



Evaluation of UNDP project in support to agribusiness value chains
and UNDP portfolio in support to private sector development

Final Report

Diogo Ferreira

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Acronyms

APCI	Trade and Investment Promotion Agency
BISTP	International Bank of São Tomé and Príncipe
CESA	Economic Growth and Environmental Sustainability
CPD	Country Programme Development
HACCP	Hazard Analysis and Critical Control Point
ILO	International Labor Organization
M&E	Monitoring and Evaluation
MJDE	Ministry of Youth, Sports and Entrepreneurship
NGO	Non-Governmental Organization
SDG	Sustainable Development Goals
GDP	Gross Domestic Product
SME	Small and medium-sized enterprises
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
REINA	São Tomé and Príncipe Incubator and Accelerator Network



Executive Summary

The *Economic Growth and Environmental Sustainability* (CESA) Portfolio under the UNDP São Tomé and Príncipe country office promotes the entrepreneurial ecosystem and Private Sector Development through the development of a set of flagship projects. Namely, the support to entrepreneurship and the launching of new business ideas, the support to small businesses led by women and agribusiness and the access / reinforcement of national companies on the international market to .

These projects represent a substantial investment in São Tomé and Príncipe's private sector, and it is important to consider their contribution to the strategic objectives of the United Nations in São Tomé and Príncipe. In this context, an external evaluation was carried out focusing on the analysis of the *support to agribusiness value chains* project, as well as, the UNDP portfolio in support of the development of the private sector, namely the “*Empreende Jovem*” and “*Muala +*” projects.

The evaluation focused on projects' processes, results, and experiences, as well as key challenges met, lessons learnt, and areas for improvement. through the lenses of relevance, efficiency, national ownership, effectiveness, and sustainability.

The **main findings** of the Evaluation process are as follows:

Regarding relevance:

- The program is highly relevant since the different projects that integrate UNDP's portfolio to support the private sector in São Tomé and Príncipe set up priorities that are completely aligned with the national priorities (reflected in the strategic planning documents) as well as with the priorities reflected in the UNDP's own strategic documents.
- The support to the private sector as a strategic priority for UNDP intervention in São Tomé and Príncipe represents a new approach when compared to past interventions. From this perspective, there is an important learning process associated with the roll-out of this recent portfolio and the evaluator acknowledges that UNDP has correctly identified the importance of the private sector as a strategic driving force for the country's economic development. Although relevant, the different projects operate in a complex context which hinders the development of sustainable development mechanisms. On the one hand, the national market is very small, which makes it difficult for new businesses to emerge and become viable. On the other hand, there is great difficulty in accessing credit as a result of the high interest rates charged by the local financial institutions and of the requirement for guarantees that are difficult for small entrepreneurs to obtain. Likewise, there is a high level of turnover in government institutions, but also in public directorates, which hinders the continuity of processes and institutional strengthening. In addition, recently, there has been a significant exodus of young people to Europe which brings serious consequences and challenges to

social and economic national structures.

Regarding effectiveness:

- Most of the projects' outputs were achieved, demonstrating program's broad scope and its capacity to reach a very significant target group. However, when analysing the quality and effects of these outputs significant weaknesses have been mapped, which have limited the effectiveness and efficiency of the intervention. This analysis has, thus, allowed to identify both the main factors that explain the success and the failure of the different projects' approaches.
- It is believed that the ambitious targets initially defined for the support of local entrepreneurs has resulted in funding for projects with low economic viability. From this perspective, the analysis of the received applications and business plans submitted should have led to a more rigorous approval process. This would have avoided financing businesses that had low chance of success.
- It is also believed that the non-refundable funding mechanism used within the "Empreende Jovem" project is decisive for leveraging new business ideas in São Tomé and Príncipe. However, the requirements for funding were apparently not as rigorous as they should have been, which has resulted in some beneficiaries feeling unaccountable.
- Regarding the development of the entrepreneurial ecosystem in the country, the contribution of the UNDP program to this objective is highly satisfactory. However, it is believed that the short period of implementation has not allowed to consolidate results nor management and planning models. Despite this fact, it is important to highlight the creation of REINA – a structure that can take on an important role on the support to national entrepreneurs in the near future.. Even though it is not clear which model will REINA adopt for its operation, it has already significantly endorsed the visibility of youth entrepreneurship as a national priority to social and economic development.
- With regard to the agribusiness value chains support project, the evaluator believes that UNDP and the local partners have correctly identified the relevance and priority of supporting national enterprises with the potential to export to international markets. Nonetheless, project implementation revealed a strategy for beneficiaries' enlargement that led to a loss of focus on the initial project objectives, and to a reduced capacity to achieve consistent results. From this perspective, it is believed that project implementation has progressively reduced its ability to promote structural changes, and currently there is no evidence of a significant contribution in terms of improved access to international markets, diversification of partnerships or improved product added value. It is acknowledged that some of the beneficiary enterprises have received or will receive significant support, but the delays and constraints in project management have reduced the effectiveness of the action. In addition to the direct support to local enterprises, some activities aiming to decrease export barriers were also implemented. This set of activities were started but the planned products have not been finalized, requiring additional support to be effective.

