possibility of pooling funds to ensure that there are dedicated professionals to develop and implement results based M&E systems

ANNEX A: TERMS OF REFERENCE OF THE EVALUATION



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Terms of Reference

Independent Terminal Evaluation of the UNIDO Project:

UEUGA09003

“Establishment of two District Business Information Centres in Uganda to Promote Private Sector Development and Information and Communication Technologies”

I. BACKGROUND

Context

An evaluation of the aforementioned project “Establishment of two District Business Information Centres in Uganda to Promote Private Sector Development and Information Communication Technologies” is to be undertaken at the end of the project implementation phase.

Origin of the project

This project builds on the achievements of the previous technical assistance programme implemented by UNIDO in Uganda in support of the Micro, Small and Medium Enterprises (MSMEs). As an output of UNIDO's Integrated Programme for Uganda Phase II, in close cooperation with the local public and private sector institutions and with funding from the Austrian Development Agency, eight (8) pilot District Business Information Centres (DBICs) were established in the districts of Arua, Gulu (North), Masindi (Northwest), Jinja, Mbale and Soroti (East), Masaka (Central) and Kabale (West) during the period 2005- 2008 .

Strongly encouraged by the impact of the pilot DBIC project, the Ministry of Tourism, Trade and Industry (MTTI) and the Ministry of Information and Communications Technology (MoICT) replicated the concept of DBICs in other districts. In 2009, the MoICT then established six additional Centres in the districts of Lira (North), Busia, Iganga (East), Mityana (Central) and Rukungiri and Kamwenge (West) based on the UNIDO DBIC model. In this context, MoICT requested UNIDO to provide specific

technical assistance to help maintain these additional six Centres and let them become beneficiaries of additional features of UNIDO's BIC Methodology.

The present project is to establish two new DBICs, adapted to the specific local needs in the North of the country which urgently requires assistance for the rehabilitation of its economy and is the priority area for development for the Government of Uganda and multi-/bilateral agencies such as the Austrian Government. Moreover, the project is to strengthen the existing eight DBICs, set up by UNIDO between 2005-2008 in networking and delivery of services including the upgrading of two of them as Centres of Excellence, and will provide specific technical assistance programme to the six DBICs being established by MoICT.

Counterparts

Government coordinating Agency: Ministry of Trade, Industry and Cooperatives (MTIC) formerly Ministry of Tourism, Trade and Industry (MTTI) and Ministry of Information and Communications Technology.

Counterparts:

Pilot 8 District Business Information Centres in the districts of Arua, Gulu, Masindi, Jinja, Mbale, Soroti, Masaka and Kabale.

Main objectives, outcomes, main outputs

The main objective is to harness information and communication technologies (ICT) for the development of local entrepreneurial skills, thereby promoting productivity for increased local private sector competitiveness and innovation capacities.

The specific objective of this project is to a) further strengthen the DBIC network based on the successful establishment of eight DBICs through the upgrade of two existing centres into centres of excellence, b) to establish two additional DBICs in the North of Uganda and c) to provide technical support and capacity building for the already established six DBICs financed by the Uganda Ministry of ICT.

The main expected outcome of the project is alleviated poverty and raised socio-economic living standards in districts of Uganda in which DBICs will have been set-up by contributing to the development of a better skilled, more innovative and competitive private sector.

Aimed outputs were as follows:

1. Establishment of two new DBICs in northern Uganda
2. Provision of the requested technical assistance programme (needs assessment, business modelling and planning, and training) to the six DBICs established earlier by the MoICT.
3. Strengthening the existing DBICs in service delivery and networking and upgrading two the existing DBICs as Centres of Excellence
4. Development of linkages between the new DBICs and the existing DBICs

II. BUDGET INFORMATION

| Project No. | Total Allotment (EURO) (excluding support costs) | Total Expenditure & Obligations (EURO) | %Total Implemented | Source of funds |
|-------------|-----------------------------------------------------------|----------------------------------------------|-----------------------|-----------------------------|
| UEUGA09003 | 264,700 EUR | 219,187 EUR | 83 percent | Austrian Development Agency |

III. PURPOSE

The purpose of the independent evaluation is to enable the donor, UNIDO and the government to:

- (i) Assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact and sustainability.
- (j) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- (k) Provide an analytical basis and recommendations for the focus and design for the possible continuation of the project in a next phase (if applicable).
- (l) Draw lessons of wider application for the replication of the experience gained in this project in other projects/countries.

IV. METHODOLOGY

The evaluation is conducted in compliance with UNIDO evaluation policy as an Independent Evaluation, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the project. The evaluation assesses the achievements of the project against its key objectives, as set in the project document, including re-examination of the relevance of its objectives and of its design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

The evaluation will be carried out through analysis of various sources of information including desk analysis, survey data, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data.

