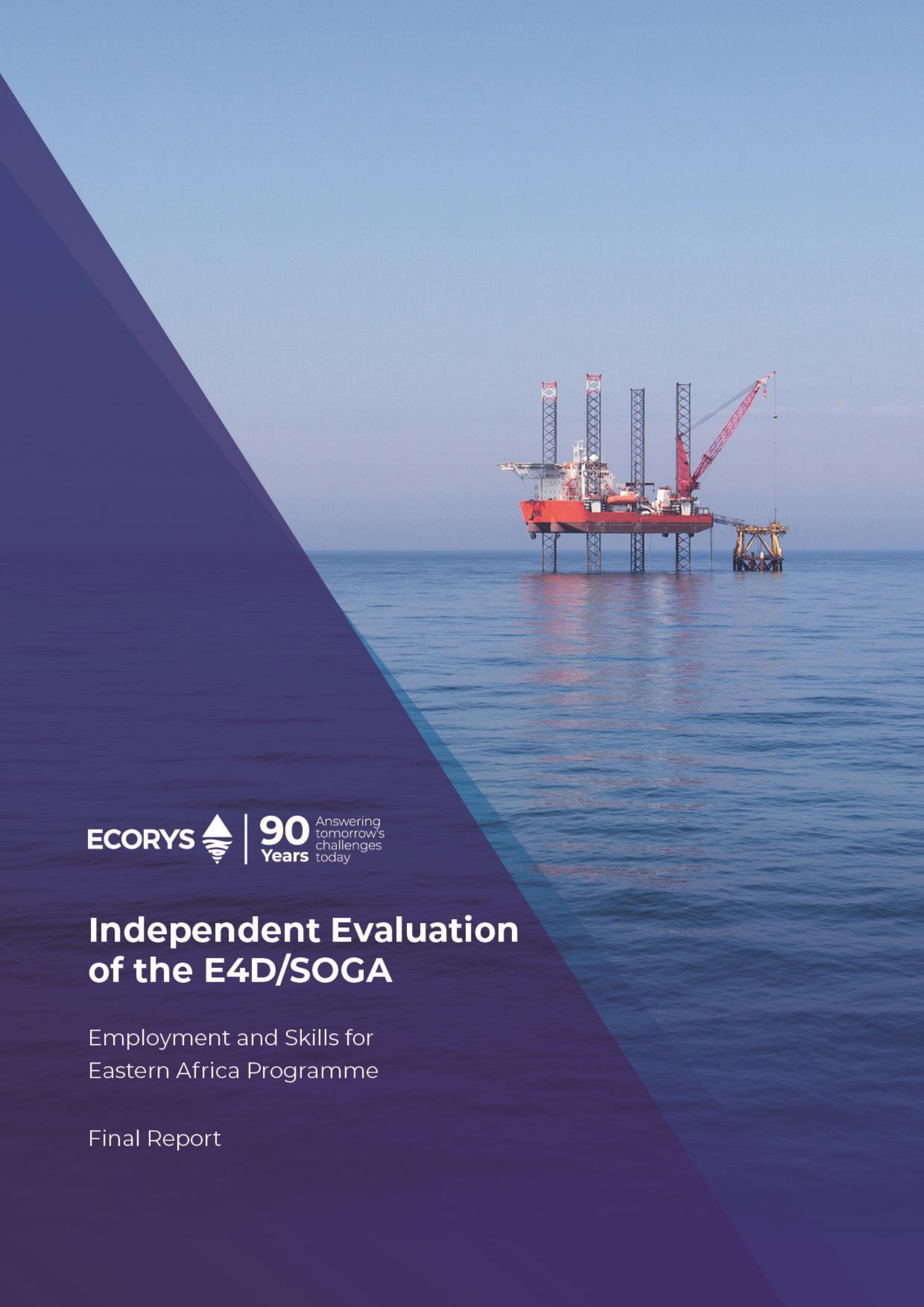

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Independent Evaluation of the E4D/SOGA

Employment and Skills for Eastern Africa Programme

Final Report

Acknowledgements and disclaimer

Acknowledgements

The lead authors of this report are Korina Cox (Team Leader) and Joe St Clair (Project manager).The other team members who have contributed are Moses Oketch, Gulden Bayaz, Thijs Viertelhauzen, Kay Lau, Beatriz Amaral, Peter Davis, Rose Namara, and Bernard Ulaya.

Thanks to the DFID E4D/SOGA team and GIZ programme team, and other stakeholders of the E4D/SOGA programme. The GIZ E4D/SOGA programme team checked the factual accuracy of the report before submission and gave detailed comments and clarifications which were then addressed.

Report submitted to DFID in September 2019

Executive Summary

Overview

This report is the final Evaluation Report of the Independent evaluation of the E4D/SOGA – Employment and Skills for Eastern Africa Programme. The E4D/SOGA programme is running over a period of five years, from January 2015 to December 2019, and DFID has allocated £22.5 million towards the programme which represents 58% of the total E4D/SOGA budget. The motivation for DFID's investment in the programme was driven by the opportunity to create employment for people living in the vicinity of large reserves of oil and gas in four East African countries (Kenya, Tanzania, Mozambique, Uganda). In 2014, imminent investments by large multi-national firms and international oil companies (IOCs) presented an opportunity for economic growth and employment opportunities for hundreds of thousands of people in the oil and gas sectors were expected in the coming decades. In each of these countries there were low levels of the specific technical and vocational skills needed in the oil and gas sector and there was a risk that, without intervention, local people would not benefit from the large growth in labour demand that would result from these investments.

For this reason, the E4D/SOGA pilot programme was designed to increase both the supply of suitable labour and the demand for workers from eastern Africa from the companies that would be exploiting the oil and gas reserves, as well as using active labour market instruments to match trained individuals with jobs. This integrated, three pronged, approach is a pilot programme based on strong public-private sector partnerships. Using private sector networks, established by country teams, to identify a pipeline of investment projects the programme works with local delivery partners to deliver capacity building measures to local people and businesses.

This demand driven approach aims to ensure local people and businesses have the right skills and capabilities that allow them to exploit opportunities created by investments, gain access to employment, and generate additional income.

Objectives and scope of the evaluation

The evaluation has four main objectives

- **Relevance** - to test whether the theory of change and assumptions underlying the programme's approach are valid, specifically whether the focus on partnerships with the private sectors has led to increased effectiveness regarding sustainable economic opportunities for the target population
- **Effectiveness** - to assess how effective the programme has been, and how well it responded to changing political and economic circumstances, and whether its approach is relevant for sectors outside the extractives industries.
- **Efficiency**: to suggest relevant measurements of programme efficiency and use those to assess whether the programme provides value for money (i.e. maximum impact for money invested, including for women and youth).
- **Sustainability** - To assess the potential for achieving sustainability using the E4D/SOGA approach and identify pathways to reaching scale and replication.

Relevance

The E4D/SOGA programme performed strongly against the relevance criteria. The programme's rationale is well-justified and on the whole it has responded appropriately to unexpected delays in oil and gas investments.

The programme successfully secured and fostered private-public collaboration at the strategic level in all four countries. The governance arrangements have proved to be adequate for achieving programme

objectives and although the breadth and depth of the partnerships has varied, this has been partly for reasons outside of the control of the programme.

Delays in investments in oil and gas exploration and changes in the political environment were a significant unexpected challenge to programme implementation as originally intended, and DFID has supported the decision for GIZ to adapt the E4D/SOGA programme to i) take a longer term view on the potential for supporting local employment related to this sector and ii) use the programme as a platform for supporting demand-led skills provision in the targeted countries. One response was to broaden the sectoral scope from 'the potential oil and gas supply chain' to 'natural-resource based industries and adjacent sectors'. These sectors were intended to have high expected growth and thus provided a suitable focus for the pursuit of a demand driven approach. The other response to changing circumstances was an evolution from purely supplier development (for the oil and gas sector specifically) to enterprise development more generally. This evolution was intended to mitigate the risk of relying on partnerships with medium sized firms that had no new market to supply to i.e. International Oil Companies and the associated construction. Some smallholder farmers (such as individuals raising chickens) were not being meaningfully linked to firms with demands for their agricultural produce, and even when they are linked to demand, the scale at which this happens was sometimes very small.

Despite these adaptations, GIZ's integrated approach to employment has been broadly implemented as intended in the E4D/SOGA programme. The programme has implemented interventions that have increased the supply of skilled workers at the same time as improving the competitiveness of enterprises to increase the demand for labour. These interventions have been supported by the consistent implementation of active labour market instruments (e.g. matching services).

Effectiveness

The E4D/SOGA programme was somewhat effective in delivering its objectives, with particular strengths in building public-private partnerships to support local content agreements and examples of successful projects where the programme was able to adapt to the lack of oil and gas related demand.

At inception stage partnerships with the oil and gas sector and its supply chain were the clear target for the E4D/SOGA programme's contribution to local employment; the sector had high expected job creation, economic transformation was possible and jobs in the sector were likely to have a positive impact on livelihoods. With the broadening of the sectoral scope some components of the programme have been effective at working in the new sectors and markets and has a broad range of partnerships in all countries. Many interventions are aligned with local content agendas and there have been numerous examples of effective working relationships between the programme and government, the private sector and NGOs.

The flexibility and ability to respond to changing expected demand for labour and skills and identify suitable industry partners to work with was an important factor in the programme's success. However, when anticipated demand for labour in the oil and gas sector failed to materialise the programme adapted with mixed success; with substantial variation by country and project. This appears to be partly because there were some weaknesses in the systems in place to anticipate demand in different sectors or analyse and respond to political economy issues. Although the pilot programme is currently skilling and preparing people to be ready for when demand increases, there is a risk that without a clearer plan and criteria for selection of partnerships, diverse projects are not aligned with the sectors with highest current demand or those that can currently have the most transformational change.

Aligned with the need for improved strategic guidance, the programme now plans to conduct industry mappings in 2019 for each country as part of country assessments to identify new employment intensive sectors to assess opportunities for future industry partnerships. This systematic approach to identify actual, rather than expected demand through industry mapping is a sensible development that this report endorses. The proposed systematic approach to mapping industries is in contrast to the approach to political economy. In 2014 DFID conducted a feasibility study that touches on a few political factors that are likely to affect programme success, yet presently there does not appear to have been a systematic detailed

political economy analysis of how to better work with the private sector within the political constraints of the countries.

Value for Money

Performance against VfM criteria is mixed. The programme performs well on economy and reasonably well on equity. The programme is yet to adopt indicators that will support a robust assessment of efficiency and effectiveness.

As of February 2019, 11,248 people have been moved into jobs as a result of the programme and our analysis has found that the observed change in individual outcomes over time is likely to be the result of the programme. The total amount leveraged so far has been £18.84million and this is substantially above the 2018 milestone of £7.5m and the 2019 target of £10m. The distribution of programme benefits was reasonably equitable; of the people moved into jobs, 3767 of 11,248 (33%) were women which is largely in line with the target of 35%. Of the people moved into jobs 4659 of 11248 (41%) were youth.

E4D/SOGA is part of the larger E4D programme implemented by GIZ[1], and this allows for efficiencies in terms of overhead costs. The established relationships with the private sector, the experience in coordinating development partners, and the fast mobilisation at the start of the programme, increased efficiency and are advantages that GIZ offers as an implementing partner ahead of a commercial company.

Overall, E4D/SOGA demonstrated strong economy (buying inputs at the right price). GIZ used cost effective programme management, which included appropriate rules for management of assets, robust HR protocols and quality financial reporting. Similarly the programme demonstrated reasonable equity. However, the performance on efficiency and effectiveness indicators is more mixed. To date cost-effectiveness (the current cost per person moved into a sustainable job) has not been part of the programme's standard reporting and therefore assessing it was challenging.

Conclusions: Sustainability

As a pilot programme, E4D/SOGA has identified a range of factors that will influence sustainability of the programme outcomes. Overall, success in securing sustainability is mixed.

There are a number of potential pathways to sustainability of the outcomes of the programme specifically the improved competitiveness of enterprises and graduates trained in transferable skills. Two major risks to the sustainability of programme impacts are: the crucial coordination role that E4D/SOGA plays and the unclear sources of continued funding. If E4D/SOGA funding were to end it is unclear that the programme in its current form could continue. Although the programme has close partnerships with firms, the challenges of skills development, and of supporting companies are complex, and realistically will take a longer time period than that of the pilot phase of this programme. Even with this long time horizon, there is mixed evidence on the likelihood that programme outcomes will be sustainable. There are a few examples of effective projects that commercial partners wish to replicate in other contexts but this is not common.

Lessons learned

The programme's approach offers a number of lessons for other programmes:

- Similar programmes should target partnerships with strategic partners and lead operators to have the most transformative change, and others must be aware that long-term strategic partnerships can take time and effort to establish.
- Understanding labour demand is a key component of demand driven approaches and collaboration with the private sector is required to collect accurate, up to date labour market information. This labour market information can then be analysed to ensure the programme is following a truly demand driven approach.
- Although work readiness skills are demanded by employers as necessary, they alone are not sufficient for gaining employment in most professions.

- Job placement remains demand dependent, and matching services alone cannot overcome this reality.
- Government buy-in increased the ability of programmes to achieve results. In cases where the programme was not able to fully secure the support of national governments, its ability to start new projects was restricted.
- The steering committees can be better utilised for sharing information between country teams, and also for providing further strategic guidance on how to build partnerships and target appropriate sectors with high existing demand for workers.

Recommendations

Below are recommendations for the programme based on the findings of the evaluation:

1. **Clarify programme strategy:** Revise the theory of change to reflect the new focus of the programme and, linked to this, clarify the programme level strategy for building effective partnerships.
2. **Remain focused on quality partnerships:** Remain focused on building quality partnerships with the private sector, and incorporating the lessons learned so far on what is required to develop deep and mutually valuable partnerships.
3. **Continue to be responsive to actual demand:** The programme needs to have a renewed focus on the 'demand-led' aspect of the programme's remit and concerted efforts need to be made to find alternative sources of actual demand. or the programme risks becoming too similar to standard skills and value chain development programmes. There are questions around the agriculture supply chain focus. In Kenya the programme is working well to link farmers to specific market demand. In this case, the E4D model for supplier development/capacity building is being successfully transferred. Yet in Tanzania some supported farmers did not have a clear market for their products as the initiatives were still being linked to potential future demand in the oil and gas sector.
4. **Continue to focus on alignment with country skills strategies:** The strong focus on standards and competencies is in line with emerging country skills strategies and in some countries there are incentives to transition to the higher standards required by international companies (including future oil and gas companies), however this is not consistent across all E4D/SOGA countries.
5. **Continue to learn what the best sub-contracting arrangements are** as there are examples of challenges.
6. **Share learnings of the programme**: The lessons learned about the programme and approach should be more widely shared than currently.
7. **Improve job placement indicators:** The programme should improve its job placement indicators by: measuring improvements in job quality, recording the sectors of work that beneficiaries move from and to, and record the origin location of beneficiaries.
8. **Improve VFM processes**: Many of the programme's VFM measures defined at the outset were actually VFM good practices. While it is advisable to track good practices, in order to understand and monitor value better, it is recommended that E4D/SOGA undertake additional monitoring of costs and monitoring of cost savings.

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List of Acronyms

BMZ - The German Federal Ministry for Economic Cooperation and Development

BTVET - Ministry of Education and Sports hat houses Business, Technical and Vocational Training

CBET - Competency Based Education and Training

DFID - Department for International Development

DPP - Development Partnership with the Private Sector

E4D/SOGA - Employment for Sustainable Development in Africa

GIZ - German Society for International Cooperation

IOC - International Oil Companies

IVQ - International Vocation Qualification

KAM - Kenyan Association of Manufacturers

KCBF - Kenya Commercial Bank Foundation

LNG - Liquefied Natural Gas

MIC - Mirimar International College

MoES - Ministry of Education and Sports

MoU - Memorandums of Understanding

MSME - Micro, Small and Medium Enterprises

NGOs - Non-governmental Organization

NORAD - Norwegian Agency for Development Cooperation

PSD - Private Sector Development

SME - Small and medium enterprises

TCF - Trillion Cubic Feet

TVET - Technical and Vocational Education and Training

UKTI - UK Ministry of Education and Sports Trade and Investment

VETA - Vocational Education and Training Authority

VFM - Value for Money

VTI - Vocational Technical Institute

1.0 Introduction

1.1 Purpose and Objectives of the Evaluation

The main purpose of this evaluation, as outlined in the Terms of Reference[2], is to carry out an independent assessment of the E4D/SOGA approach to local employment promotion through skills and supplier development. The evaluation of E4D/SOGA serves both accountability and learning functions; providing the only independent review of E4D/SOGA commissioned by DFID, and drawing out important lessons to inform DFID's policy and future programming in the area of skills and supplier development. The evaluation recognises that E4D/SOGA is a pilot programme, hence the focus is on learning to inform future thinking on integrated employment programmes in East Africa. As stated in the ToR, the evaluation has four main objectives, listed in order of priority: 1) To test whether the theory of change and assumptions underlying the programme's approach are valid, specifically whether the focus on partnerships with the private sectors has led to increased effectiveness regarding sustainable economic opportunities for the target population. 2) To assess how effective the programme has been, also in responding to changing political and economic circumstances, and whether its approach is relevant for sectors outside the extractives industries. 3) To suggest relevant measurements of programme efficiency and use those to assess whether the programme provides value for money (i.e. maximum impact for money invested). 4) To assess the potential for achieving sustainability using the E4D/SOGA approach and identify pathways to reaching scale and replication. These four objectives broadly align with four of the five OECD DAC evaluation criteria[3]; Relevance (1), Effectiveness (2), Efficiency (3), and Sustainability (4). The full evaluation framework is appended in Annex 3.1.

1.2 Scope of the evaluation report

This report is the final report on the evaluation. It assesses the programme's theory of change and effectiveness and whether the overall approach is still fit for purpose. It seeks to cover all components of the programme and although it touches on the appropriateness of GIZ as an implementing partner, and DFID's inputs into the programme, the focus of the report is on the soundness of the underlying programme model and not on the management of the contract. It covers the E4D/SOGA programme (4 countries), but not the wider E4D programme (7 countries). We present our evaluation approach in Annex 3.

1.3 Target Audience

This report aims to provide independent and robust evidence on the E4D/SOGA programme to help DFID to make informed choices on the design and delivery of future skills and supplier development policy and programming. It is anticipated that GIZ and other co-funders supporting the programme will also benefit from the evaluation. It is planned that our findings will be shared with other external partners to inform and foster strategic discussions and learning in this area of programming. Secondary users of the learning will be organisations using or thinking about using integrated employment programmes. These include NGOs and academics researching this topic.

1.4 Changes to the Terms of Reference

The evaluation approach is consistent with the ToR in being theory-based and seeking to cover all components of the programme. There were no major changes to the ToR except that the Theory of Change under review is that proposed in the GIZ Inception Report and Briefing Presentation. This has been developed by GIZ and DFID from the version presented in the DFID business case. Additionally the evaluation questions were refined during the inception phase in consultation with DFID.

2.0 Programme Context and Rationale

This chapter provides an overview of the E4D/SOGA programme. It first describes the intended outputs, outcomes and impacts of the programme before moving on to describe the oil and gas discoveries in East Africa, the timing, location and size of discoveries as well as the expectations that countries had of the effects the discoveries could have on their economies. We then describe DFID decision making that shaped the programme and how it aligned with strategic priorities. We then present the overall assessment of the rationale for programme and whether the theory of change and assumptions underlying the programme's approach are valid. This assessment draws on supporting literature that provides a theoretical underpinning and justification for key elements of programme design. Finally, we address whether the programme's balance between skill and supplier development is appropriate for meeting programme objectives.

2.1 Programme Overview

The DFID E4D/SOGA is an employment promotion initiative that is part of the wider Employment for Development (E4D) programme operated by GIZ. The wider E4D programme covers South Africa, Ghana, and Cameroon, and the DFID E4D SOGA programme covers four countries in East Africa: Kenya, Uganda, Tanzania, and Mozambique. The core rationale for the programme is that major investments in the oil and gas supply chain have the potential to create vast economic opportunities for countries in East Africa. Interventions supported by E4D/SOGA aim to ensure that East African men, women and young people are equipped with appropriate skills and have the opportunity to gain employment, and that qualified local enterprises can benefit from new business prospects. The programme started in January 2015 and will continue for 5 years until December 2019. The overall E4D budget from all funders is approximately €71million (£58.5 million)[4] with the E4D/SOGA budget accounting for approximately €52.5million (£43 million).[5]

The E4D/SOGA programme was commissioned by the *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* (BMZ - the Federal Ministry of Economic Cooperation and Development). BMZ appointed the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ – the German Corporation for International cooperation - one of Germany's three operational, governmental development actors) as managing agent for the programme. The cooperation between BMZ and DFID was agreed through a Delegated Cooperation Agreement (DCA). The DCA confirms the financial contributions from both BMZ and DFID. For DFID and for other donor agencies, a focus on cooperating with the private sector is a central plank of their policy framework. At the time of the business case E4D/SOGA aligned with DFID's Africa Regional Department Operational Plan (2011-2016),[6] and commitments to funding the Natural Resource Governance Institute[7]. More recently it aligns with DFID's 2017 Economic Development Strategy[8].

The UK's contribution to the E4D/SOGA programme was approved in November 2014 for the period of January 2015 to December 2019[9]. The total UK funding is £22,5 million[10] which represents 58% of the total E4D/SOGA programme funding. The programme is also co-funded by Norway (NORAD), the EU, Shell, Tullow Oil and Rio Tinto. GIZ is the programme implementer, operating under a Memorandum of Understanding with DFID. The programme activities focus on the East African countries Kenya, Mozambique, Tanzania and Uganda which are all expected to see considerable growth in jobs in the oil and gas sector and other sectors. The main programme **outputs** are:

- Public Private Partnerships to support economic and employment opportunities for East Africans are established and functional.
- Enabled local enterprises provide goods and services relevant to natural resource-based industries and adjacent sectors.