Regarding efficiency:

- One of the most critical elements of the program is its efficiency. It is believed that the different

calls for proposals regarding the support to business ideas were too dispersed and ambitious, resulting in a large number of projects being approved. The small size of the market and the risks associated with launching small businesses in a small market would have advised selecting and supporting a smaller number of projects, through different phases of support that could have followed the initial investment cycle. This is especially relevant in which regards start-ups, but it is also considered to be relevant regarding the remaining funding cycles and enterprises typologies. The process is well documented, with comprehensive evidences of the entire application process - from selection to monitoring of all calls for proposals. However, it is believed that no robust penalty mechanisms have been developed or activated in the event of non-compliance and this has helped to build a perception of lack of responsibility, leading to the risk of discrediting the process.

- There are several success stories in the different funding cycles, which proves that the model can produce effective and positive results. However, greater concentration and selectivity could have reinforced the capacity to support the growth of these enterprises as many of them are currently surviving but keep on not having the financial and technical capacity to grow.
- The analysis of the Agribusiness Value Chain project shows a less positive efficiency and cost-benefit ratio, which is assessed as unsatisfactory. Such circumstance is the result of less successful strategic choices that have progressively reduced the capacity to promote structural changes and achieve project's objectives. It has also led to significant delays in the implementation, as well as, to a management model that constrained the achievement of project's objectives (centralized in the UNDP country office), resulting in many of the beneficiaries enterprises not seeing their priorities supported and not taking ownership of some of the project support packages.

The main conclusions of the Evaluation process are as follows:

- i) The UNDP program presents important results, which demonstrate that it is possible to **promote economic and social development**, including employment for young people and women, through the **support to economic initiatives led by the private sector**.
- ii) By placing entrepreneurship and support to the private sector in its priority for action, the UNDP is contributing to the **mobilization of resources** and the **consolidation of these themes as political priorities**.
- iii) The learning and experiencing process that coming from the implementation of this program reveals **the need for a greater focus on the objectives of the actions in order to enhance the achieved outcomes**.
- iv) It is believed that a significant number of the supported **businesses represented high-risk investments**. In the future, the assessment of the business plans should be more careful and consider different scenarios.
- v) Many of the enterprises with the best results in the program could use **credit at reduced rates as an alternative for their growth, without having the need to depend on non-refundable financing**.
- vi) There is **widespread satisfaction from MUALA+ beneficiaries**, despite some problems related to

the project's efficiency.

- vii) The **model defined for supporting the private sector in the Value Chain project has proved to be inadequate.**
- viii) **The sustainability of the support to young entrepreneurship and private sector depends first and foremost on defining REINA's management model,** and so far there is no consensus and shared vision among all the key stakeholders on the best model to adopt.

The **main recommendations** of the evaluation process are as follows:

- i) In the short term, **reinforce the communication with the beneficiaries of the Agribusiness Value Chain project** in order to ensure a trusting relationship between these actors and the UNDP country office is not lost.
- ii) Also in the short term, it is important to ensure that the **tender for the management of REINA is an open and widely disseminated process**, upholding the submission of multiple proposals and the active engagement of the national private sector. At this level, it is also recommended to consider the implementation of a concession management model for REINA (public-private partnership), within which part of the funds that have been raised can support the incubator's management and operating costs.
- iii) In future start-up support programs, it will be important to **develop a rigorous analysis of business plans and focus the support on a small number of enterprises / entrepreneurs** with greater potential for innovation in specific sectors.
- iv) In future support programs for existing companies, it is recommended to define the support and financing model at the outset and **ensure stability in negotiations.**
- v) In a future agribusiness support strategy, it is essential to **differentiate between strategies aimed at the domestic market and strategies aimed at the international market**, mobilizing adequate resources for the objectives defined for each of them.
- vi) **Avoid models of direct acquisition of goods and services by the UNDP** country office;
- vii) **Promote a wide-ranging discussion on financing models for local enterprises and on the creation of funds for the private sector** that address one of the existing problems, the **access to credit** under positive and affordable conditions for local entrepreneurs.
- viii) Regarding the reduction of **barriers to exports**, it is recommended to promote a **wide-ranging debate with national and international partners to coordinate approaches and mobilize resources to key actions.** It is also important to develop a program of advocacy and mobilization of national and international experts to support the development of strategic solutions.