The thorough analysis of the relevant facts includes the review of inputs used, activities carried out, management mechanisms applied (in particular planning, monitoring and self-assessment) and project specific framework conditions (in particular policy environment, counterpart capacities, related initiatives of Government, donors and the private sector). The analysis of these facts is essential part of the evaluation work and provides the evidence base for the assessment of the project.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. It will address the following issues:

Project identification and formulation

Subject to evaluation will be the extent to which:

- (i) A participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- (ii) The project had a clear thematically focused development objective and immediate objective and/or outcomes, the attainment of which can be determined by a set of verifiable indicators.
- (iii) The project/programme was formulated based on the logical framework approach and included appropriate output and outcome indicators.
- (iv) A logically valid means-end relationship has been established between the project objective(s) and outcomes and the higher-level programme-wide or country level objectives.

Ownership and relevance

The extent to which:

- (i) The project was formulated with participation of the national counterpart and/or target beneficiaries.
- (ii) The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and are actively supporting the implementation of the project approach.
- (iii) The outputs as formulated in the project document are relevant and sufficient to achieve the expected outcomes and objectives.

Efficiency of implementation

The extent to which:

- (i) UNIDO and counterpart inputs have been provided as planned and were adequate to meet requirements.
- (ii) The quality of UNIDO inputs and services (expertise, training, methodologies, etc.) was as planned and led to the production of outputs.

Effectiveness

Assessment of:

- (i) The relevance of the outputs produced and how the target beneficiaries used and will use the outputs.
- (ii) The outcomes, which have been or are likely to be realized through utilization of outputs.

Impact and sustainability

- (i) Identify what long term developmental changes (economic, environmental and social) have occurred or are likely to occur as a result of the intervention and how far they are sustainable.

Project coordination and management

The extent to which:

- (i) The national management and overall field coordination mechanisms of the project have been efficient and effective.
- (ii) The UNIDO HQ based management, coordination, quality control and technical inputs have been efficient and effective.
- (iii) Monitoring and self-evaluation was carried out effectively, based on indicators for outputs, outcomes and objectives and using that information for project steering and adaptive management.
- (iv) Changes in planning documents during implementation have been approved and documented.
- (v) Synergy benefits can be found in relation to other UNIDO activities in the country.

Recommendations for next phase (if applicable)

The extent to which proposals put forth by the project team for the next phase:

- (i) are relevant to Government priorities in the future;
- (ii) compatible with currently available implementation capacities;
- (iii) are based on logically valid means-ends relationships and take into consideration factors to mitigate likely risks.

V. EVALUATION TEAM AND TIMING

The evaluation team will be conducted by one independent international evaluation consultant, preferably from the African region. A national evaluation consultant from Uganda will be recruited to support the international evaluator if necessary.

UNIDO's evaluation group will be responsible for the quality control of the evaluation process and its report. It will provide inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, ensuring that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and its compliance with UNIDO evaluation policy and these terms of reference.

All consultants will be contracted by UNIDO. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

The members of the evaluation team must not have been directly involved in the design and/or implementation of the project.

The UNIDO Desk Office in Uganda and project staff will support the evaluation team.

The evaluation is scheduled to take place in June 2012. The field mission for the evaluation is planned for 7 days in June 2012.

VI. REPORTING

The evaluation report shall follow the structure given in annex 1. Reporting language will be English.

Review of the Draft Report: The draft report will be shared with the Ugandan and Austrian Government, the UNIDO Project Manager and the project staff for initial review and consultation. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.

Quality Assessment of the Evaluation Report: All UNIDO evaluations are subject to quality assessments by the UNIDO's Evaluation Group. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of

the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality.

ANNEX B: LIST OF MAIN DOCUMENTS CONSULTED

UNIDO Project and Country Related Documents

- Project Document UE/UGA/09/003: *Establishment of Two District Business Information Centers to Promote Private Sector Development and Information and Communication Technologies- Phase III*, May 2009.
- United Nations Development Assistance Framework (UNDAF), 2010 2014.
- Project UE/UGA/09/003 Progress reports: Aug. 2010; May 2011; October 2011; June 2012.
- Independent Terminal Evaluation, Uganda, UNIDO Project UE/UGA/04/062. October 2008.
- Independent Evaluation, Uganda, UNIDO Integrated Programme, Phase II, Vienna 2009.
- UNIDO Country Brief, Uganda, March 2012.
- National Steering Committee, Minutes of Meetings: 18 August 2011 and 28 May 2012.
- Report on the Three Months Hands-on Training and Technical Support Offered to the UNIDO-DBIC Project, Humphrey Mutassa, National Consultant, October 2011.
- Promoting Collection and Access to Market Information Using ICT in the UNIDO Supported Business Information Centers, FIT Uganda, March 2012.
- 12th Weekly MT Subscription Report, FIT Uganda, June 2012
- MoU Template Between Makerere University and BIC
- SPX UGANDA, News letter July 2010, UNIDO, UIA
- Business Information Centers, Fact Sheet, UNIDO
- Building E-competence, UNIDO, Vienna 2007