- People have the right skills and information to get sustainable employment in natural resource-based industries and adjacent sectors.
- Catalytic knowledge and systemic change generated for local economies to benefit from natural resource led growth.

The programme is delivered over time through partnerships with private sector and implementation partners such as NGOs or commercial training providers. These partnerships have resulted in 30 individual project interventions to date.

The programme's intended **outcome** is that East African women, men and young people supported by E4D/SOGA gain employment and economic opportunities in natural resource-based industries and adjacent sectors. This is measured by three outcome indicators:

1. Number of additional local people in sustainable jobs across the four target countries (target 23,000).
2. Percentage income increase of people reached by the programme (target 10%).
3. Percentage of male and female training graduates obtaining and maintaining a job after completion of training (target 75%).

The intended **impact of** the programme is that access to jobs and economic opportunities for local people in and related to the oil and gas sector leads to an increased economic contribution of the sector to growth in Eastern Africa (the sector remit was later expanded, see section 3.3).

2.2 Programme Context

DFID's business case for the E4D/SOGA investment[11] stressed the scale of the opportunity associated with forthcoming investment in the oil and gas sector[12]. Mozambique has the fourth largest natural gas reserves in the world[13] and estimates in 2014 predicted that the sector would double GDP and lead to employment of 700,000 people by 2035. In 2010 the discovery of 53.2 Trillion Cubic Feet (TCF) of natural gas raised the potential of the gas industry in Tanzania to become one of the country's biggest industries, as well as a significant driver of employment and energy provision in the country with between 350,000 and 700,000 jobs estimated[14]. Uganda and Kenya were also known to have smaller levels of exploitable oil reserves that were expected to come on stream by 2017 for Uganda and 2018 for Kenya. The impact of oil discoveries in Kenya was estimated to be worth 40 trillion Kenya shillings (£280 billion)[15]. Across the whole region it was estimated that over 1 million jobs would be created in and around the oil and gas industries[16]. For each country the timing, location and main private sector group who made the discovery are detailed in Table 2.1 Oil and Gas Discoveries in East Africa below, as well as the estimated size of the discovery and the status of local content agreements as of March 2019.

Table 2.1 Oil and Gas Discoveries in East Africa[17]

	Kenya	Uganda	Tanzania	Mozambique
Oil				
Year of recent discovery	2012	2007	-	-
Location	Turkana	Albertine Region	-	-
Group	Tullow Oil and Africa Oil	Tullow and Total and CNOOC	-	-
Oil (Million barrels)	1000	1200	-	-
Gas				

Year of recent Discovery	2014	2007	2010	2012
Location	Lokichar	Albertine Region	Southern Coast (Lindi/Mtwara)	Rovuma Basin
Group	Africa Oil	Tullow and Total and CNOOC	Statoil/ExxonMobil & BG/Ophir	Andarko and Eni
Natural Gas (billion cubic feet)	1000	500[18]	53,200	120,000
Local Content Agreements (Mar 2019)	Local content bill currently being debated in the senate	Local Content for oil and gas policy passed by cabinet in June 2018 - [19]	[20]Local content requirements introduced in 2017	Under development – currently being drafted. Expected 10%[21]

One way that countries attempt to ensure investments in their economy benefit their own citizens and firms is through **local content requirements**; policies imposed by governments that require firms to use domestically manufactured goods or domestically supplied services in order to operate in an economy[22]. These policies can include direct employment requirements (e.g. minimum percentage of local staff employed in country by firm); backward linkages (minimum percentage of inputs must be bought locally) and forward linkages (local firms are contracted further up the value chain)[23]. For example, in Uganda the national content policy defines a Ugandan company in the sector as; one with at least 50% of Ugandan citizens at managerial level, provides value addition to Uganda, uses available local raw materials, and employs at least 70% Ugandans. It must also be approved by the Petroleum Authority of Uganda, the sector regulator[24]. Due to the size of the discoveries, and the large investments that follow, local content policies for the oil and gas sector are particularly important. The desire to establish formal legal requirements for giant resource extraction firms when they operate in East Africa is especially strong in Tanzania; which has had ongoing difficulty ensuring that the benefits of the mining sector accrue to their citizens[25].

DFID's decision to invest in the E4/SOGA programme reflects its Africa Regional Department's Operational Plan ambition to "Work in natural resource-rich developing countries, especially in Africa, to ensure that the benefits of natural resources (oil, gas and mining) are used to improve the lives of the poor."[26] At the time there was a consensus amongst development cooperation agencies concerning the need to seize the opportunities provided by International Oil Company (IOC) investment and ensure that local people were upskilled sufficiently to be able to benefit. This need was considered to be urgent due to the large number of IOCs operating in the region (Tanzania, Uganda, Kenya and Mozambique). At the time of the business case the following were operating across Tanzania, Uganda, Kenya and Mozambique: Tullow Oil (UK), China National Offshore Oil Corporation (CNOOC) , Total (France), Shell (Netherlands, UK), Exxon Mobil USA), Ophir Energy (UK), Pavilion Energy (Singapore), BG Group (UK), Statoil (Norway), Anadarko (USA), Eni (Italy), SASOL (South Africa), GALP Energia (Portugal), Africa Oil (Canada). Predicted investments were expected to be imminent, and the high risk of local people failing to benefit from the development of the oil and gas sector in East Africa.

DFID also assessed that a suitably designed skills programme would mitigate potential negative consequences for stability of uneven access to economic opportunities associated with oil and gas-related development. Although not working directly through government to support Technical and Vocational Education and Training (TVET) system reform (as DFID's assessment is that this would not be sufficiently responsive and timely), the programme was intended to catalyse wider structural change processes in public TVET institutions. DFID assessed that by working alongside national skills strategies to pilot approaches to increasing private sector involvement in the TVET system, E4D/SOGA had the potential to support the wider systemic change in labour markets and skills systems that would result from the oil and gas discoveries[27]. The programme had the potential to support IOCs to fulfil part of their local content

requirements by upgrading the skills of citizens and widening the pool of available qualified workers that IOCs could employ.

2.3 Programme Rationale and Theory of change

2.3.1 Original Theory of Change

In the business case, DFID outlined a **Theory of Change** that was later revised by the programme team during the inception phase of the programme (See Annex 4 Programme theories of change) and also later updated in light of changing circumstances (see section 3.3.2). The ToC details the starting conditions and inputs, interventions, outputs, outcomes and expected impact of the programme. We detail these below.

The **starting conditions** for the theory are: weak technical and vocational educational skills (although sufficient levels of basic education to provide a foundation), lack of cohesion in the labour market architecture, and little involvement from the private sector in TVET provision. The assumptions here is that E4D/SOGA can address the weaknesses caused by these starting conditions by coordinating willing oil and gas companies and national Governments, including to support local content agreements that are enshrined in legislation. Further assumptions include the potential for timely progress with implementation and future sources of private and domestic funding for TVET.

The **inputs** to the programme were: DFID and GIZ strategic direction and inputs; technical assistance for the design and implementation of interventions; information from industry on demand for skills and qualifications; the co-finance and support in-kind from oil and other companies and development agencies; support and cooperation from national governments; and finally the support provided by GIZ for continuous learning process across countries. The assumption regarding the inputs is that there is willingness and ability of multiple actors to work together to achieve common goals and to co-fund E4D/SOGA when appropriate.

Planned **interventions** were: to foster better labour market institutions to match supply and demand; to build local suppliers with appropriate standards; to address shortages of specific skills; to strengthen quality of local skills public provision; and to maximise programme outcomes for women and youth. E4D/SOGA assumes that interventions are responsive to key national policy dynamics and to Final Investment Decisions. Furthermore, it also assumes that partners can be capacitated to benefit from and contribute to E4D/SOGA.

These interventions were to lead to the outputs, outcomes and impact described in section 3.1. The assumptions underlying these logical steps were: that private sector development is crucial for skills development and that TVFT reform is effective when organic; and that improvements in training and labour markets and institutions leads to more decent and sustainable jobs meeting equity goals. The final assumption of the programme is that economic growth opportunities in East Africa will develop as projected.

2.3.2 Programme rationale

Oil and gas discoveries in the four countries were identified as a significant opportunity for economic benefits to accrue to the local populations through local employment generation, with associated benefits or increasing incomes and reducing poverty. The **focus on jobs as a key driver to improved living standards in the world** is widely recognised[28], as is the centrality of the private sector to creating these jobs[29]. The core programme rationale, to optimise the economic benefits of resource extraction is strongly evidenced. For example, the World Bank stated in Human Capital for the Oil, Gas and Minerals Industries 'African countries have a clear window of opportunity to convert their natural capital into sustainable economic activities that can generate longer-term social and economic benefits'[30]. For DFID and for other donor agencies, a focus on supporting the private sector is a central plank of their policy framework. At the time of the business case E4D/SOGA aligned with DFID's Africa Regional Department Operational Plan (2011-2016),[31] commitments to funding the Natural Resource Governance Institute[32], as well as contributing towards DFID's Structural Reform Plan[33]. More recently it aligns with DFID's 2017 Economic Development Strategy[34].

The programme was designed in the context of **training market failures and associated weaknesses in TVET provision**. The rationale for intervention was focused on a need to build capacity to accelerate the supply of suitably skilled labour and the supplier base to by working with public and private TVET providers and supporting enterprise. In the four countries there were uneven legislative frameworks for supporting skills development, in particular the vocational skills needed in the oil and gas sector. Early scoping analysis identified a significant gap between the demands of international companies and the skills of graduates of TVET colleges. Although varied, there was poor quality of existing TVET provision (in both training of cognitive, non-cognitive and technical skills) across the E4D/SOGA. There was an opportunity to improve the match between demand and supply by improving industry involvement in shaping the curriculum and enhancing capacity for practical training and work placements.

There is substantial literature showing the skills deficits or mismatches are the main obstacles to economic growth[35].Investments in extractives and related sectors have the potential to create positive spill-overs to the local economy, such as jobs and procurement opportunities for local companies, but the local market is often not able to meet the demand created due to a lack of skills and capabilities[36]. As the oil and gas discoveries are located in relatively remote and rural areas, education access and attainment are lower than national averages and gender inequities are particularly challenging in these regions. These areas are also where there are the highest local expectations providing further justification for investment in the skills of local residents.

The programme's **focus on improving TVETs** is appropriate and consistent with government priorities. Focusing on TVET programmes to tackle the skills gap is a common focus in developing countries[37] although it is recognised that TVET improvements alone are insufficient for addressing skills deficits[38]. The programme's focus on transferable skills in order that the labour market optimises the focus on developing a responsive labour market. The skills interventions were designed to both address skills needs in the oil and gas supply chain and be transferable to other sectors should new market opportunities arise. This assumption was reasonable and there is good evidence that the skills of the oil and gas sector are transferable to other sectors of the economy like infrastructure[39].

The weak institutional arrangements in the four countries was identified as preventing effective relationships between supply of and demand for labour, and the programme was designed to improve this connection through public-private partnerships as well as direct support for local TVET institutions. Institution building through facilitating fora that bring together these actors was seen as a way to achieve better functioning labour markets and better match supply and demand. The approach to anticipating skills needs is a common approach for identifying demand needs, is used by governments and international NGOs[40].

There is evidence that **collaborative partnerships can improve the competitiveness of local firms**. Because many resource-rich developing economies have not benefited enough from the wealth created by their extractive resources, reforms have been undertaken to capture more of the gains, including industrial policies with local content requirements, which aim to improve the extent to which the output of the extractive industry sector generates further benefits to the economy beyond the direct contribution of its value-added, through its links to other sectors[41]. E4D/SOGA is in line with best practice on working in the context of local content policies as it was designed to support strong collaborative partnerships among firms, governments and research institutions to strengthen the competitiveness of local firms as well as their productive capabilities[42].

The supplier development component was also well conceived. By working with large industry partners the programme was expected to identify the binding constraints to local enterprise growth and participation in the supply chain. Although there is limited evidence to guide policymakers on the effectiveness or optimal design of enterprise support programmes[43] there is rigorous evidence that management practices in firms have a significant effect on firm productivity[44]. Thus the factors identified by the programme as important to support enterprises are supported by evidence from the literature and likely to have potential impacts on firm productivity and access to supply chains.

The programme's support to help graduates came through employment services such as job counselling and job search assistance (e.g. CV preparation). This approach, also known as **job 'matching', is theoretically sound and the cost benefit ratios can be favourable**, especially in developing countries since the costs of providing such services are often low. Evidence at the time of the business case was relatively favourable of these types of programs[45] and there are many rigorous evaluations that show positive employment effects of job search interventions[46].

There is also strong evidence that the **programme's focus on gender inequality is appropriate**. Female participation in the labour market in developing countries is challenging and driven by a number of factors including: labour market segregation; household formation and unpaid care work; gender roles and norms; and gender based violence[47]. If the programme is able to better facilitate access to jobs for women, then there are a number of positive social outcomes that could possibly accompany the employment. Although there is extensive evidence of the constraints to female participation, the solutions to address these constraints are much less clear. One problem is that relatively few studies of employment programmes disaggregate their findings by gender and those that do find that many interventions do not help women to overcome social barriers to entering the labour force[48]. The programme's focus on identifying supporting interventions that offer opportunities for skills development of women, combined with addressing social and cultural norms, recognises the complexities involved in addressing the under-representation of women in some sectors. Although an appropriate focus, there is mixed evidence on how effective the programme's activities (such as awareness creation and changing mind-sets) can be in addressing gender inequalities in the populations of interest, given the strong cultural barriers to female participation in traditionally male dominated sectors throughout the four countries.[49]

The overall rationale for the programme is clear and well founded. The discovery of oil and gas meant there was significant potential for job creation and there was a consensus amongst development cooperation agencies on the need to ensure that local people were upskilled sufficiently to be able to benefit. E4D/SOGA is a pilot programme and there were few comparison programmes at the time that could help the team during design/inception phase. Despite this the focus on: skills mismatches, improving TVETs, collaborative partnerships with the private sector, supplier development, matching services, and gender inequality are all supported in the academic literature.

3.0 Analysis and Findings: Relevance

This section assesses the continued relevance of the E4D/SOGA programme. In doing so, it addresses Evaluation Question 1: Has the programme been implemented as intended (as set out in the input-output linkages of the programme ToC)? A central assumption of the programme's theory of change is that active multi-sector partnerships are a critical mechanism for achieving a demand-led approach to skills and enterprise development. This section examines the governance and delivery arrangements for the E4D/SOGA programme. The programme is centrally managed at GIZ HQ in Eschborn and has: four in-country teams, country steering committees, a programme steering committee, and a regional advisory board. This section explores the adequacy of these governance structures (both at regional and country level) for achieving the programme objectives including supporting cross-programme learning and the relevance of the programme's choice of stakeholders.

Finally, this section addresses Evaluation Question 2: How well has the programme responded to changes in political and economic circumstances (taking into account best practice on flexible programming)? The analysis in this section draws on findings of GIZ programme documentation and monitoring data and consultations with stakeholders involved in programme delivery in all four countries.

3.1 Partnership with GIZ

3.1.1 DFID-GIZ collaboration

DFID's approach to selecting a delivery partner for the E4D/SOGA programme was informed by a scoping study carried out with UK Trade and Investment (UKTI). This explored options for a programme that could be developed and launched rapidly to secure cooperation of other donors and national governments. These criteria were supported by IOCs consulted at the time. The scoping work established the broad parameters for the programme, particularly the focus on improving the quality of TVET provision to increase the supply of suitable labour to meet demand from IOCs and their potential suppliers. At an early stage GIZ was identified as a suitable implementing partner due to their experience and reputation of working directly with industry on TVET programmes[50] and their contemporaneous plans for a similar programme. DFID assessed that a partnership with GIZ[51] would provide a suitable foundation for drawing in investment from other donors.

The partnership with GIZ enabled DFID to mobilise the programme quickly. At the time of the business case, there was an urgent need to respond as rapidly as possible to the anticipated expansion of the oil and gas sector. DFID identified that the German agencies were scheduling, from 2015, a second phase of the BMZ-funded, GIZ-implemented, facility for public private partnerships in Africa ('Africa Facility')[52] which has been operational from 2006-2014. The Africa Facility promoted direct partnerships with the private sector in selected Africa countries, and the second phase of activity (the wider E4D programme) was intended to build on these partnerships with a strategic focus on up-scaling, replicating successes and job creation. DFID thus assessed that there was considerable complementarity with their own objectives and agreed to support the East Africa focused part of this already-established programme, resulting in an estimated 6-9 month reduction in the time that would have been required to contract the programme to an alternative service provider.

It was also intended that, by working collaboratively, DFID and GIZ would be able to capitalise on their relative strengths. In particular, GIZ has a long track record and procedures or organising public-private partnerships. For the umbrella E4D programme BMZ has set GIZ the target of leveraging private finance on a 3:1 ratio to public funds. Whilst GIZ did not have significant experience in the oil and gas sector, under the Africa Facility they had established partnerships to promote local economic development with mining companies (such as Rio Tinto), as well as programmes working on education in Mozambique and on natural resources in Tanzania, Kenya and Mozambique. GIZ was also perceived to have strong programme

management capacity, as well as a large network of advisers in Eastern Africa and existing relationships both with governments and international investors such as Tullow Oil, Total and BG Group. In contrast, DFID's experience of working directly with the private sector remains limited.

The partnership with GIZ has been successful and has been implemented broadly as intended. In particular, the general approach to the E4D/SOGA programme has been shaped by GIZ's approach to employment promotion that involves integrating the supply and demand sides of the labour market as well as using active labour market policies and instruments[53].

3.1.2 GIZ's integrated approach to employment promotion

As noted, DFID's decision to partner with GIZ was based partly on the organisation's established approach to employment promotion that involves integrating the supply and demand sides of the labour market as well as using active labour market policies and instruments[54]. There are four components to the GIZ model aligned with opportunities to influence labour market outcomes for programme participants.

- **Increase the supply of labour:** In the market for education and training the programme aims to promote employability through training workers in the skills that are needed by the labour market. In the case of E4D/SOGA these needs are defined both in terms of vocational skills and work readiness skills. Skills interventions are designed to facilitate swift responses to new market opportunities.
- **Increase the demand for labour:** In the market for goods and services the programme aims to promote the productivity and competitiveness of enterprises, in order to increase the demand for labour and in turn create and retain jobs.
- **Better matching in the labour market**: The existence of productive jobs and qualified workers does not guarantee increased employment if labour market frictions exist such as a shortage of labour market information amongst employers and job seekers. The programme therefore uses active labour market instruments such as job placement schemes and career counselling to support improve job matching.
- **Improved employment policies:** A standard part of integrated employment policies (although not an explicit component of E4D/SOGA) is to influence government to promote employment oriented economic policies at the national level. This includes the effective implementation of local content agreements and furthering of curriculum development to meet the requirements of global investors.

By integrating these four components, the programme is intended to catalyse skills development with a bottom up approach by building stronger relationships between labour market actors[55]. To implement this integrated employment programme, GIZ designed two work streams; one related to skills development and the other related to enterprise development with private sector partners for both strategies[56]. This approach has led to a wide variety of private-public sector corporation agreements.

3.2 Adequacy of the Programme Governance Structure

E4D/SOGA supports public-private partnerships with industry partners and TVET providers, working within the context of national skills strategies. The alternative approach of working directly with governments to strengthen the TVET systems and architecture was assessed as being unlikely to deliver results in a short timescale. There is evidence that the choice of governance arrangements provide appropriate steering at the programmatic level and flexibility at the country level. E4D/SOGA was overseen at international level by both a Steering Board, and an Advisory Committee. In addition, there are four country Steering Committees. This section assesses how adequate the governance structure is at regional and country level for achieving programme objectives.

The E4D/SOGA Regional **Steering board** comprises of the following institutions: BMZ (representing German Government interests), DFID (UK Department for International Development), NORAD (Norwegian Agency for Development Cooperation) and BG Group (British Oil and Gas company now owned by Shell). The steering board meets twice a year, alternating between Europe and Africa, to determine: which

direction the project will take to achieve its objectives; review the progress of the programme and agree on milestones; share best practice; and to provide oversight of overall project management and budget control. External stakeholders have explained that the steering board has been working well with frequent updates when there are changes in direction (e.g. goals and targets). In these cases, stakeholders explained that GIZ has been quick to contact stakeholders and ask for advice and approval.

The Regional **Advisory Committee**, held at the same time as the Steering Board, drew on a wider network of people, mainly representatives from partner companies and academia. The advisory committee is responsible for advising on direction and giving a steer on the key decisions of the programme including (strategy, budget, finances and the widening of sector focuses). Based on a review of the minutes of these meetings and informant interviews with selected participants it is clear that the Advisory Committee were effective in sharing knowledge, experience and insight between these partners. At different stages, these meetings examined progress in order to learn lessons, heard from companies about their planned operations, and explored options for how the programme might develop.

There are **Steering Committees for each country** made up of the country team leader from the programme and representatives of the development actors and private sector partners involved in the programme in each country. The country-level steering group arrangements are tailored to the circumstances of each country, have varying degrees of government involvement and are responsible for country strategy development, country stakeholder expectation management and defining challenges and potential changes in deliverables.

In **Uganda** the programme works closely with the Ugandan Government; the E4D/SOGA office is embedded within the Ministry of Energy and Mineral Development and has dialogue with the Ministry of Education and Sports (MoES). The steering group consists of donors and government representatives and evolved over time to include more private sector partners. Current members of the steering group are: DFID, Norad[57], Tullow Oil, CNOOC, Total, Ugandan Ministry of Energy and Mineral Development. Stakeholders explained that after a period of initial wariness on the part of the Ugandan Government, the programme was successful at facilitating the involvement of IOCs on the steering committee. The committee is active and consistently comments on E4D/SOGA plans for the country. The added value is such that some stakeholders think it would benefit from meeting more frequently than bi-annually. Stakeholders agreed the programme benefitted from the location of the E4D/SOGA office in the Ministry for Energy and Mineral Development and the dialogue with the Ministry of Education and Sports hat houses Business, Technical and Vocational Training (BTVET). The Ugandan case highlights the value of building platforms for government and the private sector to discuss mutual needs and stakeholder agreed that that increased **involvement of the private sector in the steering committee increased the effectiveness** of its function in coordinating public-private sector collaboration.