The Transformation Agenda 2030 for São Tomé and Príncipe is based on the country's 'Vision São Tomé and Príncipe 2030: The country we need to build'. It aims to boost good governance and public sector reform; promote sustainable and inclusive growth; strengthen human capital and social services delivery; and bolster social cohesion and social protection. To promote rapid economic growth and equitable development, the Government has prioritized (a) consolidating the rule of law and deepening democracy; (b) achieving sustainable growth; (c) promoting human development; and (d) fostering positive values and behaviours nationwide to promote successful development.¹

São Tomé and Príncipe faces a number of complex challenges. Despite an average GDP growth of more than 4% since 2012, poverty has not decreased significantly. Around two thirds of the adult population live below the national poverty line - 71.3% of women and 63.4% of men.

Access to economic opportunities is skewed, as shown by the unemployment rates of 19.7% for women and 9.3% for men and the economic activity rate of 51% for women and 75% for men. The unemployment rate among young people aged between 15 and 24 is 23%, compared to the global average of 13% in 2015. Employment figures are low due to poor economic diversification - for instance, cocoa exports contribute 95 per cent of a trade balance always in deficit.

Many citizens have benefited minimally or not at all from the country's development, and environmental vulnerability has exacerbated poverty in certain regions. These issues are compounded by inadequate social protection. The deficient rule of law impedes economic growth, resource mobilization and development management. The justice system is fragile and largely inaccessible for vulnerable groups, particularly women and poor people. The uneven income distribution leads to variable economic growth.

CESA Portfolio - Economic Growth and Environmental Sustainability - in São Tomé and Príncipe UNDP Country Office was established in September 2019 and operates, among other themes, in the promotion of the entrepreneurial ecosystem and in Private Sector Development (PSD), with four flagship projects:

- 1) Encouraging young people to become social entrepreneurs (aka EMPREENDEDORISMO SOCIAL)
- 2) Youth Entrepreneurship (aka EMPREENDE JOVEM)
- 3) Women's and Girls' Economic Empowerment Program (MUALA+)
- 4) Catalysing women's participation in agribusiness and the post-COVID-19 recovery in São Tomé and Príncipe (VALUE CHAIN)

These projects represent a substantial investment to the direct promotion of private sector, and it is important to assess their contribution to the Country Program Strategy and Objectives.

In this context, the UNDP has requested an external evaluation focused on analysing the project to support

¹ UNDP: Country program document for São Tomé and Príncipe (2017-2021)

agribusiness value chains and the UNDP portfolio to support private sector development. These projects will be analysed, focusing on the processes, results and experiences resulting from their implementation, as well as the main challenges encountered, lessons learned and areas for improvement, through the lenses of relevance, efficiency, national ownership, effectiveness, and sustainability. The evaluation will consider gender issues, human rights, and the principle of leaving no one behind. The exercise should lead to recommendations for future interventions in support of the private sector.

The initial meetings held as part of the preparation of this report clarified that the focus of the evaluation would be the projects: EMPREENDE JOVEM, MUALA + and VALUE CHAIN. This represented a change to the evaluation initial terms of reference which included the SOCIAL ENTREPRENEURSHIP project as one of the projects to be analysed.

YOUTH ENTREPRENEURSHIP and MUALA +

“Empreende Jovem” is a joint initiative between the United Nations Development Program (UNDP) and the Ministry of Youth, Sports and Entrepreneurship, aimed at supporting the private sector, creating jobs and, through this, improving family incomes of all those involved, both the entrepreneurs and their employees. Project implementation has been developed through Innovation Challenges with investment prizes (seed funding) to the most valued projects by a selection committee. The project foresees the development of the entrepreneurial ecosystem in São Tomé and Príncipe through the creation of two business incubators and the provision of technical assistance during the entire project to reinforce national capacities and successfully implement all project activities.

“Empreende Jovem” was formulated to promote economic growth and job creation through support to the national entrepreneurial ecosystem, with particular focus on young entrepreneurs but also on existing companies that can propose innovative solutions.

The project articulated its activities around a platform of services focused on the needs of youth, including the construction and operationalization of a network of business incubators, training and mentoring services, the promotion of Innovation Challenges providing seed funding for new enterprises or new innovative business ideas. The project also supported the creation of an entrepreneurship portal and the development of the entrepreneur guide.

According to data provided by the UNDP country office, the various calls for proposals received a total of 2,265 applications, with 99 projects technically and financially supported (66 led by women) for a total of 985,000 USD and the prospect of creating 215 jobs.