Other Country Related Documents

- Republic of Uganda, National Development Plan 2010/11 – 2014/15.
- 2012, Statistical Abstract, Uganda Bureau of Statistics
- Uganda ICT Sector Performance Review, 2009/2010, Nora Mulira, Apolo Kyeyune and Ali Ndiwalana, Towards Evidence-based ICT Policy and Regulation, Volume Two, Policy Paper 13, 2010

ANNEX C: MISSION AGENDA

| Date | Time | Programme |
|-------------|----------------|-------------------------------------------|
| 18 Jun2012 | 9:00 -11:00am | Meeting with CTA |
| | 11:30 -12:30pm | Head of UNIDO Operations Uganda |
| | 2:00 – 3:30pm | National Consultants |
| | 3:30-4:30pm | FIT Uganda |
| | | |
| 19Jun2012 | 8:00 -10:15am | Travel to Masaka BIC |
| | 10:15-11:30am | Meeting with CEO and Steering Committee |
| | 11:30-12noon | MSME visit |
| | 12:15 -12:45pm | District Local Government officials |
| | 1:00 -2:30pm | MSMEs visits contd |
| | 3:30 – 4:30pm | Focus group discussion with BIC users |
| | 4:45 - 5.15pm | Meeting with BIC staff |
| | 6:00 -8:30 pm | Travel back to Kampala |
| | | |
| 20Jun2012 | 8:45 -9:30am | National Information Technology Authority |
| | 10:00-11:30am | UNDP |
| | 1:00 -2:15pm | Makerere Uni (CIT) |
| | 3:00 -4:00 | SPX Consultant |
| | | |
| 21 Jun 2012 | 8:00-10:00am | Travel to Jinja BIC |
| | 10:00 -11:00am | BIC staff |
| | 11:30 -1:00pm | Visit MSMEs |
| | 2:00 -4:00pm | Focus group discussion with BIC users |
| | 4:00 -7:00pm | Travel back to Kampala |
| | | |
| 22Jun2012 | 11:00-1:00pm | Meet BIC CEOs in Kampala |
| | 2:30 –4:00pm | Wrap up meeting with HUO and CTA |

ANNEX D: BICs Roles and Responsibilities at the Governance, Ownership and Management level

Governance Responsibilities

1. Roles and Duties of Steering Committees during the Project Implementation Period

The major role of the steering committee in each district will be to advise and monitor the project implementation process with the following specific duties:

- i. Committee to concur with the results of the needs assessment and the draft business model for the Business Information Centre (BIC) in order that it can be finalised.
- ii. Assist in the process of signing a Memorandum of Understanding (MoU) between the host institution, district government and the representative of the District Steering Committee (DSC) in the districts that will be witnessed by the Ministry of Industry and UNIDO.
- iii. Involve in partnership building process through creating awareness among the business community and MSME support institutions about the project and promote networking
- iv. Meet to discuss issues pertaining to the information centres as and when required

2. Roles and Duties of Steering Committees in the Long term (Post Project Period)

The major role will be to act as a governance body on major policy issues to provide guidance and assistance concerning the operations of the BIC with the following specific duties:

- i. To conduct the duties of checks and balances of the Centre through:
 - Reviewing the BICs performance
 - Study plans put forward by BIC management
 - Ensure the objectives for which the BIC was established are maintained
 - Act as an advocacy body for the development and growth of the BIC
- ii. At least meet once a quarter

Ownership Responsibilities

The duties of institution that would assume ownership of Information Centre will be:

- i. To ensure appropriate premises/location are provided free of rent to the centre.
- ii. Any issue(s) relating to management of the Centre unless owned and managed by the same institution should be channeled through the Steering committee

Management Responsibilities

- i. The sole responsibility of all the day-to-day operations of the BIC as per the

business plan prepared in concurrence with the district steering committee

- ii. Responsible for the financial management
- iii. Report performance to the DSC at least on a quarterly basis