In **Mozambique** there was substantial representation of the private sector on the steering committee. Representatives from Andarko, GALP Energia, Sasol, Shell, a joint venture between CB&I, Chiyoda Corporation and Saipem (CCS-JV) , and Colleges and Institute Canada (CiCAN) were in attendance at the last meeting held in November 2018. In addition, the donors DFID and Norad, as well as the International Labour Organisation, and ASS Progresso and IYF were in attendance. From a review of the meeting minutes it appears that a benefit of the steering committee is that it can be a platform for the private sector to share information on key business developments with the programme. Although there were no government representatives on the steering committee this did not prevent good relations with local government who appear to regard the programme well. It was reported in interviews that the governor of the region where projects operate visits every three months or so, and that a key benefit to the companies involved is the ability to understand better local community dynamics.

In **Tanzania** the programme was initially steered by a group consisting of DFID, GIZ, Norad, representatives of the liquid natural gas joint venture (BG now Shell, Statoil now Equinor, ExxonMobil and others), and other company representatives and the Tanzania Ministry of Labour and Employment. Due to reservations by the Government, the Steering Board has not been held since 2017 and conversations are held at a

bilateral level with Government and donors. Since late 2018, the relevant Ministry is again supportive of the programme and another Steering Board meeting is planned.

In **Kenya** the steering board includes: DFID, Norad, GIZ, Shell, Tullow Oil, Base Titanium, Kenya Commercial Bank (KCB) Foundation. Public partners did not wish to sit in the same room as large donors and private sector representatives and, according to a senior stakeholder, the programme therefore adapted to have a separate steering group with public sector representatives. According to some stakeholders, accommodating the preferences of key public sector representatives was a contributing factor to the successful relationship that the programme had in Kenya with the Government of Kenya (Ministry of Education). These good relations, built over time, have likely helped the programme's exposure to the MoE. Some stakeholders argue that the programme has acted as a showcase of good practice in Competency Based Education and Training (CBET), which in turn has contributed to the implementation of TVET reform in the country. In Kenya reviews of meeting minutes show that the **steering committee plays a strong coordination role** and that the programme is aware of the donor landscape which ensures complementarity and avoids duplication of efforts.

DFID's role in steering

In the business case GIZ skills in public TVET provision and experience of building business partnerships would be further complemented by the networks DFID had. As a centrally managed programme within DFID, there was to be close links between DFID country offices and GIZ offices, and the programme could capitalise on DFID networks, relevant programmes and links to national governments[58]. Stakeholders agreed that the **cooperation with DFID has worked well and they have been an active member of the programme steering committee** as well as having representatives on country steering committees. DFID Annual Reviews have consistently gathered lessons on what is working in the programme and given practical recommendations to the programme. On several occasions the programme has benefited from studies conducted by DFID but there has not been a formal system in place to therefore an opportunity for DFID staff involved in the programme to share learning more widely with the steering committee. There was also a concern from some stakeholders that the wider community interacting with the programme did not recognise the substantial contributions that DFID have made to the design and funding of the programme, and that DFID was losing its brand value.

Overall, the programme has successfully secured and fostered private-public collaboration at the strategic level in all four countries. The breadth and depth of these partnerships has varied and is related to the wider political climate for collaboration with donor-led initiatives. Broadly, in Kenya and Uganda, the programme has been instrumental in supporting foundations for collaboration on the skills agenda between governments, TVET providers and the private sector including IOCs. In Tanzania and Mozambique the process of establishing effective partnerships has been more challenging (with no involvement of the government in Mozambique and distant involvement in Tanzania), yet strategic partnerships with Shell and Rio Tinto are implemented here including large financial contributions by the companies. Stakeholders in Kenya and Uganda reported being satisfied with the operation of country steering groups and the advisory groups are viewed as valuable in supporting cross-sector involvement.

3.3 Response to changing contextual factors

At the time of the Business Case preparation, investments by IOCs in Eastern Africa were judged to be imminent and oil and gas prices and production at the time were high. The urgency to design and mobilise a programme that supported access to expected job opportunities for local people was keenly felt by DFID and supported by other donors and partners. Since then, prices have dropped significantly and, coupled with challenging political situations, this has led to delays in investments throughout East Africa. To date, the Final Investment Decisions have yet to be made by the IOCs[59]. In this sub-section we detail the changing circumstances that the programme has adapted to.

3.3.1 Changes in framework conditions

3.3.1.1 *Delay in investments in oil and gas exploration*

The E4D/SOGA programme has adapted to significant changes in the prevailing context, especially around delays in expected investments. These delays in investments have been highly influenced by two key related economic factors: the end of the commodity boom and a substantial drop in oil prices. The end of the commodity boom that began in 2000, peaked in 2011 and has declined significantly in the 8 years since which has led to weakened economies and public finances in the E4D/SOGA target countries, especially Uganda and Mozambique that rely heavily on commodities[60]. At the time the business case for the programme was being written (2014) the price of oil was high and investments in oil and gas production were predicted to be imminent. However, since then the price of crude oil has dropped from a high of 115 USD per barrel in June 2014 to a low of 28 USD per barrel in January 2016. Now the price lies around 60 USD in March 2019. This drop in prices decreases incentives of oil companies to invest the large amounts required to build the necessary capital infrastructure needed to extract the oil.

These important economic factors have led to delays in investments by governments and industry in oil and gas upstream projects and in associated infrastructure. For example, in Uganda in August 2016 after several years of delay, Total and Tullow Oil were awarded production licenses and there was a strong expectation that final investment decisions would come within 18 months. There were also delays over the particular route of the pipeline taking oil from Uganda to the coast before it was finally decided to route the crude oil through Tanzania to a port at Tanga. This pipeline is now expected to be completed by 2021. An oil refinery in Uganda is also planned to be working by 2020. In 2019 Kenya continues to engage in the Lamu Port-South Sudan-Ethiopia- Transport corridor (LAPSET) with an expected final investment decision before the end of the year and production possibly starting by 2022. In 2019 the Liquefied Natural Gas (LNG) project still has no final investment decision.

3.3.1.2 *Changes in the political environment*

As noted, E4D/SOGA supports public-private partnerships and individual TVET providers, working within the context of national skills strategies. Although the programme does not work directly through government it has established structures for government involvement to facilitate collaboration and alignment with national strategies. The DFID Feasibility Study of 2014 touches on a few political and economic factors that are likely to affect programme success. In practice, developments in the prevailing climate for investment and donor cooperation have been a key criteria influencing progress and performance of the programme. Adapting to political factors in Tanzania and Mozambique have proved particularly challenging for country teams.

In Kenya, the programme was initially affected by deterioration in political stability. Recently the programme has been enabled by positive developments in the political climate for investment related to improved political stability and concrete steps taken by the Government to tackle corruption. In Mozambique, for the last few years, there has been political instability nationally and terrorist attacks in the province of Cabo Delgado. This has put significant security pressures on the project staff located in the province's capital Pemba. Because of these security pressures, and the delay in the oil and gas investment in the north, the programme decided to move offices from the office in Pemba in the north to Maputo in the south and re-focus the programme. The delay in signing an agreement with the relevant Tanzanian Government ministry after a change of personnel caused some challenges for the implementation of E4D/SOGA. Despite some positive developments, including actions to address corruption, the general political environment has been less favourable for inward investment and donor support for private sector development. In Uganda, a consistent and constructive dialogue with the Government has enabled fairly smooth programme implementation in the country. The constraints in Kenya, Mozambique and Tanzania led to extended delays in starting new projects, whilst implementation of existing projects continued.

3.3.1.3 *Budget*

There were two significant adjustments to DFID's funding for E4D/SOGA during implementation. Firstly, devaluation of the pound against the Euro led to a reduction in total DFID funding of the programme by £2.5 million, representing a 6% decrease in the total budget available to the programme . Secondly, faced with the need to decrease the programme budget, DFID took the decision to re-profile the overall budget. The result of this exercise was a decrease in planned expenditure in Mozambique in favour of increased expenditure in Kenya and Uganda. There are mixed views from stakeholders about the decision to reduce investment in Mozambique with some feeling that the portfolio was not given sufficient time to gain traction.

3.3.2 Responses to changing contextual factors

In this section we describe the two general ways the programme responded to the delays in investment; by broadening the sectoral scope of the programme beyond oil and gas to natural resource sectors; and by re-focusing support to smaller enterprises.

3.3.2.1 *A broadening of the sector scope*

When 195 nations signed the Paris Climate agreement in April 2016 there was growing pressure on the programme from some of its donors to change the focus away from purely oil and gas extraction and move to wider industries and sectors. Together with the lack of investments in the oil and gas sector, and lack of demand for workers in the oil and gas industry, the programme team expanded the sectoral scope from 'the potential oil and gas supply chain' to 'natural-resource based industries and adjacent sectors'. These include agriculture, renewable energies and extractive industries). The formal broadening of the sectoral scope of the programme occurred over the reporting year 2016/2017 (and was approved by the programme steering board) and to reflect the changes in the programme's focus and remit, it changed its name from Employment for Development: Skills for Oil and Gas Africa to E4D/SOGA – Employment and Skills for Eastern Africa.

Although there was some pressure from donors to move away from oil and gas, the programme's evolution and broadened remit was mostly a bottom-up response by project staff at country level to delayed investments . Stakeholders agreed that there was a high degree of discretion for in-country staff to pursue relevant and fruitful industry partnerships at the country level. The objective, to identify investable skills development and enterprise support interventions that could be mobilised, implemented and achieve results within the timeframe for the programme, focused the efforts of in-country programme staff to be progressively more pragmatic. This realism was paired with an intention to still concentrate on sectors that had high expected demand for workers. There was high job creation potential in the natural resource supply chains, such as construction, logistics and transport and although the investments in oil and gas projects had not materialised there were a number of other investments expected to provide local job creation. These include: the Uganda–Tanzania crude oil pipeline; Kenya's plans to build a new port in Lamu; the development of a standard-gauge railway network in Uganda; the Lake Turkana Wind Power project in Kenya; and other investments in renewable energy, housing and economic infrastructure . As well as being sectors with high job creation potential, construction, utilities, and transportation were anticipated to be some of the fastest growing sectors in East Africa (along with financial services and wholesale and retail trade) and thus the broadening of sector scope was into sectors with high expected growth .

3.3.2.2 *Evolution from supplier to enterprise development*

The original programme design was to form partnerships with selected industry partners to support medium-sized local firms that could become suppliers to oil and gas companies and their international contractors. However, in the absence of Final Investment Decisions there were fewer opportunities for local firms to supply the oil and gas industry and potential partners identified at the start were not going to start construction in the near future. The programme also had a growing understanding of the oil and gas supply chain and learned that the partnerships with large and medium sized firms were more complex than

originally thought and there would be fewer opportunities to implement the enterprise development component as intended[61].

There are a number of examples of successful supplier development interventions (for detailed information see section 4.3.2.1), however these factors led to the approach evolving from only concentrating on supplier development (medium sized firms) to focusing on broader enterprise development (small and micro sized enterprises) and entrepreneurship development (individuals). Where the programme continued to focus on supplier development with medium sized firms there are numerous examples of successful interventions (see section 4.3.2.1 for more details).

Programme documentation[62] and interviews with some stakeholders described this transition as mitigating the risk of having partnerships with large firms falling through due to delays in investments. The programme's design, procurement and contracting processes allowed the programme to adapt and be flexible from the outset, aligning with one of DFID's principles on adaptive programming[63]. In addition to the delay in final investment decisions, the programme improved its understanding of the oil and gas supply chain over time and adapted its enterprise support component to fit this reality.

There are clear benefits to supporting the food value chain in the programme countries; it contributes a significant share of jobs, and self and wage employment in farming generates a large share of rural incomes which in turn have a large effect on reducing poverty. There is evidence from documentation, fieldwork, and interviews that the programme's evolution to supporting smaller enterprises, in particular smallholder farmers, has led to clear welfare improvements through income increases. If these income increases are sufficiently high then these increases are counted as an additional job and count towards the jobs figures.

Despite this positive outcome for the programme there is reason for caution. The food system extends beyond farm production to include activities along value chains, such as food processing, transportation, retailing, restaurants, and other services and most new and good jobs are to be generated down and up the agricultural stream[64]. The off-farm aspect of the food system is crucially important and in many countries as the employment share in farming tends to decline, the share in food manufacturing and services tends to increase[65]. To address this a key part of the original theory of change was to concentrate on the demand for agricultural inputs and link local suppliers to the demand of large firms.

There is extensive evidence supporting this component of the theory of change. Demand is an important determinant of small firm dynamics[66] and recent rigorous empirical evidence from Egypt and Costa Rica finds that after linking local firms to supply to multinational firms, local firms expand and experience long-lasting productivity gains[67]. DFID best practice in promoting agricultural transformation supports the original theory of change as it requires *"a specific focus on market and value chain development that will help smallholder farmers to become sustainably profitable and respond effectively to market demand".*[68] Crucially interventions need to consider the **scale** of farms and agribusinesses development that will deliver both growth and poverty reduction. [69]

Although the theory of change is supported by strong evidence, programme implementation in some cases has not been as intended. Some smallholder farmers (such as individuals raising chickens) were not being meaningfully linked to firms with demands for their agricultural produce, and even when they are linked to demand, the scale at which this happens was sometimes very small. The programme move to supporting smaller firms risks them not being able to supply at **scale** to multinationals. If E4D/SOGA had supported farmers and firms supplying products to large intermediary domestic firms, then this would be a good alternative to linking suppliers to multinational firms, however the evaluation found limited evidence of systems in place making these links. Some stakeholders interviewed were similarly cautious about the evolution to focus on smaller enterprises and specifically the move to support smallholder farmers as they were less likely to deliver sustainable change to the economy than if the programme had remained focused on linking small enterprises to the demand of large firms. These concerns have also been raised by DFID for the last two years[70].

3.4 Conclusions

GIZ's integrated approach to employment has been **broadly implemented as intended** in the E4D/SOGA programme. The programme has implemented interventions that have increased the supply of skilled workers at the same time as improving the competitiveness of enterprises to increase the demand for labour. These interventions have been supported by the consistent implementation of active labour market instruments (i.e. matching services).

GIZ was **an appropriate and relevant implementing partner** for this programme due to their experience in coordinating multiple actors, in particular their previous experience in collaborating with the private sector. They had extensive experience in delivering skills programmes, and a robust record of leveraging private finance to fund programmes. They had established partnerships with international investors, a wide network of advisers, and existing relationships with governments as well as strong programme management experience. In practice the programme **successfully secured and fostered private-public collaboration at the strategic level** in all four countries. The governance arrangements have proved to be adequate for achieving programme objectives and although the breadth and depth of the partnerships has varied, this has been partly for reasons outside of the control of the programme.

Although the delays in investments in oil and gas production and the changes in the political environment were an unexpected challenge to programme implementation, E4D/SOGA has shown flexibility in programming. One response was to broaden the sectoral scope from 'the potential oil and gas supply chain' to 'natural-resource based industries and adjacent sectors'. These sectors were intended to have high expected growth and thus the programme retained its demand driven approach. The other response to changing circumstances was an evolution from supplier to enterprise development. This was in order to mitigate the risk of relying on partnerships with medium sized firms that had no new market (IOCs and the associated construction) to supply to. Although this risk mitigation decision is justified there is now a different risk; **that the move to supporting smaller firms risks them not being able to supply at scale to multinationals unless part of a coherent supply chain initiative targeting growth markets**, and in turn the programme does not have the transformative change that is its aim.

4.0 Analysis and Findings – Effectiveness

This section focuses on assessing the effectiveness of the E4D/SOGA programme in order to generate learning regarding the effectiveness of demand-driven approaches to job creation outlined in the ToC. This section assesses the effectiveness of the programme's response to the lack of investment in the oil and gas sector and decision to broaden the activities of the programme. This change required the programme to operate across a wider range of sectors and the evaluation examines several questions related to how the programme developed and applied detailed understanding of labour market opportunities across a wider range of sectors and markets, and analysed the policy and economic contextual factors affecting these sectors. The questions posed for the evaluation were: Evaluation Question 3: How effective has the programme been in its activities, within and outside the extractives sector? Evaluation Question 4: What evidence is there that this programme is contributing to planned outcomes and in the way it intended.

In order to frame our analysis and findings relating to the effectiveness of activities, this section begins with an overview of the progress of the programme before assessing the effectiveness of each of the following activities in turn: skills development, enterprise development and building partnerships. This section then explores the approach to targeting and examines the overall contribution of programme activities to outcomes (jobs and income) for locals. The final sub-section summarises the conclusions of this analysis.

This analysis draws on monitoring data at project level from GIZ's M&E team and evidence from consultations with stakeholders including partners and beneficiaries of 14 sampled projects.

4.1 Overview of progress

In this sub-section we give an overview of which programme activities have been carried out. We first describe the variation in location of projects across countries and within countries, and then describe the broad split of projects between skills and enterprise development.

4.1.1 Location of projects

Across the four countries there are 30 projects. Kenya has the most number of projects (13) with Uganda having the second largest (9), and Tanzania and Mozambique having the fewest (4 each). The **location of projects also varies within countries** and Kenya and Uganda have more projects based in the capital city and surrounding areas than Tanzania and Mozambique. In Kenya there are three projects based in Nairobi, and five in the surrounding countryside. There are three projects based in the region of the oil and gas discoveries of Turkana and Lamu and two others near Mombasa. In Uganda there are five projects based in Kampala and three based in remote areas close to the oil discoveries in Hoima and one in another remote area of Buikwe. Projects in Tanzania are mainly focused in coastal regions close to the gas discoveries with two in Lindi and Mtwara, one in Ukara Island and one in the capital Dar es Salaam. In Mozambique there are no projects based in the capital city of Maputo; three projects are based close to the gas discoveries in Cabo Delgado and one in the mining region of Inhambane.

4.1.2 Skills vs Enterprise development

After projects were started with industry partners and potential job impacts were calculated, there was an approximate allocation of budget agreed by the steering board for **70% of the budget to be allocated to skills development and 30% to enterprise development**[71]. In terms of the number of projects per type this has broadly been followed; of 30 projects, 20 are focused on skills development and 10 on enterprise development; with 3 projects that have components of both. Of these 20 projects 13 are focused on giving training in **vocational skills** like welding, machine operation and construction skills; and 7 are focused on **basic skills** (literacy and numeracy) **and work readiness skills** (life skills like timeliness, body language, and non-cognitive skills). See Table 4.1 below for a breakdown of which skills projects have been supported in each country (and their content).

Table 4.1 Skills Projects

Country	Type of support	Content (selected examples of courses, most skills development measures also include a practical training component)	Location
Kenya	Basic & Work Readiness	Literacy, Numeracy, work readiness	Turkana
	Work Readiness	Life skills (self-esteem, team building, body language) & work readiness (basic IT)	Turkana, Lamu, kwale & Machakos
	Vocational	Courses for solar technicians and energy efficiency managers	Nairobi
	Vocational	Welding, electoral, machinery operation, catering, accounting	Nairobi
	Vocational	Hydroponic technology	Nairobi [72]
	Vocational	Masonry, carpentry, plumbing, electrical installation, roofing, painting	Nairobi Countryside[73]
	Vocational	Employability of women in technical professions	Nairobi countryside
	Vocational	Practical skills for accessing economic opportunities	Nairobi countryside
	Vocational	Welding, mechanical technology and machine operation,	Mombasa & Nairobi countryside
Uganda	Vocational	Welding, Electricians, Scaffolders	Hoima
	Vocational	Catering	Hoima & Kasese
	Vocational	Truck driving	Kampala
	Work Readiness	Life skills	Kampala
	Vocational	Construction skills	Kampala & Pakwach
Mozambique	Basic	Literacy, Numeracy, Life Skills	Cabo Delgado
	Work Readiness	Timeliness, Presentation, Non-cognitive,and basic construction skills	Cabo Delgado
	Vocational	Electrical maintenance, welding, construction	Inhambane[74]
Tanzania	Vocational	Electrical, welding, plumbing, industrial painting and others (in total 6 long courses and 5 short courses)	Mtwara & Lindi
	Basic	English Language	Dar Es Salaam

In we explain the distinctions between the three different types of enterprise support ; supplier, enterprise, and entrepreneurship. There are no enterprise support projects in Mozambique. Of 10 projects, 4 are focused on supplier development (the original programme intention) and 4 are focused on agricultural supply chains. The other two are focused on entrepreneurship training.

Table 4.2 Enterprise Development Projects, below we present the enterprise development projects by country and type of support received. In section 4.3.2 we explain the distinctions between the three different

types of enterprise support ; supplier, enterprise, and entrepreneurship. There are no enterprise support projects in Mozambique. Of 10 projects, 4 are focused on supplier development (the original programme intention) and 4 are focused on agricultural supply chains. The other two are focused on entrepreneurship training.

Table 4.2 Enterprise Development Projects

Country	Type of Support	Content	Location
Kenya	Supplier	SME support	Turkana
	Supplier	SME Support	Kwale
	Enterprise (Agriculture)	Improving the value chain (passion fruit)	Kajiado
	Enterprise (Agriculture)	Sustainable business for farmers	Nairobi (countryside)
Uganda	Supplier	Bid management	Kampala
	Supplier	Health, Safety and Environment (HSE)	Kampala
	Entrepreneurship	Business Development and skills training	Hoima & Buliisa
	Enterprise (Agriculture)	Sustainable supply chain management (Coffee)	Buikwe, Kayunga, Kamuli, Mukono
Tanzania	Entrepreneurship	Technical (usage of electricity and engagement with solar energy suppliers) & non-technical (marketing, finance, business scaling)	Ukara island
	Enterprise (Agriculture)	Improving agricultural value chains (pulses, horticulture and poultry)	Mtwara & Lindi

4.2 Skills Development

In this sub-section we explain the approach to skills development, their practical implementation, and whether, given the changing circumstances, the evolution in approach was broadly appropriate.