The Women's and Girls' Economic Empowerment Program - MUALA+, is a tripartite initiative of the United Nations agencies UNICEF, ILO and UNDP, with the local implementing partner Ministry of Youth, Sports and Entrepreneurship (MJDE). This joint initiative made it possible to involve a larger number of beneficiaries and to work on various aspects of economic empowerment. The main expected results were:

- Increased technical entrepreneurial capacity of businesses (start-ups and SMEs) led by women, especially those in vulnerable situations.
- Increased access to finance for businesses (start-ups and SMEs) led by women, particularly those in vulnerable situations.

- Increased association of businesses (start-ups and SMEs) led by women, particularly those in vulnerable situations.
- Increased education-related safety nets available for girls and female-headed households, particularly those in vulnerable situations.

To achieve these goals, an integrated and sequenced set of actions was carried out, where vocational and entrepreneurship training were complemented by material support activities, awareness-raising activities, inclusion and integration into the commercial and job market.

VALUE CHAIN

The project aims to promote inclusive growth and economic diversification by supporting the development of niche and high-value agribusiness value chains, promoting companies' export capacity and helping to improve the business environment.

The following components were envisaged: 1) Increasing the local quality of agribusiness; 2) Increasing the production of high-value crops and promoting them through access to international markets; 3) Technical support aimed at lowering bureaucratic barriers to exports and 4) Lowering domestic barriers to agricultural exports through the adoption of dispute resolution mechanisms and the expansion of e-government services.

As part of the project's implementation, diagnostics were carried out to define four different groups of beneficiary enterprises, and tailor-made support packages were developed for 23 micro and small enterprises: i) Internationalization package; ii) Communication and marketing package; iii) Know-how acquisition package/missions abroad; iv) Equipment acquisition package; v) Production process improvement packages; vi) Training packages; vii) Certification packages.



Based on the initial technical and methodological proposal, the evaluator reinforces the **guiding principle that evaluation is an instrument that should promote collective reflection and analysis**. From this perspective, and despite the short period of time available for the evaluation of three different projects with a large number of beneficiaries, **a methodology focused on analysing the effects promoted by the project and the processes that produced those effects guided the evaluation process**.

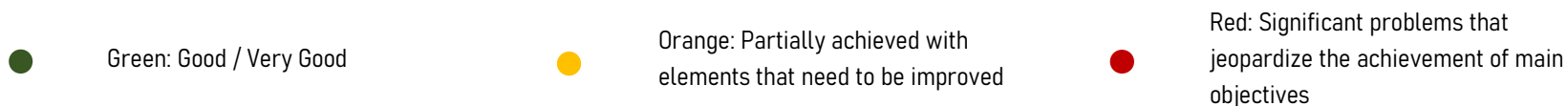
The documentation review and the initial meetings with the team allowed to systematize the theory of change of UNDP's private sector support program in São Tomé and Príncipe and to understand how the different projects interconnect and contribute to common objectives:



Considering the guiding principle of promoting an evaluation focused on effects and processes, a set of anchor questions were defined. These questions guided the individual and/or collective meetings. The expected outcomes were assessed by analysing the implementation process, its main achievements and elements for improvement. A detailed analysis of a significant sample of the businesses supported was also ensured.



The mapping of changes / outcomes and analysis of the associated processes was instrumental in answering the evaluation questions set out in the terms of reference. The **evaluation matrix** is presented below. The proposed matrix used an assessment system using a colour scheme to be applied to each criteria, as illustrated:



Evaluation criteria and questions	Source of information	Collection method	Stakeholders to involve
Relevance			
To what extent was the project in line with the national development priorities, the CPD outputs, CPD outcomes, UNDP Strategic Plan and the SDGs?	National Strategic Documents	Document analysis	Government structures
To what extent do the projects contribute to the Theory of Change for the relevant outcome of the DCP?	CPD	Interviews with key stakeholders	UNDP staff in São Tomé and Príncipe
To what extent were lessons learned from one project considered in the following project's design?	National Sustainable Development Plan	Interviews and focus groups with beneficiaries	Projects implemented by other international donors in the same sector of intervention
To what extent were perspectives of those who could affect the outcomes, and those who could contribute information or other resources to the attainment of stated results, taken into account during the project design processes?	United Nations Development Cooperation Framework		Beneficiaries
To what extent do the projects contribute to gender equality, women's empowerment and a human rights-based approach?	Project documents		
To what extent have the projects been appropriately responsive to political, legal, economic, institutional, etc., changes in the country?	Outcome matrix		
Effectiveness			
To what extent did the projects contribute to the CPD outcomes and outputs, the SDGs, UNDP Strategic Plan and national development priorities?	Project documents	Analysis of the program's theory of change	UNDP staff
To what extent were the projects outputs achieved?	Execution reports		Staff involved in project implementation
What factors contributed to effectiveness or ineffectiveness?	Outcome Matrix	Interviews with key players	Consultants
In which areas the projects have the greatest achievements? Why and what have been the supporting factors? How can the portfolio team build on or expand these achievements?	Dialogue with government institutions	Focus groups with beneficiaries	Beneficiaries
In which areas do the projects have the least achievements? What have been the constraining factors and			Government structures