ANNEX E: NATIONAL PROGRESS TOWARDS MDG INDICATORS

MILLENNIUM DEVELOPMENT GOALS, UGANDA COUNTRY PROFILE

| Goal/Indicator | Status | | | | Target 2015 |
|--------------------------------------------------------------------------------|---------|-----------|-----------|-----------|----------------|
| | 2002/03 | 2005/06 | 2009/10 | 2010/11 | |
| Goal 1: Eradicate extreme poverty and hunger | | | | | |
| 1. Poverty headcount Ratio | 38.5 | 31.1 | 24.3 | - | 28.0 |
| 2. Proportion of urban population below \$2 a day | 17.5 | 8.4 | 6.4 | - | - |
| 3. Proportion of rural population below \$2 a day | 22.8 | 10.1 | - | - | 12.5 |
| 4. Employment Elasticity Ratio | 0.75 | 0.55 | 0.44 | - | - |
| 5. Proportion of urban and rural labour force in total employment | 44.4 | 40.5 | 37.4 | - | - |
| Goal 2: Achieve universal primary education | | | | | |
| 6. Net enrolment in primary school | 81.4 | 81.5 | 85.1 | - | 100.0 |
| 7. Primary school 15-24 year olds | 71.4 | 76.3 | - | - | - |
| Goal 3: Promote gender equality and empower women | | | | | |
| 8. Share of girls in primary education | 82.7% | 85.7% | 86.7% | - | 90.0 |
| 9. Ratio of girls to boys in secondary education | 0.95 | 0.91 | - | - | 1.0 |
| 10. Share of women in wage employment in the non-agriculture sector | - | - | 32.1 | 43.0 | 50.0 |
| Goal 4: Reduce child mortality | | | | | |
| 11. Under-five mortality rate (per 1,000 live births) | 170.5 | 127 | - | - | 50 |
| 12. Child mortality rate | 170 | 111 | - | - | 50 |
| 13. Proportion of children under five who are vaccinated | 85.5 | 90.1 | - | - | 90.0 |
| Goal 5: Improve maternal health | | | | | |
| 14. Maternal mortality ratio (per 100,000 live births) | 698 | 118 | - | - | 12 |
| 15. Proportion of deliveries by skilled health personnel | 89.7 | 41.1 | - | - | 90.0 |
| 16. Contraceptive prevalence | 22.5 | 30.7 | - | - | - |
| 17. Adolescent birth rate | 105 | 105 | - | - | - |
| Goal 6: Combat HIV/AIDS, malaria and other diseases | | | | | |
| 18. Average life expectancy | - | - | - | - | - |
| - Males | 52.4 | 53.5 | - | - | - |
| - Females | 41.5 | 47.2 | - | - | - |
| 19. Sex ratio at birth (per 100) | 95.0 | 98.0 | - | - | - |
| 20. Estimated strength of health care workers (per 1,000 population) | - | - | - | - | - |
| - Male | - | 12.5 | - | - | 10.0 |
| - Female | - | 18.2 | - | - | 10.5 |
| 21. Proportion of 15-24 year olds who have comprehensive knowledge of HIV/AIDS | - | - | - | - | - |
| - Females | - | 11.5 | - | - | 10.0 |
| - Males | - | 18.2 | - | - | 10.0 |
| Goal 7: Ensure environmental sustainability | | | | | |
| 22. Proportion of land covered in trees | 21.3 | 18.7 | - | - | - |
| 23. Proportion of population aged 15-24 years who know values & norms (Total) | 62.8 | 67.8 | 70.3 | - | - |
| - Males | 65.1 | 68.5 | 70.3 | - | - |
| - Females | 70.5 | 73.0 | 70.3 | - | - |
| Goal 8: Develop a global partnership for development | | | | | |
| 24. Proportion of GNI as % of total gross national product | 69473 | 120777 | 285553 | 464241 | - |
| 25. Total foreign reserves | 494.97 | 1204.97 | 4181.14 | 4146.42 | - |
| 26. Debt service ratio (% of GNP) | 2.55 | 0.14 | 0.13 | 0.11 | - |
| 27. Debt service ratio (as % of export earnings) | - | 0.77% | 0.77% | 0.88% | - |
| 28. Multilateral debt relief | - | - | 156.22 | 577.55 | - |
| 29. External debt service | - | 1,039,700 | 1,039,700 | 1,039,700 | - |
| 30. Debt service as a percentage of export earnings | 50.4 | 76.2 | 77.1 | - | - |

* The figures for 2002/03 figure Population and Housing Census, UBOS

Source: Indicator 1, 2, 4, 5, 6, 22: Uganda National Household Survey, 2002/3, 2005/6 and 2009/10, UBOS

3, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 18, 20: Demographic and Health Survey 2005, 2011, UBOS

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