4.2.1 The Skills Development Strategy

In order to design appropriate skills training courses, the programme analysed both the skills needs of industry and the skills profiles of target populations. The main formal output of this process were four **original labour market analyses** of each country[75] which identified: key sectors that were expected to grow, employment projections, the national policy context and challenges to sectoral growth. These summaries included analysis on the contribution to employment creation of sectors in each country including (agriculture, manufacturing, construction, transport, and mining). A complementary exercise was conducted to use **connections to industry** through partnerships, round table talks and steering committees to **identify industry demand** for specific skills and competencies required for upcoming investment projects. It was expected that private sector partners would provide detailed information on their specific hiring needs, to which the programme would then tailor its skills development interventions[76].

Our project level analysis showed examples of **skills interventions that had benefited significantly from the labour market analysis** and were tailored to the stated needs of industry stakeholders (i.e. demand driven). For example the E4D/SOGA country team in Uganda identified the need for drivers to be trained to an internationally-recognised standard in driving heavy goods vehicles to transport oil around and outside of the country (see Table 4.3 Case Study:) Similarly the responsible mining project in Mozambique; and the CAPYEI project in Kenya all had strong demand driven components.

Table 4.3 Case Study: Identifying skills gaps using labour market analysis

Project Name	Skilling truck drivers and instructors according to industry needs Kampala
Time Period	November 2016 – August 2019
Project Type	Skills Vocational (Driving)
Partners	Transaid & SafeWayRightWay are two leading NGOs in the road safety space with SafeWayRightWay having International Oil and logistics companies as members.
Country	Uganda (Kampala)
Objective	Increase the domestic pool of drivers of Heavy Goods Vehicles who can drive to international standards and be employable by International Oil Companies.
Implementation	• It is estimated that around 200,000 drivers of heavy goods vehicles and 75,000 for light goods vehicles will be needed by 2030 in Uganda to service the strong growth in industry that is expected to come. For this reason, E4D/SOGA started the Professional Driver Training – Uganda project to train drivers to high (East African Curriculum) standards. Labour market analysis by the team (using projections from the Ministry of Works and Transport and the World Bank) identified existing demand for better trained drivers in Uganda as well as expected future demand. They identified that the current workforce of drivers in Uganda lack the skills and knowledge to be qualified for the large expected growth and started the project in response. Although there have been delays in Final Investment Decisions from oil companies this has not prevented the project from recruiting trainees onto the course. The demand driven nature of the project is working and project delays are the main reason for lack of progress towards targets. • Because these NGO partners are connected to the industry, they have been able to provide a training yard for the drivers and expensive heavy goods vehicles to train on, and are proving to be relevant partners. The training school was publicised on the radio and widely accessible. The trainees are mainly composed of existing drivers, a fairly low-income group, although generally not below the poverty line. Due to the nature of the work there are significant cultural barriers to women becoming drivers, and for this reason the project does not succeed in training women. Trainees are usually already drivers and do not tend to be youth.
Preliminary Outcomes	8 people in jobs; 75 people with increased income;
Lesson	Up to date labour market analysis of a specific industry can result in bridging the skills gaps with targeted and highly needed interventions.

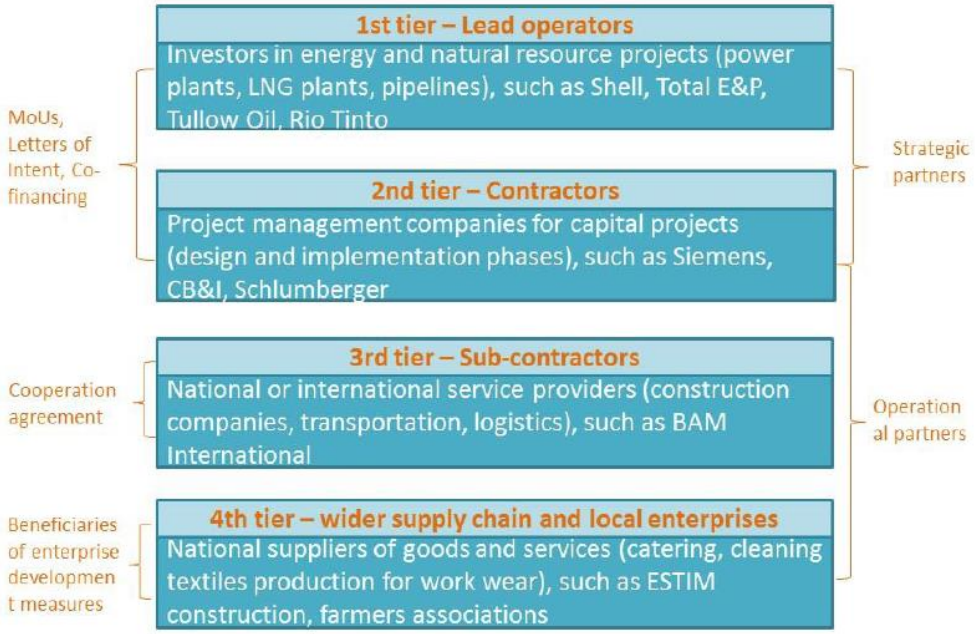
There is strong support for assessing demand through labour market analysis amongst partners, strategic stakeholders and academics. They highlighted the **strong theoretical underpinning** for the approach and that it has helped to demonstrate the value of labour market assessments and skills analysis in practice.

Despite the successes of the approach and successful partnerships with companies, the programme is **not always able to obtain concrete evidence of future labour and skills demand** and to keep assessments up to date for specific investment projects. The programme realised soon after its start that companies investing in large-scale natural resource projects are often unable to provide detailed information on the labour demand associated with the construction of projects. This is partly due to **unanticipated reluctance on the part of companies to share commercially sensitive material** and partly because project implementation is lengthy and there are a range of different contractors and sub-contractors involved throughout the planning and implementation, not just a lead company with labour demand information.

In the absence of publicly available information on labour demand on national level, the programme learned that they needed to **improve engagement with the private sector in order to receive critical information necessary to design skills interventions**[77]. They needed to understand private sector activities, business models, supply chains, investment decisions and many more elements much more deeply in order to improve working relationships and programme design. The programme learned that that there were different levels of operating companies they could work with and by further articulating the layers and modes of cooperation this would allow the programme to collaborate more closely and collect better information from private sector partners about expected labour market demand, amongst other things. The result of this was to **develop a four tier partnership model** that would offer companies several formats for institutionalising relationships; see Figure 4.1 Four tier partnership model below.

Figure 4.1 Four tier partnership model[78]

The private sector is engaged on four different levels. The first tier is comprised of investors in energy and natural resource projects, such as power plants, wind parks, LNG plants, and pipelines. The second tier consists of subcontractors and project management companies for capital projects, such as international EPC contractors, and management consultancies, which are involved with the design and implementation phases of capital projects. The third tier level of private sector engagement entails national or international service providers or consortia of service providers, such as construction companies, transportation, and logistics. The fourth tier comprises national suppliers of goods and services, which are the direct beneficiaries of E4D/SOGA interventions.



The first and some second tier companies are **strategic partners** which are connected by Memorandums of Understanding (MoUs), a letter of intent, and co-financing; whereas some second and all the third and fourth tier are **operational partners**. The third tier is connected by cooperation agreements and the fourth tier partners are beneficiaries of enterprise support initiatives.

The four tier model helps programme staff better understand the complexities of working with the private sector. However, the biggest challenge was that in the absence of information on a specific firm's imminent hiring, job placement through matching services was lower and less immediate than expected during programme design.

With the delays in investment decisions, the original labour market analysis and information became less useful when informing skills interventions. In August 2018, the programme identified lessons learned on what it takes to form effective public private partnerships. These are discussed further in section 6.3 and include 'it is important to understand who holds what type and quality of information, how to get it, and how to verify it' and 'Long-term strategic partnerships require time and capacities to build trust, acquire industry knowledge, and establish networks'. These lessons somewhat summarise the challenge the programme faced in obtaining labour market information that could inform the design of skills courses.

4.2.2 Intervention Design and Delivery

The second stage in skills development interventions was to design and implement training programmes that were market relevant and corresponded to the trainees aspirations and capabilities, and also promote certifications comparable to international standards. The skills development strategies would allow the programme to design demand-oriented training measures. The programme would catalyse wider structural change processes in public TVET from the bottom-up and work with a smaller number of selected public and private TVET institutions. It was designed to deliver skills by capacity building TVET providers in oil and gas regions so that they had qualified vocational education and training personnel. Of 30 projects, 20 are focused on skills development. The programme has three indicators to monitor progress towards the following output 'People have the right skills and information to get sustainable employment in natural-resource-based industries and adjacent sectors.' These indicators are: the drop-out rate of E4D/SOGA supported courses; the percentage of people to receive an interview invitation for an internship/job; and the number of people who received information from a local or national labour market matching service.

The **programme builds on national curriculums** developed by partners and links to industry and private partners. The programme in Uganda has included both long training courses, which have been undertaken in collaboration with public vocational training institutes; and industry-focussed short courses in collaboration with training providers including Q-Sourcing and TransAid. In Tanzania, the work with EEVTs had included an overhaul of the curriculum in the light of international experience and the likely needs of investing firms. Where **international certification** is required the programme would make this a feature of projects as is the case for the YEEP project (see Table 4.4 Case Study: International Certification and High job placement rates below).

Table 4.4 Case Study: International Certification and High job placement rates

Project Name	International training and certification for young welders, electricians and scaffolders (Youth Employment Enhancement Project (YEEP)
Time Period	November 2016 – August 2018
Project Type	Skills Vocational – International Certification to City & Guilds level
Partners	The Assessment and Skilling Centre (TASC) – training arm of Q Sourcing (an East African human resource and business process management company)
Country	Uganda (Hoima)
Objective	Increase the domestic pool of internationally certified technicians available to take advantage of the job opportunities in the oil and gas sector and related industries in the Albertine region.
Implementation	The project worked with the private sector and the Ministry of Energy and Mineral Development to identify several key skills that were in demand in infrastructure projects in the Albertine region. It then project partnered with TASC an accredited skilling and certification centre for City and Guilds courses in Uganda. The project brought the first City and Guilds certified **mobile training facility** to Uganda and based it at Simon Peter's Vocational Training Centre in Hoima. Trainees took courses in 3G coded welding (certified by the American Welding Society), Welding fabrication and basic electrical engineering (certified by City and Guilds) and scaffolding. The courses last between 9 and 13 weeks and for some trades included internships. In addition to the mobile facility the capacity of the host school was supported through training of instructors in international standards.

Outcomes	398 people in jobs (81 women, 246 youth); 690 people with increased income; 400 graduates obtaining and maintaining a job (58%)
Lesson	The project's focus on training students to a high, internationally recognised standard had clear effects on the employability of trainees as demonstrated by the high job placement rate (58%).

Training measures consisted of a series of **short-term and long-term skills programmes.** The programme was not focused on supporting the TVET system more generally, instead short and long courses were chosen in order that the programme was responsive to the immediate needs of employers (especially in the oil and gas sector). In Kenya young people with few opportunities in rural Lamu are being targeted and reached by the programme and receive short-term TVET courses, including courses on life skills that boosted their self-esteem and morale. In Nairobi, the Kenya Association of Manufacturers provides young people with opportunities to undertake internships (after a work-readiness training) that appeared to enhance their prospects for paid employment. In this case the matching component was working well. The **short-term and modular character of many of the TVET courses facilitated integration in vocational training centres**, are attractive for young people who are dis-engaged from the education system, are comparatively inexpensive and can be modified in a flexible manner. The popularity of the courses is shown in the low number of students to drop-out; of 17,483 students enrolled, only 4.9% dropped out against a 2018 milestone and 2019 target of 15%. The programme's original focus was on **vocational and technical skills** in occupations such as construction and installation, machinery, logistics and transport, as well as in food production and processing. Examples of courses given include: culinary training (Uganda), welding (Tanzania), scaffolding and heavy goods vehicle driving (Uganda). An advantage of these skills is that they are in demand by many industries and **somewhat transferable across sectors**.[79]

In response to the economic and political circumstances, the change in sector focus, and the uncertain labour demand projections, the programme **evolved to train workers in being 'work ready'** by teaching 'soft' skills that were also in high demand from employers. These soft skills, including ability to work to deadlines, reporting to work every day, and health and safety, are even more transferable across professions and sectors than the low level technical skills of the programme's original intention. These types of low level skills were particularly relevant for companies involved in resource extraction in rural areas, where education levels are low, and are widely supported. This was the case with the Responsible Mining project in Cabo Delgado in northern Mozambique which taught basic English language skills and numeracy, skills that stakeholders explained were in high demand by local companies.

The focus on **both technical skills and 'soft skills' is widely supported**. It was observed by interviewees that behaviours such as politeness, promptness, the ability to take criticism and other personal skills were at least as important in finding a job as any technical capability. A number of the companies interviewed observed that they will teach more complex technical skills, but if a potential employee does not have the right soft skills then they will probably not be hired in the first place. In Mozambique because of its close links with Savannah and Rio Tinto, the responsible mining project has been highly-focussed on developing employment-relevant skills. Although basic literacy training is a very low skill level, stakeholder interviews revealed that this training was indeed what companies in the region desired. In Tanzania, stakeholder interviews revealed that the programme has been effective in providing skills that the workforce needs.

The content varies and includes a range of initiatives **across skills levels.** In Tanzania TVET centres brought in trainers who had experience of working internationally, and thus who were able to get this knowledge over to their students. In Mozambique, corporate staff worked with the training centres to achieve the same end. We found **consistent evidence that the training model is well-designed and there is appropriate content of the skills programmes**. The programme in each country is aware of local content requirements for the oil and gas sector, and adapts the content of skills courses within this context. Feedback from beneficiaries confirmed that training provided is in skills that are valued and needed in the workforce and there was consistent evidence across the four countries that the skills modules were well

designed and ready to meet the needs of oil and gas companies. Interviews with stakeholders revealed that at this stage, transferable soft skills, as well as technical skills, are highly needed by firms.

The third stage in the skills development interventions, after designing a skills strategy and delivering training, was to **match skilled people with job opportunities and career training**. Almost all skills development projects have a matching element and the underlying rationale for matching services is that it will assist in the placement of graduates into jobs and there are good examples in East Africa of similar interventions increasing the job placement rate of graduates.[80] In E4D/SOGA matching services were to be integrated into the training itself and components included: professional orientation through career fairs, providing databases of training institutions, and providing career centres and other matching platforms.

The number of people who received information from a local or national labour market matching service was 8247. This is significantly above the 2018 milestone of 2500 and also more than double the 2019 target (4000). An example of a matching service is in Uganda. Here the ReadyToWork project chose to partner with the Uganda Manufacturers Association based on their network of over 800 membership companies and successful track record of placing interns; over 2000 in the two years prior to the project. This strong partnership resulted in a graduate placement rate of 39%. Relatedly in Kenya the Kenyan Association of Manufacturers launched a sustainable online matching platform to be financed through user fees from industry to match employers with interns. Although most skills projects had matching services, not all did. For example the driving training project in Uganda upskilled HGV drivers to professional standards but had no career guidance or industry placement component and the graduate placement rate was the lowest of all skills projects with 11%.

Despite exceeding the target for those who **receive information** from matching services, the **percentage of people to receive an invitation** to interview was 61.7% from 13,019 people trained. This is against a 2018 milestone of 70% and a 2019 target of 75%. There was variation in success across projects. The most successful appeared to be those that had partnerships with industry or industry associations that facilitated the placement of graduates into internships or jobs. The limited success of the matching services in part appears to be the result of a mixed quality of relationships with potential employers-at-scale, and the challenges of the local employment market.

However, it also appears that **the targets set regarding job placement using employment services may have been too ambitious**. The academic literature[81] suggests that matching services in many contexts can only have modest effects on placement rates and far from the E4D/SOGA target of 75% of trainees placed in jobs afterwards[82]. Since the business case was published there have been a number of reviews of active labour market policies in developed[83] and developing[84] countries. An emerging finding from these reviews is that although matching interventions can show positive effects on employment status of beneficiaries, the size of this effect is small and sometimes not statistically different from zero [85]. A recent meta-analysis of 113 impact evaluations of active labour market programmes in developed and developing countries found strong evidence that programs that integrate multiple interventions are more likely to succeed because they are better able to respond to the different needs of beneficiaries, and this evidence supports one principle of the E4D/SOGA model. However it also found significant effects on employment rates for entrepreneurship promotion and skills training but not for employment services like job counselling, job-search assistance, and mentoring services which had very small or no impacts on employment rates[86]. This emerging evidence in the academic literature suggests that the programme should manage expectations about the potential of employment services to move skills graduates into employment.[87]

4.2.3 Strengthening local public skills systems

The programme has had some influence on the curricula of partner governments. The Government of Kenya has adopted four key occupational standards that the programme developed and this in turn started a movement in the country which has now yielded 200 curricular and over 200 occupational standards. In Uganda the programme is supporting development of curriculum for heavy goods vehicle driving, and in Mozambique an electrical maintenance curriculum has been developed.

The programme has also supported the implementation of new curricula through training and training of trainers courses. These help instructors improve their practical knowledge and experiences. In Kenya sustainability in skills development is in-built via staff training and knowledge provision and skills transfers to other TVET institutions at basic and mid-level. Master trainers from TUK, TUM and selected other TTIs for example, trained by the programme train their colleagues on CBET. This however is not consistent across all skills projects. In Tanzania there have been some beneficial changes in the structure of the curriculum in particular VETAs but this can only endure if staff quality is at the necessary minimum level. The EEVT project in Tanzania relies on skilled VSO volunteers to deliver training and they have not been able to train up the TVET staff and accredit them to the necessary IVQ level three. Without this, it is not clear how the quality of the teaching at the VETAs will be maintained when the programme ends and there are no longer VSO volunteers to support local staff in developing their knowledge and skills.

4.2.4 Success factors and supporting factors

In this sub-section we discuss the factors that enabled the success of the programme's skills development interventions. We draw upon the Theory of Change and discuss how the factors support relevant assumptions of the ToC.

The skills development interventions were designed so that the content of courses was delivering skilled graduates in sectors and occupations that either had, or were likely to have, high demand. There would be high demand in particular for local (national) workers because **courses were informed by the local content agendas of each country**. The programme also built on the existing curriculum in place at national levels and at the level of TVETs. This appears to have been a factor that allowed it to respond quickly to the needs in each country. Together these factors lend evidence to the ToC assumption that **interventions are responsive to key national policy dynamics.**

In order for the programme to be successful it required sufficient buy-in of donors, the private sector and government, and also a **political environment that enabled the programme to operate as intended**. This was clearly the case in Kenya and Uganda where there were effective working relationships with the government. However, as detailed in section 3.3, the delays in formalising the relationship with the Tanzanian Government impeded implementation efforts somewhat, and meant that the total number of skills projects set up in Tanzania was lower than originally intended. Similarly the ongoing insurgency in Cabo Delgado and the heightened security threat, resulted in the scale back of programme activities in Mozambique.

Throughout the four countries there was extensive, fruitful collaboration between the private, public and NGO sectors. This willingness of multiple actors to collaborate was a success factor. With an underlying willingness to collaborate there then became a crucial role for the programme to coordinate the efforts of multiple stakeholders. A number of stakeholders interviewed mentioned that without this crucial role most of these partnerships (and added value) would never have happened. This evidence supports the ToC assumption that there is a **willingness and ability of multiple actors to work together to achieve common goals and to co-fund E4D/SOGA as appropriate**.

As previously mentioned, training courses were well designed to meet the needs of trainees, yet this was only possible in training centres that already had the necessary equipment for students to learn with. In some cases (e.g. EEVT in Tanzania) the programme paid for machinery for the students to learn on, and in others the programme worked with training institutes that had all the necessary equipment for training (e.g. St Peter's & St Simon's, Uganda). The centres which were already equipped to deliver training were a factor that enabled the success of delivering higher level vocational training. Similarly the knowledge and skills of TVET staff affect the ability of projects to implement new skills training courses in TVETs.

As discussed above, skills interventions were more effective at placing graduates into jobs when matching components had a strong connection with industry or business associations. This finding is **supporting evidence towards the ToC assumption that Private Sector Development is crucial for skills development**.

For projects that only focus on basic skills education the path to employment is less clear than for courses focused on a specific vocation, and the skills, although necessary, are sometimes insufficient for finding employment. Training courses targeted at a certain threshold therefore may be a factor when measuring post-training employment success. However, the most important factor affecting the success of the programme in all four countries has been the quantity of demand for workers in the regions the projects are located in. There is consistent evidence that skills interventions would have been more successful at placing graduates into jobs if there had been greater actual demand for skilled workers. The penultimate ToC assumption is that improvements in training and labour markets and institutions lead to more decent and sustainable employment, meeting equity goals. This evidence suggests that **even with improvements in the training and labour markets, the training needs to be to a certain standard to move people into jobs. Also, without sufficient demand for skilled workers improvements in training do not necessarily lead to more decent and sustainable employment.**

4.3 Enterprise Development

The rationale behind the programme's enterprise development support is to strengthen economic linkages leading to local economic transformation. The drive for this component was to respond to unmet market demand of industry players for specific goods and services by qualifying local enterprises to meet international standards. It was designed to support local medium sized firms to integrate into global value chains and become suppliers to oil and gas companies and their international contractors. This focused support included technical and business development support through training, mentoring and coaching of staff as well as linking them to new markets and investors and was originally intended to progress prior to final investment decisions of IOCs.