why? How can they or could they be overcome?
 What, if any, alternative strategies would have been more effective in achieving the project's objectives?
 Are the projects objectives and outputs clear, practical, and feasible within its frame?
 To what extent were stakeholders involved during the implementation of the projects?
 To what extent was project management and implementation participatory and is this participation contributing towards achievement of the project objectives?
 To what extent has the project been appropriately responsive to the needs of the national constituents and changing partner priorities?
 To what extent has the project contributed to gender equality, women's empowerment and the realization of fundamental human rights?

Dialogue with development partners
 Field visits to supported businesses
 Dialogue with beneficiaries
 Document analysis

Efficiency

To what extent were the projects' management structure as outlined in the Project Document efficient in generating the expected results?
 To what extent has the UNDP's implementation strategy and execution been efficient and cost-effective?
 To what extent has there been an economical use of financial and human resources? Have resources (funds, human resources, time, expertise, etc.) been allocated strategically to achieve outcomes?
 To what extent have resources been used efficiently? Have activities supporting the strategy been cost-effective?
 To what extent have projects funds and activities been delivered in a timely manner?

Execution reports
 Monitoring reports
 M&E system
 Dialogue with UNDP and project implementation staff
 Analysis of a sample of supported enterprises
 Dialogue with beneficiaries
 Document analysis
 Focus groups with beneficiaries
 Field visits
 Interviews with key stakeholders
 Working meetings with UNDP staff and project implementation teams
 Interviews with consultants
 UNDP staff
 Staff involved in project implementation
 Consultants
 Beneficiaries
 Government structures

Sustainability

To what extent will financial and economic resources be available to maintain the benefits achieved by the projects?
 Do the legal framework, policies, structures and governance processes operated by the projects present risks that could jeopardize the sustainability of the results achieved by the project?
 To what extent did UNDP actions pose an environmental or social threat to the sustainability of projects'

Execution reports
 Outcome Matrix
 Dialogue with government
 Analysis of the program's theory of change
 Interviews with key
 UNDP staff
 Staff involved in project implementation
 Consultants

outputs?	institutions	stakeholders	Beneficiaries
What is the risk that the level of stakeholder’s ownership will be sufficient to allow for the project benefits to be sustained?		Focus groups with beneficiaries	Government structures
To what extent do mechanisms, procedures, and policies exist to carry forward the results achieved by primary stakeholders?	Dialogue with development partners	Business analysis	Private sector actors
To what extent do stakeholders support the projects’ long-term objectives? And how is that related with project implementation modality?	Dialogue with beneficiaries	Document analysis	
To what extent are lessons learned being documented by the Project Team on a continual basis and shared with appropriate parties who could learn from the project?	Dialogues with private sector and financial sector stakeholders		
To what extent do UNDP interventions have well designed and well-planned exit strategies?			
What could be done to strengthen exit strategies and the sustainability?			

Cross-cutting evaluation questions

To what extent have the projects raised awareness and contributed to the fulfilment of people’s social and economic rights?	Execution reports	Document analysis	UNDP staff
To what extent have gender equality and women's empowerment been taken into account in the design, implementation and monitoring of projects?	Monitoring reports	Focus groups with beneficiaries	Staff involved in project implementation
Is the data on gender markers representative of reality?	M&E system	Field visits	Consultants
To what extent did the project promote positive changes in gender equality and women's empowerment? Have there been any unintended effects in this regard?	Dialogue with UNDP and project implementation team	Interviews with key stakeholders	Beneficiaries
	Dialogue with beneficiaries	Working meetings with UNDP staff and project implementation teams	Government structures



The workplan (Annex 1) included:

- Initial meetings with the UNDP country office team to define the scope of the evaluation.
- Documentation review.
- Mapping of relevant stakeholders to engage in the evaluation process.
- Elaboration of the evaluation matrix and outcome matrix.
- Presentation of the initial report and methodological plan.
- Preliminary interviews with UNDP staff, project implementation teams and consultants.
- Field visit to São Tomé and Príncipe:
 - Interviews with key stakeholders
 - Visits to a sample of beneficiary enterprises
 - Focus groups with beneficiaries from all the innovation challenges
 - Working meetings with UNDP country office staff
 - Debriefing with UNDP country office staff
- Drafting of the evaluation report.
- Comments from UNDP country office staff and submission of the final report.

Limitations

The UNDP's program in support to the private sector in São Tomé and Príncipe is very comprehensive with a large number of beneficiaries, institutions and consultants engaged in implementation. Moreover, the evaluation covers a nationwide program with beneficiaries in all country districts. In this context, a greater number of working days would have been desirable for a more detailed analysis of each of the projects that are part of UNDP's portfolio. Nonetheless, and considering that the purpose of the evaluation was essentially of a strategic nature and did not require a detailed analysis of each of the businesses / enterprises supported, it is believed that the structure and methodology of the evaluation enabled solid and robust findings.

One of the other limitations during the evaluation process was the difficulty in contacting some of the beneficiaries, whether through invitations to focus groups, e-mail, or telephone contacts. In many cases, this is due to the beneficiaries' absence from the country, in line with the youth exodus to Europe that has been intensifying in recent months. Moreover, the fact that a significant number of supported initiatives is no longer active can also contribute to justify this difficulty in reaching some of the beneficiaries.

Considering the limited number of days available for field visits, it was decided not to travel to the Autonomous Regions of Príncipe, which makes it impossible to analyse the program effects on this Island.



Relevance



The different projects that integrate the UNDP program to support the private sector in São Tomé and Príncipe are consistent and coherent with the national development objectives of accelerating economic development, job creation and promoting equitable economic opportunities (with special emphasis on women and youth) and employment through an economic diversification strategy.

The country's transformation agenda is based on the vision "São Tomé and Príncipe 2030: the country we want to build" and one of the main reforms proposed in this strategic document is to accelerate sustainable growth and job creation. To this end, priority is given to creating favourable conditions for enhancing the potential of strategic sectors of the economy such as agriculture, fisheries and tourism, creating job opportunities for young people. "São Tomé and Príncipe Vision 2030" highlights the following priorities: i) improving the business environment and the attractiveness of foreign direct investment; ii) promoting entrepreneurship; iii) improving integration into regional and world trade.

UNDP's program is also coherent with the United Nations Framework Plan for Development Assistance and its priorities - Strategic Outcome 3: Promoting inclusive and resilient sustainable growth and Outcome 3- Employment and competitiveness are ensured by diversifying the economy and reinforcing the resilience to climate change, improving the quality of life of the most vulnerable groups, and ensuring financial and market access to women and young people.

From this perspective, UNDP's priorities are aligned with the goal of promoting an inclusive and sustainable growth and development process in São Tomé and Príncipe, which strengthens productive capacities and creates jobs for the most vulnerable groups (outcome 1 of the Country Programme Document 2017-2021) as well as with output 3.2 of the same document: the private sector, especially small and medium sized enterprises (SMEs), NGOs in urban and rural areas, and populations of the most vulnerable communities are able to increase their contribution to inclusive growth and employment through better access to markets, technical assistance and financial aid.

The program is also aligned with UNDP's strategic priorities²: i) Promoting structural transformation, including green, inclusive, and digital transition; ii) "leaving no one behind"; iii) Strengthening resilience to social, economic and climate crises. It is also aligned with the UNDP's strategy for involving the private sector in supporting the Sustainable Development Goals³. This strategic document states that, on average, in developing countries, the private sector accounts for 60% of gross domestic product (GDP), 90% of jobs and 80% of capital flows. As such, it is a sector that can contribute to sustainable development by creating decent jobs, developing

² UNDP Strategic Plan, 2022-2025

³ UNDP's Private Sector Development and Partnership Strategy (2018-2022): Making Markets Work for the SDGs

future-oriented skills, stimulating innovation and providing essential infrastructure and affordable goods and services. The UNDP's Private Sector Strategy seeks, in partnership with governments, civil society and private sector, to make markets contribute to the SDGs, with an emphasis on the inclusion of poor and marginalized communities. The strategy seeks not only to strengthen the role of the private sector as a vital actor in advancing the SDGs, but also to promote the adoption of the SDGs as the main framework for private sector strategies and operations, so that all business results contribute to the global development.

In this context, it is possible to conclude that UNDP's strategy and portfolio to support the private sector in São Tomé and Príncipe presents action priorities that are completely aligned with the national priorities reflected in strategic planning documents, as well as with the priorities reflected in the UNDP's own strategic documents. This commitment to support the private sector as an engine for economic and social development and a lever for achieving the SDGs represents a shift in what has been the support to the country's development by different international donors. Historically, aid resources in São Tomé and Príncipe were directed towards community / collective or institutional investments and the private sector was not a priority partner. From this perspective, the program is highly relevant, both in terms of supporting entrepreneurship and in terms of supporting strategic sectors of the economy such as agribusiness or tourism. In this context, institutional support continues to be extremely relevant, and UNDP's program includes a set of actions to improve the country's business environment.