4.3.1 Enterprise Development Strategy

The first step in developing the enterprise development strategy was to conduct employment and labour market analysis. The four Dalberg Labour Market analyses identified **agriculture, natural resources and other fast-growing service or consumer sectors** (e.g. telecommunications, electronics) as having the greatest potential to promote employment through enterprise development in the target countries[88]. The next step in the strategy was to engage industry associations, lead businesses and other industry partners to **identify demand** for MSME (micro, small and medium enterprises) products or services. Opportunities to integrate MSEMs into supply chains were also explored. After this interventions were **designed** with the principle to have at least one lead business, industry partner or private association involved.

4.3.2 Intervention Design and Delivery

The aim of the enterprise development component was to enable local enterprises to provide goods and services relevant to natural resource based industries and adjacent sectors. This output was tracked by three indicators: the number of supplier agreements concluded; the number of enterprises supported; and the percentage of customers satisfied with goods and services purchased from E4D/SOGA supported enterprises. By supporting enterprises to improve the **quality and quantity of their products and services and their overall competitiveness**, enterprises were expected to win more contracts and clients and in turn grow their business and number of staff they employed. There are three types of enterprise development intervention corresponding to the size of firm supported: supplier development, broader enterprise development; entrepreneurship development.

4.3.2.1 *Supplier Development*

The original design of the enterprise support component was to be **supplier development**; support to medium-sized enterprises providing technical goods and services. By cooperating with large industry partners, E4D/SOGA identified nine key areas where local SMEs usually need support: general business establishment, environmental management, insurance and licenses, quality control, business capabilities, human resources, financial management, organisational health and safety, and compliance. Interventions

were then designed to address these needs and support companies to become compliant with **minimum standards that international lead operators and their contractors require** from sub-contractors in their upstream supply chain. There is a gulf between the quality and HSE practices of local vs international firms and HSE supplier development training was designed to partly bridge this gap. Training courses were designed to upskill graduates **to a level closer to those required of international companies**. Another example of this is the bid management project in Uganda, where local logistics firms were competing to supply logistical services to oil and gas companies but struggling to compete with international firms. The training was designed to prepare and submit bids for contracts with international firms in order to improve their competitiveness.

In partnership with industry stakeholders, the programme has so far supported 467 small and medium sized companies to become suppliers to larger companies, some of which are international. Of these, 34 were medium-sized and 433 were small sized. The programme has been **effective at identifying the support most needed by firms to supply goods and services** and has designed appropriate courses. In Kenya supplier development programmes were developed in collaboration with Tullow Oil, Shell, Invest in Africa, Base Titanium and the Kenyan Federation of Master Builders in the Turkana and Kwale regions. Of 87 enterprises that received supplier training more than half went on to register on an online marketplace that connects local business directly with multinational and large companies in Kenya; the African partnership pool. This increases their access to information about tenders in the future. An example of a strong supplier development partnership is detailed below in Table 4.5.

In Uganda the programme has been building a successful partnership with a specialist training and consulting group, E360. This successful partnership previously taught firms health safety and environment training and has also had a second supplier development course focused on bid management. Industry, government and lead investors identified low skills as an ongoing challenge to preparing technical bids in Uganda and E360 were contracted to train 40 Ugandan SME in the process for bidding for international logistics tenders. Both projects were designed to feed into the emerging industry enhancement centre a local centre that will provide various types of support to suppliers in Uganda.

Supplier development support was highly praised by the recipients of training as being well designed to improve the competitiveness of the firms receiving support and address the biggest challenges they face in competing for international logistics tenders. The popularity of this type of support received is revealed by 87% customer satisfaction with the products or goods and services that they purchased from E4D/SOGA supported enterprises. This exceeds the 2018 milestone (70%) and 2019 target (75%).

The supplier development component was popular and effective; 116 of the 467 SMEs went on to conclude 569 supplier agreement. This exceeds the 2018 milestone (50) and the 2019 target of (70).

4.3.2.2 *Enterprise Development*

With the delays in final investment decisions, and the broadening of the sector scope the supplier development approach evolved to **broader enterprise development** (including agricultural supply chains) to support small and micro-sized enterprises providing mostly agricultural goods and products. MSMEs received support to improve the quality and quantity of their products. Then the intention was to link them to large industry players to get access to new markets (e.g. agro-processing) and that this would help to build up local supply chains that could provide to growing industry.

The total number of enterprises supported was 485, which exceeds the 2018 milestone of 36 and the 2019 target of 48. Part of the reason for exceeding targets by so much is that the enterprises supported are smaller than originally intended. The original intention was to work mainly with medium sized firms yet of the 485, only 18 are large enterprises, 34 are medium-sized and 433 are small sized. Additionally agricultural value chains projects supported 95 micro-sized enterprises and 29,751 small-holder farmers.

An example of well-designed agricultural support comes from Mozambique where small-scale farmers and producers lack both technical capabilities, and the managerial and financial skills to run businesses optimally. Here the *Responsible Mining* programme worked in a number of chains including cassava and coconut in order to help develop local producers in these crops. This included both technical advice – so that farmers are more capable at crop cultivation - and also financial literacy to make it easier for farmers to access the formal banking system. Interventions like these addressed the constraints of Micro and Small/medium enterprises and were endorsed by business representatives (including those of oil companies) in Uganda and Mozambique.

4.3.2.3 *Entrepreneurship development*

Another evolution from the original programme design was **entrepreneurship development**; support to individuals to develop their own business in sectors related to natural resources. Through a combination of technical skills training (improving the quality of their products) , business skills training (professionalising the management of their business), and coaching (e.g. how to implement business plans), entrepreneurs would receive support in becoming more competitive. The majority of MSMEs supported by the programme are providing agriculture goods and products.[89]

The evolution to enterprise and entrepreneurship development showed the inherent **flexibility in the programme design**. The programme's design, procurement and contracting processes enabled the programme to adapt from the outset, aligning with one of DFID's principles on adaptive programming[90]. In addition to the delay in final investment decisions, the programme improved its understanding of the oil and gas supply chain over time and adapted its enterprise support component to fit this reality.

Table 4.5 Case Study: Building strong partnerships for entrepreneurship development

Project Name	Improving the employability of young people from the informal sector through skills and enterprise development
Time Period	July 2017 – December 2019
Project Type	Enterprise (Supplier) development
Partners	Kenya Commerical Bank Foundation (Private); Mirimar International College (Training institute).
Country	Kenya (Nairobi countryside)
Objective	Creating jobs for youth focused on agriculture and hydroponics
Implementation	The model is that KCBF gives scholarships and loans to trainees and E4D/SOGA funds the training. MIC offers training, looks for land to set up green houses, and finds the market for the produce. KCBF offers loans of Ksh 800,000 to each green house (the loan is not given directly to training- it is via suppliers). Each green house has 5-7 young people who are trained and registered as directors. MIC negotiates the market for the produce with local supermarkets in order to strengthen agricultural value chains and offer skills and enterprise development, formal and informal agriculture to young people. The green house method of farming makes this attractive to young people who otherwise are not attracted to the traditional farming. To date, the project has supported 83 green houses.
Preliminary Outcomes	1303 people in jobs (251 women, 845 youth); 2082 people with increased income; 1311 graduates obtaining and maintaining a job (63%)
Lesson	This project has illustrated a strong partnership with the private sector for supplier development. This Public-Private Partnership model aims to make farming attractive and profitable to young people responds to demand for smart urban farming. Young vulnerable trainees don't have knowledge, capital or land to start farming and the partnership between KCBF, MIC and E4D/SOGA is useful to provide the participants an effective head-start.

4.3.3 Matching Enterprises with opportunities

The third step in the enterprise development component was to match the demand for and supply of goods and services. This was to be done by creating market linkages and networking opportunities between lead companies and MSMEs by sharing market information on upcoming opportunities. In practice, the content of the projects appears to have been largely successful at supporting local firms to **supply more and better quality products**. In Tanzania, for example, the collaboration with the Aga Khan Foundation has worked well in developing local enterprises and the mix of technical and business-management skills means that the target MSMEs are not just more proficient in their work, but are also better able to manage their business sustainably. However, the **direct matching of enterprises to larger markets seems to have been less successful** due to delays in international investments in the region with many enterprises supported selling at local markets or to small scales local buyers such as hotels.

In the absence of large-scale investments in many places, the challenge to supplier development, is that **suppliers need to have linkages to alternative markets**. The programme was designed to support enterprises in accessing wider markets, yet many of the SME farmer groups interviewed in Tanzania said that they either sold at local markets, or to small-scale local businesses such as hotels. Research shows that SME groups are most effective when a large buyer is involved[91] and, where the programme did not have an existing partnerships in place to make these linkages, the project resembles the approach of more traditional agricultural support.

Even if a partnership existed that linked these groups to a major investing firm it is **unclear that they could supply at a scale large enough**. In some cases those categorised as MSMEs being supported sometimes only consisted of one or two chicken farmers. Although there were large and consistent increases in their income, it is hard to see that this is a scalable solution to supplying food to future hotels and industry in the region.

4.3.4 Success factors and supporting factors

Agriculture has evolved to be a central component of the programme's enterprise support; 34% of all people moved into jobs are the result of broader enterprise development approaches (see 5.6.2) and this is mainly from agricultural value chain development. A factor that appears to have **enabled this success is partnerships with organisations that have substantial experience and capacity** in the agriculture sector. The four organisations the programme works with for agricultural development highlight the different merits to working with each one.

The Aga Khan Foundation has a global reach and operates agriculture support programmes in 12 countries worldwide including the Agriculture Value Chain project in Tanzania. This **experience and capacity to deliver agriculture projects** has enabled the programme to support a large number of farmers (more than 8383) and small agribusinesses (235) across different value chains (e.g. poultry, horticulture, pulses). In Kenya the partner chosen, Sidai Africa (a livestock supplier), has broad internal geographic coverage with products in over 350 stockists throughout the country. This allowed the project to **build upon the existing network of the delivering partner** to expand the geographic reach of the project. In Kenya Kevian is a beverage company that has been operating for 27 years and had 458 staff, a turnover over 30 million Euros in 2016 and a **higher demand for passion fruit than the entire supply of East Africa**[92]. The programme's core demand driven approach is largely dependent on a high demand for products produced by the enterprises supported and this feature has constrained success of the programme for some projects. For example the expected investments (e.g. in local hotels) in Lindi and Mtwara in Tanzania did not materialise and the demand for agriculture products was lower than expected.

This risk of low existing demand for agriculture products can be somewhat mitigated when working with a firm that has **direct links to export markets like Ugacof**; one of Uganda's leading coffee exporters. These direct links were a clear example of the importance of identifying the right partner at the beginning of a project. The next section further details how the programme developed and implemented partnerships with the private sector.

4.4 Developing and Implementing Partnerships with the Private Sector

During the inception phase, a central challenge to the labour markets of the four countries were a weak set of institutional arrangements that were preventing an effective relationship between supply and demand. In order to address this E4D/SOGA aimed to **support supply side and demand side actors into and through public-private partnerships**, as well as facilitating fora that bring together such actors.[93] In line with BMZ and DFID policies public-private partnerships are seen as a useful tool for building better functioning labour markets. A key aim of these partnerships is to implement the demand-driven approach through improved sharing of labour market information between the public and private sector.

The programme sets two targets to monitor progress towards the following output 'public-private partnerships to support economic and employment opportunities for East Africans are established and functional'. These indicators are: the number of public-private partnerships for skills and business development, and qualitative evidence of improved information sharing between private and public sector regarding labour demand and supply and supplier development needs. So far 19 public private partnerships have been established and this exceeds both the 2018 milestone (9) and the 2019 target (12). Although these indicators capture most of the intention of developing public-private partnerships and reveal good progress, they do not capture the size or quality of these partnerships, as these are not directly measured. The 2018 milestone for the second indicator is 'Close to systematic articulation of skills need by private sector; regular exchange on skills gaps demonstrating that progress towards the output is made' and the 2019 target is that this is systematic. There is clearly evidence of both articulation of needs and exchange on skills gaps however little evidence that this is systematic or regular across the four countries of the programme.

In this sub-section we discuss the process of developing partnerships with the private sector and the progress towards systematic exchange of information. We first describe the process of identifying partnerships, then move on to a description of the nature of these partnerships and the associated effectiveness of partnerships at different tiers. We conclude by identifying factors that explain the variation in success across partnerships.

4.4.1 Identifying opportunities for partnerships

The selection of partnerships is led by **country teams who identified opportunities for skills and enterprise interventions**, before screening at the steering committee level. There are two main pillars of implementation: Cooperation with industry partners (investors and future employers); and sub-contracting of services to commercial and non-commercial entities. Once these potential partners were identified, country teams have four main types of **contractual arrangements with industry partners** they could use in order to bring on board the most appropriate implementing agency: cooperation agreements, Memoranda of Understanding, co-financing to GIZ (grant/donation agreement), and strategic cooperation.[94]. The most common agreement type is a cooperation agreement which forms the basis of a Development Partnership with the Private Sector (DPP).

The lack of investments in the oil and gas sector, and lack of demand for workers in this industry led the programme to evolve and **expand their sectoral scope** from 'the potential oil and gas supply chain' to 'natural-resource based industries and adjacent sectors'. These include agriculture, renewable energies and extractive industries. A number of stakeholders explained that the broadened sectoral scope has now given country teams a wider remit for project selection, and now projects are selected on an ongoing basis dependent on the opportunities identified by the team. The broadened sectoral scope per se is not the challenge for the team with effective projects and buy-in from private sector partners across a range of sectors (including Transport, Logistics and Agriculture).

The location of oil and gas reserves and other expected investments was an original factor that guided the **decision of where to locate projects and which partnerships to pursue**. In Tanzania the location of LNG near Lindi and Mtwara drove project location decisions, and in Kenya projects are located both where

there is oil (Turkana) and where there are current investments ongoing in the adjacent sector of construction (there is a newly constructed harbour in Lamu). This diversification of location helps to mitigate risk.

Several E4D/SOGA projects are **extensions of existing partnerships**. The advantage of this model is that it builds upon existing resources, partnerships and knowledge as was the case in Kevian in Kenya, or Bid Management in Uganda. The risk of this approach however is that the demand-led focus of the programme weakens as the project doesn't address the most pressing need. In Kenya, Uganda and Tanzania the programme has targeted **partnerships with associations of employers** as well as with individual firms. These associations have a far wider reach to potential employees and potential employers than a partnership with a single firm and it is a consistent and reasonable approach to target these associations.

4.4.2 The effectiveness of partnerships

In this sub-section we describe the depth of the partnerships established and extract lessons on the variation in effectiveness by level of partnership. As described in section 5.2.1, the partnership model categorises partnerships under 4 tiers. We categorise a selection of major partners into this tier model in Table 4.6 below[95].

Table 4.6 Selection of E4D/SOGA Industry Partners by tier

Tier	Kenya (13 projects)	Uganda (9 projects)	Mozambique (4 projects)	Tanzania (4 projects)
1	Shell Tullow Oil Base Titanium Quoniam	Total CNOOC Tullow Oil	Rio Tinto Anadarko	LNG Plant Joint Venture including Shell and Equinor JUMEME
2		CB&I/ McDermott	CCS – JV (a joint venture of McDermott, Saipem and Chiyoda groups)	
3	Kenya Commercial Bank Equity Bank Kenyan Association of Manufacturers (KAM) Kenya Federation of Master Builders (KFMB) Housing Finance Foundation (HFF)	Uganda Manufacturers Association (UMA) Barclays Bank Uganda UGACOF Association of Uganda Oil and Gas Suppliers (AUGOS)		Association of Tanzanian Oil and Gas Suppliers (ATOGS) Industry Partners of EEVT Project
4	Sidai Africa Kenya Kevian Beneficiaries of enterprise development programmes	Beneficiaries of bid management and HSE programmes		

Strategic partners

Lead operators (1st) and Contractors (2nd) together were **strategic partners** and the intention at inception phase was that investment decisions were imminent and that **strategic partners would be the main source of labour demand.** These partnerships would systematically share information between large investors and public partners and result in extensive opportunities for local direct employment. As seen in table 5.6 above across all four countries there are a few key tier 1 partners and some key tier 2 partners.

In Mozambique Rio Tinto is the main partner for *The Responsible Mining for a Better Future* project, which has relied on a very close relationship with Rio Tinto and their local operator, Savannah. Interviewees from the companies and project teams described the closeness of the relationship, and how this had developed over time, and both company and programme staff demonstrated a deep mutual understanding of how both sides could benefit one another.

In Tanzania the EEVT 2 project has the buy-in of lead operators. At project conception GIZ targeted the appropriate partners (the LNG Plant consortia) located in the regions (Lindi and Mtwara) closest to the offshore gas discovery. In this case there has been the opportunity for information sharing between the private and public sector regarding labour demand and supply. The skills taught at the vocational training centres are in demand throughout the country, and will be in demand by the lead operators and contractors as soon as final investment decisions are made and construction starts. However, at this point opportunities for direct employment with this lead operator have yet to materialise. This case highlights the **risk that the programme took when relying on expected demand** from tier 1 and 2 operators. Despite this the project has demonstrated the value of building strong partnerships with the private sector and TVETs (see case study box below).

Table 4.7 Case Study: Building Strong partnerships with TVETs in Tanzania

Project Name	Enhancing Employability through vocational training (EEVT, Phase 2)
Time Period	January 2016- December 2018
Project Type	Skills Development
Partners	Voluntary Service Overseas (VSO)
Country	Tanzania (Mtwara & Lindi)
Objective	Improve the employability of young people in the region by training them in vocational skills needed in the oil and gas industry .
Implementation	For skills development, short term advisors were brought for specific assignments and were highly experienced in their field. For example, a vocational qualification advisor was attracted to advise on alternative ways of introducing IVQ level 3 in the centres. The EEVT team has been actively liaising with different stakeholders including the VETA HQ Public Relations office on the design of the online job matching platform, Kazi Connect online. For the matching component corporate volunteers from a Dutch recruitment company, Randstad, brought highly skilled in careers guidance and recruitment best practices to the TVET. Youth volunteers were effective in peer to peer support and taught soft skills, English language and the use of technology. From a donation received by Randstad, furniture and computers were purchased to enable students and graduates to get access to the internet and search for employment opportunities
Preliminary Outcomes	406 people in jobs (84 women, 192 youth); 1208 people with increased income; 1208 graduates obtaining and maintaining a job (34%)
Lesson	This project demonstrated the value of building strong partnerships with the private sector and TVETs as well as the value of working with a range of different types of volunteers to meet the different needs of stakeholders.

Operational Partners

As seen from the table 4.6 the **majority of partnerships are operational, with national or international service providers in tier 3**. These partnerships are either directly with companies (such as the asset management company Quoniam and the livestock supplier Sidai Africa in Kenya, the coffee exporter Ugacof in Uganda) or indirectly with national enterprises through their membership in business associations (e.g. Kenyan Association of Manufacturers and Ugandan Manufacturers Association). These business associations can supply the programme with labour market information that is valuable to designing

interventions and also make links between the programme and the most appropriate companies to partner with. Their scale, hundreds of member companies, can be an efficient method for programme staff to make connections to industry.

There is clear evidence that the **involvement of business associations has been beneficial to the design and implementation of projects**. For example, in Kenya, the Kenyan Association of Manufacturers, and Biashara (business centres) work with projects on awareness raising, engaging business in TVET and in providing internships and recruitment of skilled workers, as well as to attract and select SMEs to participate in business support trainings and the placement of students, and there has been positive industry placements results. These **strong partnerships with the corporate sector are not ubiquitous across all countries** however. This is partly due to the variation in capacities and mandate of the associations across the different countries, but also stakeholder interviews revealed limited connections with the leading business membership organisation with responsibility for skills development in Tanzania; the Association of Tanzanian Employers. Similarly E4D/SOGA did not appear to have links with the other main business grouping, the Tanzanian Private Sector Foundation, which describes itself as 'the umbrella body of the private sector in Tanzania'. In Tanzania the close relationship with the strategic partner is contrasted with limited effectiveness of tier 3 partnerships.

4.4.3 Success Factors and Supporting Factors

There is substantial variability in the strength of partnerships across countries. Uganda has made strong progress towards its 2019 targets and some stakeholders mentioned that the country team were focused on developing partnerships with firms where there was **clear existing demand** and were not reliant on expected future demand. Similarly another stakeholder explained that from the beginning in Kenya there was not an over-reliance on the oil and gas sector and therefore the partnerships and projects targeted at the beginning were less affected by the economic factors that affected the other countries and more likely to materialise.

Stakeholders agreed that the **close relationships** that the Uganda team had with the private sector were key to the success of the programme there. For example a partnership with Ugandan Association of Manufacturers for the Barclays Ready to Work project allowed training graduates to access a range of firms for internship and job placements. These types of partnerships mean the programme is less reliant on a single firm for job creation and it increases job opportunities available to the programme. On the other hand there may be less buy-in from the association than a single firm that is closely involved in the programme. This appears to be the case with the Association of Tanzanian Employers, who do not have strong links with the programme team or projects.

Having projects in **sectors that broadly align with government priorities** may allow partnerships to work better in the political environment. There are good examples of the programme working effectively within government systems and aligning with country government and wider donor-supported priorities in some countries. This is most pronounced in Kenya where the programme is aligned with multiple objectives (e.g. Vision 2030, Big Four Agenda, TVET reforms of 2013) and has demonstrated to the Government of Kenya how competence based education and training works in practice and potentially can be implemented country-wide. Government alignment is also strong in Uganda with evidence of links to wider donor interventions, national growth strategies, and the TVET strategy. This is facilitated by having the country office located in the Ministry of Energy and natural Resource Development.

In Mozambique, stakeholders described how the violent insurgency in Cabo Delgado and the resulting change in office location, as well as the reduced country presence were the biggest factors affecting the number of partnerships built. This shows the inherent difficulty of operating in these countries and the necessity of flexible programming. Despite these difficult circumstances there are examples of successful partnerships. For example, the Responsible Mining programme has been exemplary in how it has worked with the companies involved, Rio Tinto and Savannah. The companies have also been prepared to put **considerable time and effort into developing the partnership**. It is complex to develop and maintain these professional relationships and interviews with those involved in the project revealed that personal

relationships as well as the formal institutional relationships are important; representatives on each side need to ensure that they can deliver the actions of their organisation to back up what they agree in person. Mozambique country team was asked to work with one company on issues of HSE, but they declined as they did not think they had the expertise to do it properly. This **honesty about what the programme team can bring to a partnership** appears to be a factor explaining the success of the partnerships in Mozambique.

When identifying partners it is simpler to identify large strategic partners (tier 1 and 2) than diverse operational partners (tier 3 and 4). Strategic partners like Rio Tinto in Mozambique or LNG Plant Joint Venture in Tanzania have a clear mutual interest in the success of project activities as they align closely with original programme aims and design. The risk of this approach, as the programme has discovered, is the over-reliance on expected demand rather than actual demand. In this context of delayed investment the programme adapted to building partnerships with operational partners (3rd and 4th tier). Although the **risk of relying on strategic partners for direct employment information and opportunities is reduced** these **operational partners have less access to direct labour market information and also** are less likely to have a vested interest in programme success. It is also more difficult to identify the most appropriate partners in this case. The variation in effectiveness of projects at the lower level tiers across countries reveals that it is not the tier level per se that is most important, but instead the identification of appropriate partners. The four tier partnership model is a good framework to better understand working with the private sector but more needs to be understood about how to establish formal working relationships with the private sector. Future phases of the programme must identify and build on best practice in relationship building – both the process, and the types of people which need to be involved to make it work effectively. For further details on the best practice learned see 6.3 Lessons learned.

At inception stage partnerships with the oil and gas sector and its supply chain were the clear target for programme staff. However, with the broadening of sector scope there no longer seems to be a systematic process for identifying the sectors with the highest demand for skilled workers and focusing programme efforts in those sectors. Some stakeholders described country teams as currently being pragmatic; project selection is guided by where there are opportunities and where the programme can add value. There was concern among some stakeholders that the approach to sector and intervention prioritisation in each country is not clear. Although the programme is well equipped to work in different sectors the programme **does not seem to have a systematic approach to analysing current demand** in different sectors or analysing and responding to political economy issues. Without a clearer plan and criteria for selection of partnerships there is a risk that diverse projects are not aligned with the sectors with highest demand and also that they cannot grow into a critical mass that will have transformational change. The programme may benefit from further strategic guidance on priority targets for partnerships. Aligned with this idea of improved strategic guidance, the programme **plans to conduct industry mappings in 2019 for each country as part of the country assessments**. These will start in Tanzania and are intended to identify new employment intensive sectors to assess opportunities for future industry partnerships.[96] This report endorses this plan to conduct updated industry mapping to identify actual, rather than expected, demand.

4.5 Targeting

Programme implementation is guided by a range of targets designed to ensure that as much of the benefits of oil and gas development accrue to people most in need of support in accessing opportunities to improve their livelihoods. In this section we report on the programme's approach to targeting these four over-lapping categories of beneficiaries: women, youth, poor people, and locals.

Women

To support objectives to ensure that the programme benefits women there is a target for each project to be at least 35% female beneficiaries. There is only one project (Jumene in Tanzania) that focused only on women. For the rest of the projects, the programme carries out **gender mainstreaming** and has adopted two strategies to promoting employment opportunities for women. Firstly the programme is designed to

promote employment opportunities for women in sectors outside of traditionally female dominated sectors such as catering, hospitality, agriculture, food processing, tailoring etc. Additionally the programme aims to challenge gender stereotypes and promote women into traditional male-dominated occupations such as welding, electrical installation, and scaffolding through awareness creation and changing mind-sets.

As of February 2019, the programme has transition 3,767 women into jobs (33% of total job figure but below 35% target). In terms of income generation, the programme has increased the income of 3,659 women.

This progress has come through, amongst other things, facilitating take-up by female participants in trades that are more likely to be done by women (beauty and hospitality) and through sensitization campaigns. In some cases women are given preferential status during the application stage of programme supported courses. Stakeholders agreed that moving women into male dominated sectors was challenging. However, although largely implemented as intended for this component, there is mixed evidence on the optimal way to promote women into the labour force in developing countries and it is unclear whether cultural awareness campaigns, like the ones E4D/SOGA implemented, are effective.[97]

Table 4.8 Case Study: Incorporating Equity Objectives into project activities

Project Name	Basic employability skills training for young people
Time Period	January 2016– March 2019
Project Type	Skills (Work Readiness)
Partners	CAP-Youth Empowerment Institute – CAPYEI (NGO)
Country	Kenya (Lamu, Turkana, Kwale)
Objective	Improve access to jobs through basic employability skills with a focus on natural resource industry, its supply chains and emerging major infrastructure projects. A specific objective was to enhance equitable access to employment for vulnerable groups especially female technicians
Implementation	In rural regions of Kenya there are strong cultural attitudes regarding gender roles which assume that technical courses should only be undertaken by men. In this project training was given in employability skills as well as a component that attempted to change these attitudes. News of the programme was disseminated through civic and religious leaders and spread widely to many geographic areas which helped registration for these unusual courses. Courses in Lamu explored and deconstructed during life skills sessions, where both genders were helped to realize the potential of all, especially the contribution that females can make. In Turkana, the project challenged gender stereotypes by inviting female mentors and alumni to encourage newly registered female students that through patience and determination women can be more visible in male dominated fields.
Preliminary Outcomes	1126 people in jobs (374 women, 879 youth); 1689 people with increased income
Lesson	Interventions with a dedicated component focused on gender can be effective at addressing gender inequities in the construction industry

Youth

The targeting of youth and the general approach of the programme to them was consistently endorsed by stakeholders because young people are disproportionately affected by unemployment and precarious employment in the programme countries.

Targeting happens at the project level and several E4D/SOGA projects were designed specifically to target youth. For instance, The Work Readiness Training in Mozambique (2016-2018) project was designed to increase the employability and work readiness of school-leavers and dropouts, enabling them to find a job in the emerging natural resource supply chain in Northern Mozambique. The campaign included high school information visits and use of social media and community meetings. Practical training was supplemented by classes in life skills, learning and communication, which also aimed to build an appropriate work ethic in

participants. Upon completion of training, participants were offered personalised career guidance with the aim of finding the best possible match with a private sector employer.

There was consistent evidence of effective targeting of young people in job-relevant skills and the progress on jobs for youth is in line with the progress on jobs for the programme as a whole. As of February 2019, the programme has managed to get 4,659 youth into jobs (45% progress towards target of 10,432). In terms of income generation, the programme has increased the income of 6,728 youth (30.5% progress towards target of / 22,091). There is substantial variation in project success by type of intervention.

Pro-poor

In order to target poor groups some projects are deliberately in locations that have high expected demand for labour (e.g. near proposed oil and gas investments) but also where at least 30% of the local population is below the World Bank defined poverty line. This was intended to guide projects to those most in need of employment and poverty reduction and is especially likely to be the case in rural areas. Although this method provides a guide to those deciding the location of projects it does not ensure that individuals receiving support from the programme are poor. Interviews with stakeholders in Tanzania revealed that some of the women receiving micro-enterprise support were relatively wealthy with sizable assets. This method of targeting poses a risk that programme support does not reach those that need it the most.

The original intention of the programme was that citizens local to the area of oil and gas discoveries (e.g. Turkana in Kenya, Hoima in Uganda, Lindi in Tanzania) were at risk of failing to benefit from the investments and therefore the programme was going to support the transition to work of these populations. Some projects have an explicit focus on supporting those local to the area (e.g. farmers who are supported by the Food Value Chain project in Lindi, Tanzania) but others (e.g. SCOPE project in Hoima Uganda) do not screen students on where they come from.

The programme's focus on youth and women is entirely appropriate and stakeholders consistently endorsed the targeting of these groups. By focusing on these two very specific groups targeting was simpler and more likely to succeed than trying to address the needs of many different groups. The programme could however do more to target those local to the region, to ensure benefits of investments accrue to the local population.

4.6 Contribution to Jobs and Incomes

The intended programme outcome is that East African women, men and young people supported by E4D/SOGA gain employment and economic opportunities in natural resource-based industries and adjacent sectors. Progress towards the outcome is measured by three indicators: the number of local people in sustainable jobs across the four target countries (jobs); the percentage income increase of people reached by the programme (income); and the percentage of male and female training graduates obtaining and maintaining a job after completion of training.

In this sub-section we describe the contribution of programme activities to outcomes and the factors that explain this variation in progress. We first present the progress made at programme level and some of the factors contributing to overall progress. We then present variation in progress by country against 2019 targets[98] and extract learning points that help to explain the variation in outcomes. We then present the variation in contribution to targets by intervention type and sector. Next we discuss the programme's approach to measuring job creation and explain important concepts to consider when estimating total employment effects; namely displacement, indirect and induced jobs. We then briefly discuss issues around identifying causality and the likelihood that the reported job figures were the result of the programme. In this sub-section we use programme monitoring data to divide all interventions by country, intervention type, and sector. We use this data to analyse the variation in effectiveness against the three main outcome indicators.[99]

4.6.1 Effectiveness at programme level

In this sub-section we describe the progress the programme has made towards its targets for the 3 main outcome indicators. We present monitoring and evaluation data updated as of February 2019 and present progress against the 2018 milestones and the 2019 targets, and discuss some of the factors that have contributed to programme progress.

In 2018 the programme made significant progress and with one year of activities remaining, **outcomes are largely on track against the 2018 milestones.** The programme is exceeding the majority of its 2018 output indicator milestones (7/11), meeting 1/11 milestones, and not meeting 3/11 milestones. In 2018 there was an increase in people moved into jobs of 5556 to 11248, almost doubling from 2017 and at this stage progress for the main job indicator is 48% towards the 2019 target (11,248/23,000)[100]. Currently the average percentage income increase is 84.5% compared with a 2018 milestone and 2019 target of 10%. Presently 50% of graduates obtain and maintain a job compared to the target of 70%.

Although outcome indicators are largely on track against 2018 milestones at the programme level, this does not capture the substantial variation in progress across countries and sectors (for further details see section 5.6 Contribution to jobs and incomes). Looking at the **substantial progress required to meet 2019 targets** it remains to be seen whether the programme will meet them by December 2019. Some explanations for this are detailed below.

Stakeholder interviews revealed that at programme inception there appears to have been an **underestimation of how long is required to build and implement strong public-private partnerships** i.e. set up industry partnerships, implement skills and enterprise development initiatives, and link beneficiaries to sustainable jobs. Progress in these activities has therefore been slower than initially expected and so have the resulting employment effects and graduate placement rates. However, the groundwork of industry partnerships that were previously established is beginning to pay off, as shown by the strong growth in progress over the 2018 reporting period. Progress towards the ambitious 2019 targets is therefore still highly dependent on a number of fairly new projects which have yet to prove that they can deliver results in job figures.

Another explanation for slow progress is that for enterprise and agricultural development projects there are **significant lags between implementation and results**. The measurement of results 6 months after projects have ended is often not enough time to see employment effects in businesses where expansion and hiring is a long term process. Similarly, increases in agricultural productivity will not happen immediately and we need to wait for a number of agricultural seasons to elapse before seeing the full benefits of an intervention. When measuring employment effects, income increases and job placement rates, it is important to consider the **delay between the finalisation of programme activities and when M&E data is collected**. The programme's definition of sustainable jobs is that beneficiaries are in employment 6 months after the end of the programme, therefore M&E staff must wait until then in order to accurately measure the impact the programme has had. Indicators reported in February 2019 are likely an underestimate of total job and business expansion effects, and activities finishing in December 2019 will not be picked up in the impact data until 6 months after then (i.e. June 2020). If the current timeline is used then it is unclear whether the ambitious job targets set will be met; therefore the programme has decided to extend its reporting deadline for 2019 progress until September 2020.[101]

4.6.2 Effectiveness by Activity

Over the period 2017-2018 there has been a **change in the contribution of each intervention type to total job figures**. In 2017 20% of the employment effects resulted from skills interventions and now they account for over half (54%). This growth was partly because impact data became available for 6 additional skills interventions, and partly because some existing skills interventions became more established and rolled out courses to larger groups of beneficiaries.[102] Despite accounting for only 30% of the budget, enterprise development interventions account for 46% of jobs created. Within enterprise development the majority of jobs come from broader enterprise development (34%) and of this the majority of job creation is

the result of agricultural value chain development[103].The other component of enterprise development (Supplier development) has led to 999 jobs accounting for 9% of the total portfolio. Stakeholder interviews with those who received supplier development support revealed that this component is popular and there is high demand for further support to suppliers. Supplier development was originally intended to be more of a focus of the programme and yet the changing economic circumstances led to the widening scope of the programme. Given the original intention, their popularity, and now that construction phase of Oil and gas projects are closer, it would be encouraging to see the programme re-focus their enterprise support towards more supplier development.

Despite high job figures there were some concerns by stakeholders that the **programme's agriculture components are not sufficient to lead to economic transformation.** In Kenya the programme is working well to link farmers to specific market demand and the model for supplier development/capacity building is being successfully transferred. However, in Tanzania some supported farmers did not have a clear market for their products as the initiatives were still being linked to potential future demand in the oil and gas sector. The concern about critical mass is particularly apparent in agriculture projects that are intended to service the supply chain to the oil and gas sector. A stakeholder in Uganda was surprised that E4D/SOGA was involved in agriculture given that there are a number of other companies in this space who they felt were better placed to support large scale agriculture solutions (e.g. Self-Help Africa).

Income increases are only measured for skills development interventions and we therefore only present the percentage income increase by sector. The **small increase in income** from the transport sector is explained by the fact that the transport project (HGV training in Uganda) was **attended by students who started the course already with a higher base income**. Under the concept of diminishing marginal returns to investment in education, the marginal return to their investment in driving skills was therefore lower on average than for those who started from a lower baseline (e.g. informal labourers in rural areas who started off very poor before they started their first vocational degree). This explanation is also relevant for certain students who attended trainings in for example 3-G coded welding of the Q-Sourcing project also in Uganda. To be eligible for certain courses requires basic work experience or prior knowledge which in turn increase the likely baseline income of the student. In Annex 11.1 we present the variation in effectiveness of the four countries against the three main indicators and extract the main learning point from each country's experience. We also present further analysis on the variation in effectiveness by sector.

Overall the programme's balance of skills and supplier development seems appropriate. Enterprise development has high potential for large scale economic transformation and the programme was effective at implementing enterprise support interventions. The literature on integrated employment programmes provides little guidance on the optimal balance between skills and supplier development to maximise local economic development, and our evaluation found little evidence to suggest the current budget balance was the incorrect balance to move people into jobs and maximise impact on local economic development.

4.6.3 Measuring Jobs: Direct, displaced, indirect and induced

Direct Jobs

The programme definition of an additional person in employment (direct jobs) if the person has received skills training or matching services and finds a job that meets certain criteria. It also counts those jobs created in a supported company through enterprise development interventions and those who stay in the same job but are lifted above the income and minimum working time threshold (e.g. farmers and micro-entrepreneurs). These people are counted as moved into sustainable jobs if they: work at least 20 hours/week for at least 26 weeks/year; have minimum international labour organisation standards of work; and earn at least the living wage for their country (above the World Bank poverty line).

Displacement effects

The core programme theory argues that the demographics of the beneficiaries moving into work are different from what they would have been in the absence of the programme; that there are more poor people, women and youth in work than would have been otherwise. It does **not** argue that the jobs the programme reports are 'new' jobs. This definition implies a high probability of at least some job displacement; when one individual is moved into a job this comes at the expense of another worker moving out of that job i.e. the other is displaced.

The programme acknowledges the importance of displacement and net employment effects when describing job creation, and state that they only attempt to report displacement whenever such effects become evident in the course of implementation of DPPs '[104].' It argues that in most cases it is too difficult and costly to accurately measure displacement effects. Although conducting rigorous quantitative evaluations of displacement effects is not feasible, the programme could collect qualitative data on displacement effects. This is particularly important given the extensive literature documenting displacement effects in industrialised countries.

Rigorous experimental evidence from developed countries show that employment gains from job placement assistance programme are partly (Crepon D. G., 2013) or entirely (Cheung, 2017) due to displacement at the expense of eligible workers who did not benefit from the programme. This effect is particularly likely in weak labour markets (Crepon D. G., 2013) and those workers most likely to be displaced are those with low cognitive and non-cognitive skills (Seim, 2019). Without supporting evidence from the programme, it **is likely that** there is at least some job displacement and **job figures are over-estimated**.

Indirect jobs and induced jobs.

There are theoretical indirect job creation effects that could happen through companies in supply chains hiring more workers as they win new orders from the growing businesses. Similarly employees in a successful business spend their rising wages in the local economy and this in turn creates more jobs in the economy (induced jobs). In the business case it was argued that there were potentially four times as many indirect and ten times as many induced jobs created by the programme, yet the calculation method of the programme does not attempt to model these effects and similarly DFID advises not to count multiplier effects when measuring job creation (DFID, How to note: Measuring Job Creation 3 -Approaches to measurement, 2012).

4.6.4 Causality: The contribution of outputs to outcomes

In the theory of change the main outcome of interest is that "East African men and young people supported by E4D/SOGA gain employment and economic opportunities in natural resource-based industries and adjacent sectors". The main employment indicator used by the programme however has no question that asks which industry the respondent who moved into employment is working in. It is therefore difficult to tell with quantitative evidence whether the main outcome of interest is being achieved. Despite this there is supporting evidence that those moved into employment are in 'natural resource-based industries and adjacent sectors'; the skills being taught are used in these sectors, the enterprises supported compete and are attached to these sectors, and the projects are in locations close to investments in these sectors.

In the absence of a quantitative evaluation designed to establish a realistic counterfactual it is unclear what would have happened in the absence of the programme and whether those moved into employment would have done so without the programme. The current evaluation method used by the programme to infer causality is a before/after comparison. The programme uses outcome indicators at the start of a project (baseline) and then compares these outcomes for the same individual 6 months after the end of the project (endline). The significant limitation of this methodology is that it requires the strong assumption that any changes in the employment status of individuals in the programme are due to the programme. This strong assumption is unrealistic and makes it difficult to make claims about causality with confidence. An evaluation technique such as using a difference-in-difference methodology, although more costly, would provide much more confidence that the number of people moved into employment are the result of the programme.

4.7 Conclusions

At inception stage partnerships with the oil and gas sector and its supply chain were the clear target for programme staff; the sector had high expected job creation, economic transformation was possible and jobs in the sector were likely to have a positive impact on livelihoods. Although this was the initial focus, the changing economic and political circumstances led to a broadening of the sectoral scope. The programme has been fairly effective at working in the new sectors and markets; and has a broad range of successful partnerships in all countries. Many interventions are aligned with local content agendas and there have been numerous examples of effective working relationships between the programme and government, the private sector and NGOs.

A central focus of the programme rationale throughout has been a commitment to being demand-driven; an approach strongly supported amongst partners and strategic stakeholders. This approach is, and remains, a sensible one, as long as country teams are able to identify demand and create effective partnerships outside of their original focus. The advantages and disadvantages of this approach are summarised in Annex 11.2.

The **flexibility and ability to respond to changing demand and find new industry partners is important to project success**, and when anticipated demand failed to materialise the programme adapted with mixed success depending on the country and project. This appears to be partly because there is no **systematic approach to analysing current demand in different sectors or analysing and responding to political economy issues.** Although the pilot programme is currently skilling and preparing locals to be ready for when demand increases, there is a risk that without a clearer plan and criteria for selection of partnerships, diverse projects are not aligned with the sectors with highest current demand or those that can currently have the most transformational change.

Aligned with the idea of a need for improved strategic guidance, the programme **plans to conduct industry mappings in 2019 for each country as part of the country assessments** to identify new employment intensive sectors to assess opportunities for future industry partnerships.[105] This systematic approach to identify actual, rather than expected demand through industry mapping is a sensible development that this report endorses.

As of February 2019, 11,248 people have been moved into jobs as a result of the programme. The programme does not attempt to measure displacement effects, yet these are **likely to mean the programme job numbers are over-estimated**. On the other hand significant lags between implementation and results, and delays between the finalisation of programme activities and when M&E data is collected, mean that the figures reported as of February 2019 **likely underestimate the impact on employment that the programme has had**. These contrasting points make it difficult to estimate accurately the total programme effect on those moved into employment. The programme's use of before/after comparisons is an unreliable way to estimate causal effects and future iterations of the programme should be designed with a more rigorous quantitative evaluation component.

5.0 Analysis and Findings – Value for Money

This section assesses the value for money of the E4D/SOGA programme. It addresses questions of whether the programme was efficient at achieving its objectives and whether it provides value for money. Additional evaluation questions answered are: What is the added value of in-kind and financial contributions from the private sector at project level? (EQ 5); What are sensible metrics for measuring the sustainable value for money of skills and supplier development interventions and their impact on economic development? (EQ 6); In terms of programme efficiency, what are the benefits or disadvantages of partnering with other donors and working with a donor agency rather than with a commercial implementation partner? (EQ 7); What is the added value of in-kind and financial contributions from the private sector at project level? (EQ 8); How many additional local people are in sustainable jobs as a result of the programme? What was the cost per sustainable job filled by a local person? What was the cost per £ of additional income earned by people reached by the programme (EQ 9); To what extent were programme outputs/outcomes equitably distributed e.g. what percentage of local people in sustainable jobs were women and young people? (EQ 10); Has the investment in building relationships with the private sector paid off (i.e. lead to increased VFM)?