The CPD aims at contributing to the achievement of the SDGs, more specifically Goals 1 (poverty eradication), 5 (gender equality), 8 (decent work and economic growth), 10 (reducing inequalities) and 16 (peace, justice and effective institutions), being aligned with national development priorities. In this context, one of the priority strategies defined in the CPD is the engagement of the private sector in UNDP's portfolio. CPD states that "competitiveness and employment will be aided through economic diversification and resilience. This will improve the quality of life for poor and vulnerable groups while also supporting access to financial aid and markets by youth and women". All evaluated projects (Empreende Jovem, Muala + and Value Chain) are aligned with these priorities and objectives and, from this perspective, are aligned with the CPD's theory of change, promoting inclusive and sustainable growth and development and incorporating productive capacities that create employment and livelihoods for poor and excluded groups, diversifying the national economy and therefore reinforcing the employment and competitiveness and reducing poverty.

The support to the private sector as a strategic priority for UNDP intervention in São Tomé and Príncipe represents a new development approach when compared to past interventions. From this perspective, there is an important learning process associated with the roll-out of this portfolio. This learning process is essentially related to implementation models and methodologies as the priorities for action are clearly identified. This will be further developed in different sections of the evaluation report.

Considering the fragile results from past projects implemented in São Tomé and Príncipe, new approaches in the promotion of social and economic development should be fostered and piloted. The past and current investments in community-level and collective initiatives are hindered by the lack of institutional and management capacity as well as by the lack of beneficiaries' ownership. This often leads the rapid failure of the economic initiatives promoted by the projects. At this level, private initiatives in São Tomé and Príncipe have great potential to leverage investments, develop innovative initiatives and promote employment. UNDP has correctly identified the importance of the private sector as a driving force for the country's economic development. In a first stage, through the "SOCIAL ENTREPRENEURSHIP" project, the foundations for strengthening the role of youth entrepreneurship as a tool for job creation and the development of socially

relevant initiatives were laid. Within this project, "Panga Ngunu" social business caravan was launched to encourage young people to become social entrepreneurs. Although the set of 15 business ideas supported within this project was not analysed in this evaluation, it's important to recognize the importance that this first project had in creating institutional support enabling the definition of private sector as a strategic priority for UNDP action in the country. This was also decisive to identify new projects that brought greater consistency and reinforced planning and monitoring instruments.

The definition of strategic objectives and priorities within UNDP's portfolio is coherent with national development priorities and reflects the perspectives of private sector relevant stakeholders. Nonetheless, it would be important to strengthen stakeholder engagement in project implementation and monitoring. This would have reinforced UNDP's ability to improve program effectiveness and efficiency. This will be further developed in following sections of the present report.

The projects that integrate UNDP's portfolio had a strong gender equality orientation, one of them specifically targeting the role of women as drivers of employment creation and income generation (MUALA +). From this perspective, they were coherent and in line with national development priorities and SDG 5 - promoting gender equality. By seeking to promote growth and inclusive employment opportunities and by supporting young people and the most vulnerable groups, the program included a relevant approach to promoting human rights.

Although relevant, the different projects operate in a complex context which hinders the development of sustainable development mechanisms. On the one hand, the national market is very small, which makes it difficult for new businesses to emerge and become viable. On the other hand, there is great difficulty in accessing credit as a result of the high interest rates charged by the local financial institutions and of the requirement for guarantees that are difficult for small entrepreneurs to obtain. Likewise, there is a high level of turnover in government institutions, but also in public directorates, which hinders the continuity of processes and institutional strengthening.

In addition, recently, there has been a significant exodus of young people to Europe which brings serious consequences and challenges to social and economic national structures.

Effectiveness



Based on the outcome matrix, findings are presented in two different project groups: the first including projects aimed at promoting entrepreneurship and business incubation (Empreende Jovem and Muala +) and the second one represented by Vaue Chain project, aimed at promoting agribusiness, access to international markets and removing export barriers.

The table below presents the overall achievement of project outputs for all these different projects.