In order to address these questions, we use a value for money framework detailed in annex 3, which details the metrics we use and data sources needed to evaluate the programme against criteria on economy; efficiency and effectiveness; and equity. This framework draws upon VFM metrics agreed between DFID and GIZ, which have been monitored over the life of the programme. This section is structured as follows. We first summarise the financial performance against budget, and set out the key limitations in the available financial information. We then discuss the advantages and disadvantages of partnering with GIZ rather than a commercial organisation, before setting out our findings against the 4Es and identified metrics. We then conclude with an overall assessment as to the extent to which the programme is efficient and provides value for money. Recommendations on the reporting and monitoring of VFM are provided in the Recommendations section 7.

5.1 Budget and Expenditure

Overall, as of the end of 2018, the total spend was €34.7m, out of a total budget of €52.5m, which represented 66% of the total budget. Of the total E4D/SOGA budget, DFID contributes 58%, BMZ 23%, Norad15%, and Shell 3%[106]. The spend per country as of December 2018 has been 26% in Kenya; 21% in Tanzania; 20% in Uganda and 16% in Mozambique. According to the latest annual report expenditure is in line with planned expenditure[107]. To understand the breakdown of programme costs across categories we present total expenditure at the end of 2018. The categories of expenditure are detailed in Table 5.1 Categories of expenditure (BMZ, DFID, Norad and Shell) below.

Table 5.1 Categories of expenditure (BMZ, DFID, Norad and Shell)[108]

Category	As %
Financial contributions	27.94%
Field and head office programme staff costs, volunteers (incl. ancillary personnel costs)	25.30%
Contracts with appraisers and consulting firms (incl. travel costs)	16.30%
Overheads and imputed profit	11.00%
Other direct costs	7.69%
Internal services billed	4.25%
Equipment, materials & construction works	4.16%

Category	As %
Travel costs	3.11%
HCD measures: participant related costs	0.25%
VAT	0.00%

DFID defines VFM as 'maximising the impact of each pound spent to improve poor people's lives'. DFID's value for money framework draws on the 4Es of economy, efficiency, effectiveness and equity.

5.2 GIZ versus a commercial company

One of the main justifications set out in the business case for the value for money of funding E4D/SOGA was the advantages in terms of efficiency, of partnering with GIZ rather than with a commercial implementation partner. In this sub-section we present the evidence for whether these advantages transpired. The E4D model was already one that GIZ had designed, and if DFID had contracted a commercial company alongside GIZ there would have been replication of overheads and management costs on the part of DFID. Also from the perspective of DFID, by partnering with GIZ they reduced the burden of risk they were exposed to.

As explained in the business case one advantage of GIZ ahead of a commercial partner was the established structure of the organisation which allowed effective management and coordination. Additionally GIZ's structure allowed country offices to be flexible in the projects they chose to invest in. Stakeholders from another donor thought that by being part of this network, this provided good value for money for the donor. At the time of the business case, it was hoped that there would be a number of synergies between E4D/SOGA and other GIZ programmes, however it is not clear the extent of these synergies or how much value they added.

The majority of stakeholders interviewed were of the view that, despite some delays for certain projects, GIZ's convening power and existing partnerships supported **a faster mobilisation** at the start of the programme than a commercial partner could have managed. E4D/SOGA teams have excellent local knowledge and employ talented nationals. Interviews with them revealed a deep knowledge of local issues and experience working in skills development in the four countries. The programme raised co-financing from Norad and the EU and it is unlikely that a commercial partner could have crowded in these funds from development partners. In the Business Case, it was estimated that such time savings from utilising existing networks could amount to £2m, using the example of a similar programme set up elsewhere[109]. However, it was not possible to verify this value using the evidence available to the evaluation.

GIZ were chosen ahead of a commercial partner partly because they were expected to have strong partnerships with governments and the ability to coordinate other donors. Donor coordination for the programme was clear from the well-attended steering committee meetings. However, the programme does not have strong national ownership, and links to Governments (especially in Tanzania) were limited.

5.3 Value for Money Analysis

5.3.1 Data availability

To support the value for money assessment, GIZ supplied financial information, from financial reporting and accounts; operational information, primarily from monitoring and evaluation data and GIZ partnership agreements. Additionally, the value for money analysis also draws on measures reported from DFID's business case for E4D/SOGA and benchmark data from programmes including the Bangladesh Sudokkho programme and 'Kuza' skills for the disadvantaged youth in Kenya sourced from Devtracker.

The following limitations to the information provided should be taken into consideration when interpreting the findings of the value for money analysis. Financial information on individual projects are based on partnership agreements. As such, these are based on budgets, and not actual expenditure incurred. Additionally cost categories are not easily identifiable in the current format of E4D/SOGA financial reporting, which makes it challenging to understand trends on key cost categories. Furthermore, we have compared E4D/SOGA results to benchmark data. However, detailed information as to how the benchmarks were calculated was not available. Furthermore, the programmes used as benchmarks do not constitute a perfect match, as there are potential regional, contextual and resource differences. Additionally it was not possible to revisit the cost benefit analysis cost details from the business case, as the information was not available to the evaluation team. Finally, this VFM analysis does not attribute results to DFID's funding as DFID contributions were not earmarked.

Additionally, we were unable to assess savings negotiated. GIZ was not asked by DFID to and did not undertake formal tracking of monetary savings and evidence of how these are reinvested. Furthermore, there was also limited information on cost drivers. This meant that analysis was not possible against two of the metrics set out in in the value for money framework in the business case. Going forward, it would be useful to more formally track monetary savings and cost drivers.

5.3.2 Economy

As noted, Economy is understood as the costs of acquiring the right quality of inputs related to the programme. Our analysis of economy is framed by the following two metrics.

- Use of existing GIZ structures and cost-effectiveness of programme management: Evidence that these processes were in place and contributed to delivery economy
- Overhead costs as % of total spend : 11.1%, compared to a target of 12.5%.

Findings and analysis against these two metrics are discussed in further detail below.

Use of existing GIZ structures and decentralised spending approach

There is evidence that E4D/SOGA used existing GIZ structures and was able to capitalise on synergies between E4D/SOGA and other GIZ programmes, in order to drive down costs. For example, shared networks were facilitated particularly at inception. In a number of areas, the E4D/SOGA programme was able to share offices with other GIZ programmes. Additionally, the central support at GIZ headquarters provided cost effective programme management. The GIZ finance teams responded in a timely fashion to request for funds, and accurately forecast expenditure. Procurement rules and systems in use at GIZ HQ and the country offices were deemed to be robust by DFID due diligence checks, contributing to economical inputs.

Overhead costs

Additional evidence for the cost effective programme management of GIZ headquarters, is that overhead expenditure compared favourably with the budgeted value. Overheads costs are currently at 11.1% of all expenditure. This has varied over the reporting years, and has remained below the ceiling of 12.5% agreed with DFID. It was reported by GIZ finance teams that this is not a set percentage applied on all other costs, but calculated based on incurred actual costs, mostly staff costs.

E4D/SOGA's overhead costs, as a proportion of total spend, compares favourably to similar programmes which work on job creations and skills. K-EXPRO which works on influencing for better business environment in the extractives sector in Kenya targeted 11% to 17% for such costs in their Business Case; and Mozambique Skills for Employment (S4E) programme targeted 19% in its Business Case. It should be caveated that there is no standard definition of overheads or management costs across these programmes. However, assuming the approach to calculating overheads is broadly similar, even accounting for the fact that a certain proportion of E4D's regional costs will include overhead costs, the 11.1% of the E4D programme appears reasonable.

5.3.3 Efficiency and Effectiveness

As noted, Efficiency is understood as how well inputs are converted into outputs, and **effectiveness**, how well outputs from an intervention are achieving the desired outcomes. Our analysis of efficiency and effectiveness is framed by the following two metrics.

- Lesson learning and other systemic effects: Evidence of lesson learning between countries and programmes.
- Leveraging of other funds: £8.7m (private sector funds, including monetised in-kind contributions) and £10.14m (other development partner funds).

Findings and analysis against these two metrics are discussed in further detail below.

Lesson learning and other systemic effects: A key expected efficiency measure, was the drawing on lessons learned from previous programmes, as well as the generation of learning during the programme, that could be shared across programme, and replicated in other projects. E4D/SOGA provided examples of how learning workshops brought countries together, which facilitated the sharing of lessons. Successful measures were replicated across the different projects, discussed already in section 5.2.4. E4D/SOGA has also started more formally documenting lessons learned. Additionally, E4D/SOGA drew on lessons from its experience with the Africa Facility, a previous programme which sought to achieve many of the same objectives proposed under the E4D/SOGA programme (discussed in section 4.2.2).

Leveraging of other funds: Overall, the programme has been very successful at leveraging financial contributions from the private sector and it has exceeded targets. The total amount leveraged so far has been £18.84 million (£8.7m (private sector funds, including monetised in-kind contributions) and £10.14 (other development partner funds)) and this is substantially above the 2018 milestone of £7.5m and the 2019 target of £10m. The programme has leveraged financial and in-kind contributions from the private sector of £8.7m to date. This has increased year on year since the outset, and the programme has evidence of these contributions. We looked at results of other skills programmes funded by DFID elsewhere, however many of them did not track and/ or report on private sector leveraging. The one comparable example is Sudokkho, a programme in Bangladesh which works in skills development and employment in garments and construction sectors. E4D/SOGA's proportion of leveraged amounts compared to overall expenditure is 28%, which compares favourable to 6% for Sudokkho.[110]

The Responsible Mining project in Mozambique has been successful in leveraging significant support from the companies involved, both in financial terms and investment of company staff time. The project also works closely with the local authorities in the region of operation and there is potential that a further development of the programme might attract central government funding. The leveraging of substantial resource is further evidence supporting the theory of change's assumption that there would be a "willingness and ability of multiple actors to work together to achieve common goals and to co-fund SOGA where appropriate".

From our project reviews, there are examples of added value in terms of the inputs leveraged from the private sector. For example, the responsible mining for a better future in Mozambique programme was a genuine partnership between GIZ and the companies, involving excellent dialogue and joint decisions taken on which interventions to undertake. As a result, the project has been able to leverage an estimated $1.5m from Rio Tinto, as well as significant inputs of management time and effort. In the Skilling truck drivers and instructors according to industry needs project in Uganda, the project successfully leveraged the use of a training space and an office and trucks. These are substantial benefits and would not be available to the school in the absence of the project, however it is challenging for the evaluation to estimate the monetary value of such benefits. The leveraging of substantial resources is further evidence supporting the theory of change's assumption that there would be a "willingness and ability of multiple actors to work together to achieve common goals and to co-fund E4D/SOGA where appropriate".

5.3.4 Cost-effectiveness

The DFID definition of cost-effectiveness is "**How much impact does the intervention achieve relative to the inputs invested**?" To give monetary estimates we require impacts that are quantifiable and therefore aimed to use the standard outcomes reported by the programme. These are: the number of people moved into sustainable jobs, the average percentage increase in income, the number of enterprises trained. It is common to calculate standard metrics for projects, such as cost per job and cost per person trained, and this is standard across institutions including the World Bank. Although these indicators are imperfect it is good practice to avoid having indicators that are too tailored across projects because this prevents useful comparison.

The relationship between DFID and GIZ is determined by an MoU, which does not require the programme to report on certain VFM indicators and cost-effectiveness measures, and does not allow costs to be clearly separated by output or outcome.[111]Due to these data limitations, and the lack of detailed cost data on comparable programmes, we cannot rigorously calculate the cost-effectiveness of the number of people moved into jobs. Although current financial reporting on VFM and cost-effectiveness measures is currently limited, this is changing and we note that GIZ has agreed to pilot the tracking of expenditure to the final beneficiaries in one country of operation for their delivery chain mapping. This is expected to enhance accountability and transparency, driving cost-effectiveness.

Split between skills development and supplier development interventions:

The reported 11,248 sustainable jobs filled include both jobs through skills development interventions and supplier development interventions. GIZ note that skills development related jobs are more directly attributable to E4D/SOGA results and it was estimated by the GIZ regional team that 55% of the total reported sustainable jobs filled are related to skills measures, while 45% are related to enterprise development including agricultural jobs/ micro enterprises. This would translate to 6,186 jobs from skills development and the remaining 5,062 from enterprise development work-streams.

Average percentage increase in income

An income increase target of 15% is a commonly used benchmark for Private Sector Development programmes[112]. This was the case in Uganda (Northern Uganda Transforming the economy through climate smart agribusiness (NUTEC); Nigeria (Market Development in Niger Delta – MADE, and Growth and Employment in States (GEMS 1, 3, and 4). In DFID Nepal's Skills for Employment Programme income increases were expected to be 20%. E4D/SOGA similarly aims for at least 15% income increase yet the average income increase was reported to be 84.5%, with some instances of an income increase of 300% for certain beneficiaries. These large income increases are generally because income before receiving programme support is either low or zero and after the programme they have a wage income. Given how much it is exceeding expectations it is possible that the initial target was set too low. This should be avoided in future programmes.

Enterprises trained (excluding agricultural value chains)

For enterprise development projects it was possible to obtain the contract values, the numbers of enterprises trained and then calculate the cost per enterprise trained. With this information we then calculate that as of March 2019 289 enterprises had received training at an average cost of £2,767/enterprise. We exclude micro-enterprises in the table below as per DFID's recommendation.

Table 5.2 Cost-effectiveness of Enterprise Development

Country	Partners	Partnerships	E4D/SOGA contributions / contract value in £	# of enterprises trained (achieved numbers)

Kenya	Base Titanium	Increasing local content in the mining supply chain through enterprise development of local SMEs	164,609	61
Kenya	Kenya Fed. of Master Builders, Tullow	Business development and HSE training	86,419	26
Tanzania	Jumeme Rural Power Supply	Unlocking Benefits of Electrification for Women	171,604	45
Uganda	Living Earth	Business Development & Skills Training in the Albertine Region	67,654	87
Uganda	AUGOS, E360	HSE training and upgrading of local companies	171,604	30
Uganda	E360	Bid Management	138,024	40
Total			**799,717**	**289**
VFM Ratio			**£2,767/ enterprise**	

5.3.5 Equity

Equity is understood as ensuring development results are targeted at the poorest and include sufficient targeting of women and girls. Our analysis of equity is framed by the following two metrics: % of those trained that are women & % of those moved into jobs that are women and youth.

Overall, 41% of those trained were women (20,079 out of 48,814). The cost of female outreach is £1,557, compared to £640 for the programme overall, demonstrating that for this E4D/SOGA, equity is a cost driver. There were positive findings on the programme reaching disabled and female participants. For example, VTI in Uganda working with the disabled, and positive beneficiary feedback was received from women beneficiaries who have held a traditionally male dominated job (equity).

Of the people moved into jobs 3767 of 11248 (33%) were women which is largely in line with the target 35%. Of the people moved into jobs 4659/11248 (41%) were youth. All programme beneficiaries are local by the definition of the programme (i.e. from the country of operation), but there is no systematic metric measuring where in the country the beneficiaries come from and whether they are from the area of the project. E4D/SOGA's targeting strategy and success in reaching the targeted groups is discussed in section 4.5.

5.4 Conclusions

The E4D/SOGA team have demonstrated some examples of VFM good practice. For example the team recently started a process of capturing lessons, upon request from DFID programme management and this demonstrates effectiveness. There is timely request for funds and accurate forecasting of performance by the GIZ finance team and, for their delivery chain mapping, the team agreed to pilot the addition of an extra step in one operation country which will allow tracking expenditure to the final beneficiary and enhance accountability and transparency. Both these practices demonstrate efficiency. Also as examples of equity, in Uganda there has been positive beneficiary feedback at TVETs from disabled people and from women in traditionally male dominated jobs. Despite these positive examples the programme could benefit from

further understanding of VFM considerations and we therefore present good practice examples in the table in Annex 11.3.

Overall, E4D/SOGA demonstrated strong economy. GIZ used cost effective programme management, which included strict rules for management of assets, robust HR protocols and quality financial reporting. However, the performance on efficiency and effectiveness indicators is more mixed. Overall, we find a mixed picture in terms of performance across the different indicators and projects. Costs and performance varied significantly across countries, partners and projects. We suggest that going forward, further analysis can be done on the costs per sustainable job and per partnership, which will facilitate comparison with other programmes.

6.0 Analysis and Findings: Sustainability and Learning

This section assesses the extent to which programme activities are sustainable and identifies lessons for employment promotion initiatives. First, this section addresses Evaluation Question 12: What is the likelihood of the programme's outcomes being sustained after programme closure? Including examining evidence of replication and pathways to scalability and how the programme's potential for reaching sustainability and scale compares to approaches that focus on more systemic changes (e.g. improving government capacity, supporting overall TVET reforms, reforming curricula, strengthening individual training centres of excellence etc.). Second, this section explores lessons from the experience of the E4D/SOGA programme and identifies lessons for other programmes on innovative and flexible ways of working with the private sector. Finally in this section we address Evaluation Question 13: Is the programme effectively sharing its learning and best practices (what is the take up, how far is the reach)? This section draws on evidence from across the evaluation components.

6.1 Assessment of sustainability

6.1.1 Sustainability of programme impacts

Continued relevance of transferable skills: In the programme business case to the programme there was an identified risk that jobs created during the boom of the oil and gas investments would be short term and not sustainable. For this reason the programme focussed on medium and low-grade skills, rather than highly technical industry specific skills. These skills were intended to be transferable and to promote real long term job prospects for local people in sectors outside of oil and gas. There was clear evidence that the skills taught were relevant that those receiving skills training retain these skills beyond programme completion and there was little evidence of skills depletion. There appears to have been a permanent increase in human capital of those receiving skills training.

Income increases in farmers: The productivity increases of farmers (through more efficient production practices) led to significantly increased incomes. There was no evidence from our evaluation that these income gains decreased over time and therefore these individual impacts are sustainable.

Individuals – the challenge of measurement: One challenge to evaluating sustainability at the individual level is that it is challenging to measure sustainable jobs. The core outcome indicator is the number of additional local people in a sustainable job and it is defined by the programme as one whereby the beneficiary is working at least 20 hours/week for at least 26 weeks a year at the time of being surveyed. Beyond this metric it is challenging to estimate the sustainability of the jobs that programme participants were moved into. On graduation some trainees move to self-employment and as long as these jobs meet minimum wage, minimum working hours and minimum working conditions, they are included in the definition of a sustainable job. Without longer term follow-up surveys of beneficiaries (e.g. 2 years) it is difficult to know whether individuals have remained in the jobs they moved into and whether the jobs are 'sustainable' beyond the current follow-up survey period.

Organisational improvements in enterprises: The programme's enterprise support has the potential to be sustainable through building the organisational capacity of small and medium sized enterprises. A particularly intuitive example is the bid management support given to local companies in Uganda. In this project companies were trained in how to prepare tender documents that meet international standards so they could better compete with international firms in bids for logistics contracts. Further training is given on how to manage the contract after it is awarded. Together this training builds the institutional capacity of firms and the benefits to the firm are likely to be sustainable. In the absence of the programme Ugandan firms would have had to self-organise into a group and then hire the bid management firm together.

Overcoming this collective action challenge and catalysing competition is the greatest added value of the programme in this project and it was unlikely to happen in the absence of the programme. The increased competition in these markets is likely to be sustained.

Curriculum Development: The programme has influenced the curricula of partner governments. The Government of Kenya has adopted occupational standards and curricula that the programme developed and the curriculum can now be used at the national level. In Uganda the programme is supporting development of curriculum for heavy goods vehicle driving, and in Mozambique an electrical maintenance curriculum has been developed. Although there are benefits to curricula development there is mixed evidence on whether this is the most efficient way to support the creation of high quality training and job placement, given the substantial resource constraints these countries face in delivering technical education.

6.1.2 Sustainability of programme itself

E4D/SOGA plays a crucial coordination role: Whilst operating through public and non-state providers to deliver skills and enterprise development, the E4D/SOGA governance structures were intended to provide a framework for organising close involvement from Governments and links to national strategies and developments and wider donor-supported actions to strengthen TVET systems. Importantly, it aimed to organise collaboration between governments and the private sector in a much more structured and focused way than had previously existed, using the convening experience of GIZ and DFID and the focus on imminent investment in oil and gas. Although only a small component of the programme there has been only limited success. Although there has been some strengthening of individual TVETs there has been no long term systemic change to the governance structures in the countries or of the TVET systems.

Building partnerships: The programme has stimulated successful partnerships between stakeholders including the private sector at the national and local levels. However, it is unclear that these could continue in the absence of E4D/SOGA support. For example in Kenya project support and management of MIC and KCBF were centralized and it is not clear who would play this coordination role in the absence of the programme. In the absence of the programme it is unlikely that new similar partnerships would be built in this space.

Unclear sources for continued funding: Government levies and other funding sources do not reach vocational training institutes in the amounts needed to sustain or replace programme investments. This applies particularly to investments in training equipment that some projects have made. Without sufficient equipment the TVET providers cannot train the practical skills in demand by employers and this undermines the viability of the programme in the long run. The introduction of international standards for technical skills was expensive and it is highly unlikely that (for example) City and Guilds certification in Uganda could be sustained without E4D/SOGA funding. The likelihood of sustained funding varies by project and country and there was little evidence to suggest that alternative organisations would be willing to fund E4D/SOGA.

6.2 Comparison with more systemic programmes

Stakeholders in the evaluation identified the following programmes that are most similar to E4D/SOGA: Nepal (DFID Nepal Skills for Employment programme), India (DFID India Skills for Jobs Programme), Bangladesh (Skills for Employment Programme), Burma (Burma UK Partnership for Education), the Philippines (Bridging Employment through Skills program), Nigeria (Increasing Economic Opportunities for Marginalised Youth in Northern Nigeria) and Mozambique (Skills for Employment).[113]

Similar to E4D/SOGA, many of these programmes were created to address a skills gap or employment shortage in the local job market, as well as to increase overall salaries and improve working conditions. In addition, most programmes are especially concerned with including marginalized groups (including women and youth). However, there are also some key differences between these programmes . For instance, the programme in Nepal has a migration component to it (migration analysis) that is not present in E4D/SOGA, and the programme in Nigeria contains a religious component too (targeting adolescent girls and boys that have been schooled under the Islamiyya, Qu'ranic, Tsangaya education (IQTE) schools in the North who

are particularly vulnerable). Moreover, the choice of sectors differs across programmes. In contrast to E4D/SOGA, the programme in India taps into the aerospace and aviation industry, and in Bangladesh there is a focus on providing employment in the garment industry. According to the available programme scores, most of these programmes were fairly effective (rated A by DFID Annual Reviews).

The challenge, with programmes which aim at systemic change is that it is hard to achieve and takes time – often more time than the life of a development project. For example, the Bangladesh Skills for Employment Programme found that real-life structures of training and employment are much more complicated than envisaged, and so effecting change was hard. In their case the way in which employment is structured in different sectors made it complicated to develop a consistent approach. Where systemic programmes in this field do succeed it seems to be where the different components of a programme can work coherently, and in a joined-up programme over time.

In principle, a programme that directly moves people into jobs and is explicit about meeting latent labour demand ought to be more sustainable and scalable than other approaches precisely because this approach focusses on what the market needs, not what skills specialists say is needed. A programme like E4D/SOGA is inherently more flexible and responsive to changing market needs than reforming curricula or improving government capacity. The structure of the programme allows for close partnerships with firms in the private sector and this improves the likelihood of sustainability.

6.3 Lessons Learned

This sub-section identifies lessons learned from this evaluation with regards to public-private partnerships, and discusses whether the programme is effectively sharing its learning and best practices[114]. We summarise lessons learned from this evaluation below.

Partnerships with the right firms: The firms targeted to partner with are important particularly those with strategic partners. Because the potential for transformative change at scale is high, the programme should continue to target partnerships with lead operators. **Effective partnerships can take time and effort**: Long-term strategic partnerships with lead operators (e.g. IOCs) may require time and staff capacity to build trust, acquire industry knowledge, and establish networks. However, this is not always the case and some formal commercial partnership agreements do not need a long time to establish especially for lower tier partnerships.

Collaboration with the private sector is required to understand labour demand: At inception the programme appears to have underestimated the challenges to collecting accurate labour market information on the private sector's potential demand. This has had an effect on the building of partnerships and the specific targeting of skills and enterprise interventions. **Up to date labour market analysis is vital**: In order to follow a truly demand driven approach the programme needs to update labour market information in line with the delays in the oil and gas sector.

Work readiness skills alone are unlikely to be sufficient for employment: Although work readiness skills are demanded by employers as necessary, they alone are not sufficient for gaining employment in most professions. **Job placement remains demand dependent:** it is necessary to not overstate the potential that the matching component of the integrated approach to employment has for increasing job placement rates. Job placement remains dependent on demand and although employment services (matching) can improve the placement of graduates in jobs, they cannot overcome this reality.

Government buy-in is important: When the host government strongly supports the programme, this increases ability of the programme to achieve results. **The steering committees can be better utilised:** Country teams would benefit if there was more frequent and extensive sharing of information between country teams and from steering committees. They would also benefit from further strategic guidance on how to build partnerships and target appropriate sectors with high existing demand for workers. These evaluation findings largely align with existing lessons learned by the programme.[115]

6.4 Sharing learning

The programme sets three targets to monitor progress towards the following output 'Catalytic knowledge and systemic change generated for local economies to benefit from natural resource led growth.' The indicators used for this monitoring are: a monitoring, evaluation and learning system in place and functional; evidence of copying or replication of systemic relevance for labour supply, labour demand, matching or enterprise development; and additional cash or in-kind contributions from private and public sectors have been leveraged. In this sub-section we first describe the ways in which E4D/SOGA shares its learning. We then describe examples of replications of the programme.

6.4.1 M&E Systems

The programme is meeting its 2019 targets according to its learning objective with a functioning M&E system and at least one annual learning event (3 annual learning events have been held). E4D/SOGA has a well-functioning monitoring and evaluation system in place at the programme level. Quantitative output and outcome measures are usually measured using a survey of a random sample of beneficiaries. These techniques are commonly used and fairly robust however two things could be done to improve the accuracy of results; larger sample sizes for the surveys, and accounting for attrition of respondents between surveys. In Kenya the country M&E system is particularly advanced, and the programme has partnered with Innovations for Poverty Action to assess the impact of the project using more advanced statistical techniques and causal identification methods, and more comprehensive (longitudinal) surveys than are used in the other countries. The evidence generated by this rigorous project evaluation design will later inform other elements of the programme.

The programme has a number of ways in which it shares learning for example through r**egional learning conferences**. Stakeholders generally saw these as effective platforms for sharing information and learning between existing programme stakeholders, but are unlikely to have much influence beyond the programme.

Other mechanisms for learning are through the **information that country teams share** with one another. Country team leaders were satisfied with the forums for information sharing between GIZ HQ and country teams but the programme has struggled to find the right platform to share lessons between the public and private sectors. Staff transferring from one country office to another is another effective mechanism for institutional learning. The programme does not currently have a wide audience or appropriate platform for sharing its learning with the wider donor community. In Tanzania especially there was ineffective sharing of learning about the programme to the donor community.

Despite this challenge **learning is a growing priority** of the programme. The programme has increased the number of full time M&E staff to two, and recently commissioned two research institutes to conduct further research and analysis into employment effects including how to better improve job prediction figures in future projects[116]. Led by a prominent labour economist, Professor Jochen Kluve, the RWI Institute (Leibniz Institute for Economic Research) will conduct more rigorous quantitative impact evaluations of the employment effects of selected interventions (including analysing total and net effects of activities) and will support the programme in designing and measuring issues regarding attribution and time lags of employment effects. The Institute for Development Studies will provide further analysis to the programme on impact of and improving enterprise development interventions.

6.4.2 Replication

There are a number of examples of proposed replication of the programme. In Mozambique a number of other companies, including Sasol, have approached the E4D/SOGA team to develop projects along the lines of the Responsible Mining programme. In Kenya the EU has launched a Trust Fund with a similar objective to E4D/SOGA which is also implemented by GIZ. This trust fund is a direct spill-over from E4D/SOGA and focuses on the provision of skills to marginalised vulnerable youth to improve their livelihood and employment prospects. Shell and Repsol are also interested in replications of the approach in Iraq and Libya, and Total and Quoniam are upscaling various projects similar to E4D/SOGA. There are

also a number of examples of replication of specific project interventions throughout the four countries. In Uganda over the life of the programme, oil company Total has increased the amount of people it trains in vehicle driving and welding, a reflection of the programme's influence on the practices of private sector companies through its Heavy good vehicle and welding projects.

6.5 Conclusions

Sustainability of the programme include: the development of curriculums, international standards certification, capacity building of TVETs, improved competitiveness of enterprises, and graduates trained in transferable skills. The close partnerships with firms mean that the programme has greater private sector buy-in and sustainability is more likely than systemic approaches. Despite these opportunities the challenges of skills development, and of supporting companies are complex, and realistically will take a longer time period than that of the pilot phase of this programme. Even with this long time horizon, there is mixed evidence on the likelihood that programme outcomes will be sustainable. Creating more evidence based findings is a growing priority of the programme.. Given that the programme has identified a number of key lessons for effective partnerships, it is unfortunate that these are not more effectively shared between country teams or with the wider donor community.

7.0 Recommendations

Below we provide our recommendations for the programme going forward

1. **Clarify programme strategy**: Revise TOC to reflect the new focus of the programme and linked to this clarify programme level strategy for targeting effective partnerships. This could then prepare for a long term approach to bring labour demand and supply in line. The 4-level model of private sector engagement used for the programme is logical and appropriate but has not yet been explicitly adapted to reflect the broader sector focus.
2. **Remain focused on quality partnerships:** There is a need to focus, not on the quantity of corporate relationships, but on their quality. The programme has vastly exceeded its targets for the number of public private partnerships but the existence of a formal relationship alone is insufficient. The strength of partnerships across the programme has varied substantially and so the lessons learned about forming effective partnerships need to be shared between country teams for example that large amounts of time and energy need to be invested to develop deep and mutually valuable partnerships.
3. **Continue to be responsive to actual demand:** The programme's greatest challenge was its reliance on expected demand for skilled workers in the oil and gas sector, and that this did not materialise. The programme needs to have a renewed focus on the 'demand-led' aspect of the programme's remit, as this is what makes it unique from other programmes operating in similar areas. Concerted efforts need to be made to find alternative sources of actual demand or the programme risks becoming too similar to standard skills and value chain development programmes. There are questions around the agriculture supply chain focus. In Kenya the programme is working well to link farmers to specific market demand. In this case, the E4D model for supplier development/capacity building is being successfully transferred. Yet in Tanzania some supported farmers did not have a clear market for their products as the initiatives were still being linked to potential future demand in the oil and gas sector.
4. **Continue to focus on alignment with country skills strategies.** The strong focus on standards and competencies is in line with emerging country skills strategies and in some countries there are incentives to transition to the higher standards required by international companies (including future oil and gas companies). In Uganda HGV training and bid management for logistics companies are examples of the programme adapting well to connected sectors. It is unclear how the programme intends to adapt in a similarly positive and pro-active way in Tanzania.
5. **Continue to learn what are the best sub-contracting arrangements**: In order to reach the right beneficiaries GIZ sub-contract other organisations. These arrangements have mostly worked well but there are examples of challenges (e.g. reliance on VSO volunteers in Tanzania). We therefore recommend the programme to continue to learn what are the best sub-contracting for achieving outcomes.
6. **Share learnings of programme**: The lessons learned about the programme and approach should be more widely shared than currently. More needs to be understood about why job placement varies so substantially across projects. There was some concern in Kenya that the matching component sometimes raises expectations. Given that the academic literature suggests that matching services in many contexts can only have modest effects on placement rates the programme may need to better manage expectations of beneficiaries.
7. **Improve job placement indicators:** The programme should improve three elements of its data collection of beneficiaries:
    a. *Capture improvements in job quality*. Currently the job placement indicator captures transition from below the poverty line into a job above the poverty line. Although the

transition to work is captured in this indicator, it fails to capture improvements in job quality. The main job indicator is therefore underestimating the positive effect the programme is having on beneficiaries.

b. *Record origin location of beneficiaries in surveys:* This will allow the programme to measure how much benefit accrues to those local to the region of the project.

c. *Record sector of work*. Job placement indicators should include the exact sector that the beneficiary is working in and this should be monitored over time by the M&E team.

8. **Improve VFM processes:** Many of the programme's VFM measures defined at the outset were actually VFM good practices. While it is advisable to track good practices, in order to understand and monitor value better, it is recommended that E4D/SOGA undertake additional monitoring of costs and cost savings[117]:

   a. *Monitoring of costs:* E4D/SOGA country operations should be familiarized with key VFM metrics, such as cost per person in jobs, and per person achieving additional income, and track and report against these metrics regularly. This presents a good opportunity to track and understand key trends and value created, and presents opportunities through internal benchmarking. Specifically it would be useful to report cost per output. A lot of M&E information is being collected already and matching costs to those, especially high level indicators, will enable the programme to better demonstrate VFM.

   b. *Monitoring of cost savings:* Many of the original VFM measures defined related to processes. Good practice examples are more influential in showcasing value when they are monetised. There is potential to better showcase the value of these processes by: tracking monetary savings, and providing evidence for re-investment into programme funds. The programme can consider maintaining a VFM Register where such monetary savings are tracked and evidence for re-investment into programme funds is provided.

ENDNOTES

[1] The *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) is the German Corporation for International cooperation (one of Germany's three operational, governmental development actors) and is the managing agent for the programme.

2 See (DFID, Independent Evaluation of E4D/SOGA - Terms of Reference, 2018) Annex 2

3 (Development Assistance Committee, 1991)

4 These figures obtained from (GIZ, E4D/SOGA Briefing Presentation, 2018), as of 09/2018

5 Throughout this report we convert Euro amounts into Pound Sterling. We use the average yearly exchange rate from 2015-2018 (£1: €1.215) for conversion. This historical amount was obtained by taking the average of the 4 years of exchange rates from here.

6 (DFID, DFID Operational Plan 2011-2016, 2014)

7 (DFID, Partnership to help develpoing countries make the most of their natural resources, 2014)

8 (DFID, Economic Development Strategy: Prosperity, poverty and meeting global challenges, 2017)

9 (DFID, E4D/SOGA Business Case, 2014)

10 Slight discrepancies in financial figures are due to exchange rate fluctuations over the programme period and to provide consistency for the reader by presenting the figures in pounds sterling.

11 (DFID, E4D/SOGA Business Case, 2014)

12 (McKinsey Consulting plc, 2010)

13 Mozambique is believed to be the fourth largest natural gas reserves in the world after Russia, Iran and Qatar (Mpofu, 2014)

14 (Cambridge Education , 2014)

15 (Okoth & Michira, 2014)

16 (Cambridge Education , 2014)

17 Majority of sources for data in this table come from (DFID, E4D/SOGA Business Case, 2014) and (GIZ, E4D/SOGA Inception Report, 2015). Other figures collected are referenced in the footnotes.

18 (Muloni, 2015)

19 (News, 2018)

20 (Kinyondo & villanger, 2016)

21 (Tivane, 2018)

22 https://www.oecd.org/tad/policynotes/economic-impact-local-content-requirements.pdf

23See (Hetherington & Geipel, 2018) for a recent overview that DFID and the Business Environment Reform Facility have produced on best practice and what works regarding local content policy.

24 (Muloni, 2015)

25 In Tanzania the government taxed mining firm Acacia 190 billion dollars for operating illegally in the country. https://www.bbc.co.uk/news/business-40714086

26 (DFID, DFID Operational Plan 2011-2016, 2014)

[27] DFID E4D/SOGA Annual Review 2015.

28 (World Bank , 2013)

29 (International Financial Corporation , 2013)

30 (World Bank, 2014)

31 (DFID, DFID Operational Plan 2011-2016, 2014)

32 (DFID, Partnership to help develpoing countries make the most of their natural resources, 2014)

33 (DFID, Draft Structural Reform Plan, 2010)

34 (DFID, Economic Development Strategy: Prosperity, poverty and meeting global challenges, 2017)

35 (La Porta & Shleifer, 2014).

36 (Addison & Roe , 2018)

37 (Engel, 2012)

38 (Pompa, 2014)

39 (HM Government , 2016)

40 (International Labour Organisation, 2015)

41 (Tordo S. , Warner, Manzano, & Anouti, 2013)

42 (Ramdoo I. , 2015)

43 (Mckenzie & Woodruff, What are we learning from business training and entrepreneurship evaluations around the developing world, 2014)

44 (Mckenzie & Woodruff, Business Practices in small firms in developing countries, 2016)

45 (Bercherman , Olivas, & Dar, 2004), (Abebe, 2018) (Beam, 2016)

46 (Groh, Mckenzie, Shammout, & Vishwanath, 2015)

47 (Verick, 2014) (Heintz, 2018)

48 (Ismail, 2018)

49 (Macdonald, 2018)

50 One example of this experience comes from North Africa where, immediately after the outbreak of the Arab Spring protests, GIZ was commissioned by the German government to implement short-term measures for job creation. The objective of this project was

to facilitate particularly young people's access to the labour market and increase their incomes. Project title: Regional Funds for Qualification and Employment in the MENA region.

51 GIZ is Germany's leading provider of international cooperation services and as a federal enterprise supports the German Government in achieving its objectives in the field of international cooperation for sustainable development. It is fully owned by the Federal republic of Germany and has two overseeing ministries that act as shareholders; the Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry of Finance (BMF).

52 https://www.giz.de/expertise/html/7564.html

53 (GIZ, E4D/SOGA The Integrated Approach to Employment, 2016)

54 (GIZ, E4D/SOGA The Integrated Approach to Employment, 2016)

55 (GIZ, E4D/SOGA Inception Report, 2015)

56 (GIZ, E4D/SOGA Approach on Skills Development , 2016) (GIZ, E4D/SOGA approach on Enterprise Development, 2016)

57 Norad have a preference for supporting education through the TVET system and currently consider that the programme is providing excellent value for money.

58 (DFID, E4D/SOGA Annual Review , 2015)

59 Final investment decisions are the point when the execution phase of a project begins; usually an EPC (Engineering Procurement and Construction) contractor starts work. In order to get to a final investment decision a project has to have a wide range of contracts (technical and commercial) and permits in place. Delays in final investment decisions in East Africa have occurred partly because governments wanted to ensure that the terms and conditions of the investments meant their citizens get a good deal from the large discoveries.

60 (United Nations, 2017)

61 (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018)

62 (GIZ, E4D/SOGA Annual Report, 2017)

63 (Derbyshire & Donovan, 2016)

64 (Bank, 2017)

65 (Bank, 2017)

66 (Woodruff C. , 2018)

67 (Alfara-Urena, Manelici, & Vasquez, 2019) and (Woodruff C. , 2018) (Atkin, 2017)

68 (Bank, 2017)

69 (Bank, 2017)

70 (DFID, E4D/SOGA Annual Review, 2017) (DFID, E4D/SOGA Annual Review, 2018)

71 As of 2018 the actual operational budget for enterprise development was 35%

72 This project also has an enterprise development component

73 This project also has an enterprise development component

74 This project also has an agricultural supply chain component

75 (Dalberg Consulting, 2015)

76 (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018)

77 (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018)

78 See (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018) for diagram.

79 (GIZ, E4D/SOGA Approach on Skills Development , 2016)

80 In a similar intervention to E4D/SOGA's matching services, (Abebe, 2018) found that participants attending a job application workshop found significantly better quality jobs and that these impacts were concentrated amongst women and the least educated. However the power of matching services to place graduates into jobs can be overstated.

81 (Betcherman & Khan, 2015) review the evidence on employment services and find that formal placement agencies play a small role in African labour markets and, where they are effective, they largely focus on more educated urban youth.

[82] The programme's decision to set the target rate at 75% does not appear to have been based on strong evidence (the programme did not provide the evaluation team with convincing evidence underpinning this target).

[83] (Crepon & Van Den Berg, 2016)

[84] (Mckenzie, How Effective are active labor market policies in developing countries? A critical review of recent evidence, 2017) & (Kluve, et al., 2017)

[85] (Mckenzie, How Effective are active labor market policies in developing countries? A critical review of recent evidence, 2017)

[86] (Kluve, et al., 2017)

[87] Programme staff recognise this and are currently discussing the matching component and it success. They also admit that it is not reflected well in their theory of change.

88 (GIZ, E4D/SOGA approach on Enterprise Development, 2016)

89 (GIZ, 2018) p17

90 (Derbyshire & Donovan, 2016)

91 (Davis & Lemma, 2012)

92 See Kevian Partnership Factsheet

93 (GIZ, E4D/SOGA Inception Report, 2015)

94 For further details see (GIZ, Overview of E4D partnership agreements and contracts, 2018)

95 There is not a list of programme partnerships broken down by tier, therefore using the partnership model definitions from (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018) and the list of updated partnerships and the main partners identified from (GIZ, E4D/SOGA Annual Report , 2019) we classified each project by the main partner identified.

96 (GIZ, E4D/SOGA Annual Report , 2019)

97 For a good overview see (Macdonald, 2018)

98 We do not present against 2018 milestones because they are not provided at country level.

99 For some figures there are slight discrepancies with the 2019 annual report. In these cases we use Annual Report figures as these are based on slightly more up to date programme monitoring data.

100 E4D/SOGA M&E Data (February 2019)

101 (GIZ, E4D/SOGA Annual Report , 2019)

102 P12 (GIZ, E4D/SOGA Annual Report , 2019)

103 In this case sufficient increases in farm working hours and crop income (so that a farmer is moved to above the income threshold) are the rough criteria for a 'transition to employment' – see (GIZ, 2015) for further details.

104 (GIZ, E4D/SOGA M&E Glossary, 2015)

105 (GIZ, E4D/SOGA Annual Report , 2019)

[106] Other co-financiers such as EU, Tullow and Quoniam are not included in this calculation. These are country specific and details were not available to the evaluation team at the time of reporting. Due to fluctuations in the GBP Euro Exchange rate over the period 2015-2019 the relative contribution of DFID has varied between 53%, using an ER of 1.12, and 58%, using an ER of 1.4, of total funding.

107 (GIZ, E4D/SOGA Annual Report , 2019)

108 From financial data provided by GIZ in December 2018.

109 (DFID, E4D/SOGA Business Case, 2014) p11.

110 £1.2m of such investment reported in the Sudokkho programme - see (DFID, Sudokkho Annual Review, 2018)

111 Overall costs were used as these metrics constitute the main outcomes that the programme was working towards. It should also be noted that these do not reveal DFID's share in results, although it would be possible to pro-rata both DFID's share in expenditure and DFID's share in results. As DFID contributes close to 50% of all current central funding, they can be attributed half of the results.

112 GEMs data is drawn from mid-term reviews and project completion reviews available on devtracker. Data on NUTEC and MADE draws on the Benchmarking Study of Market Development Programmes, presented to DFID Ghana, Nathan Associates, 2016.

[113] For further details of the comparison programmes see Annex 6 Comparison programmes

[114] These lessons learned are the result of analysis and triangulation of multiple data sources and never from a single data point. The primary data that helped to inform these lessons reflect the views of different stakeholders and both genders.

[115] For further detail of lessons learned by the programme see (GIZ & Dietsche, E4D/SOGA: Lessons learnt and success factors, 2018)

116 (GIZ, E4D/SOGA Annual Report , 2019)

[117] For further guidance see "UK Overseas Development Assistance: Value for Money Guidance" 2017 found here. Also see annex 11.3 for further details on VFM best practice.