Youth Entrepreneurship / “Empreende Jovem”			
Expected Output	Indicators	Target	Achieved Outputs
Output 1 - Platform for young entrepreneurs developed and established	1.1 Number of young people involved in the project	500	455 entrepreneurs registered by REINA's management team
	1.2 Number of incubators rehabilitated, equipped and operational	2	2 (Central Incubator in Agua Grande and Regional Incubator - Principe Autonomous Region)
	1.3 Number of partners involved	2	1 (Ministry of Youth, Sport and Entrepreneurship). Several additional partnerships were mobilized to implement the activities.
	1.4 Number of events – experience sharing sessions	5	12 events held - Bootcamp, Workshops and Ideas Labs
	1.5 Number of entrepreneur's guide produced and published	1	Entrepreneur's Guide produced and published
	1.6 number of young people selected for training, business incubation and mentoring of new projects	150	135 young people selected for training and mentoring in the Innovation Challenge Competitions: Tourism 2.0 (only mentoring) and Innovation Challenge START-UPS (training and mentoring) .
	1.7 number of companies mapped		Database not available on the entrepreneur portal
	1.8 Number of Portals of Entrepreneurship created	1	1 - "STP Entrepreneurship" portal
Output 2 - Increased employment opportunities for young people	2.1 Number of projects funded	50	99
	2.2 Number of new jobs created	50	Available data features the creations of 215 jobs through the funded business ideas. The implementation of the projects revealed a substantially lower creation of jobs.

Regarding “Empreende Jovem”, output targets were achieved or even exceeded.

Regarding “Muala +”, the following targets were envisaged: i) 150 beneficiaries of entrepreneurship training; ii) 35 small businesses supported through micro-grants; iii) 1 new female entrepreneurs association; iv) a digital platform linked to women's associations. This project had significant achievements. A total of 1,675 applications were received and 256 were selected for training by REINA's management team. Of this group, 44 beneficiaries were selected to receive micro-grants for their businesses and 36 were supported (as a result of the incapacity to support the selected beneficiaries in Principe Autonomous Region).

The assessment of outputs achievement for this group of projects is very positive, demonstrating program's broad scope and its capacity to reach a very significant target group. However, when analysing the quality of the outcomes, some significant weaknesses have been mapped. This analysis, thus, also allowed to identify both the main factors that explain the success and the success of the different projects’.

Regarding actions aimed at supporting youth and women's entrepreneurship, it is important to highlight the wide reach and scope that these activities have had in the country and the importance that UNDP's program and the resources allocated to the projects have had in putting entrepreneurship on the political and international donor agenda in the country.

However, it is also important to mention that the implementation of a large number of activities resulted in a large number of micro-businesses being supported, bringing additional challenges to the UNDP country office and to the project teams in the monitoring and supervision of program implementation. Considering that business incubation and support to micro-enterprises is highly dependent on the training and mentoring, it is believed that this strategy has reduced the effectiveness of the projects and of the program itself.

Considering the high number of grants provided by the different UNDP projects, it's important to recognize the good quality of the monitoring process. Nonetheless this monitoring process was essentially focused on procedures and there were some limitations on the technical support that many of these projects would have needed in their initial stages of implementation. There is a cross-cutting recognition of the support provided by REINA's management team (specially to the start-ups) and there was an apparently very good relationship between REINA's coordination and the entrepreneurs. The short implementation period and some implementation delays made it difficult to support and mentor the supported business ideas and the transition from monitoring the investments to monitoring and mentoring the businesses was not totally and successfully achieved. This fact has an important impact on project effectiveness.

It is also important to mention a number of constraints that help to understand effectiveness problems within “Empreende Jovem”:

- i) The ambitious targets for supporting entrepreneurs and business ideas resulted in the financing of projects with low economic viability. From this perspective, it is believed that the analysis of received applications and business plans should have led to a more rigorous approval that could have avoided financing businesses that had little chance of success.
- ii) The non-refundable financial mechanism used within “Empreende Jovem” is highly relevant for leveraging small businesses, especially in a country where access to credit is not accessible to most of the national entrepreneurs. However, the requirements for funding were apparently not as rigorous as they should have been which has resulted in some beneficiaries feeling unaccountable.

- iii) There has been a change of context in the country, with a large number of young people leaving for Europe in search of better living conditions. This has had significant impacts on the beneficiaries, entrepreneurs and businesses supported by the project, resulting in some entrepreneurs or employees of the supported businesses leaving the country.
- iv) “Empreende Jovem” did not only represent a source of funding for new business ideas. At this level, it is important to recognize the relevance of the entrepreneurs’ exchange program, workshops, training and mentoring. Nonetheless, it should be noted that the high level of mobilization of young people was very much driven by the expectation of funding, which is natural in a context where access to credit or micro-credit is almost absent or the requirements to access them are such that make them inaccessible to the majority of local entrepreneurs.
- v) It’s important to recognize the contribution of UNDP and the private sector support program to the development of the entrepreneurial ecosystem in São Tomé and Príncipe. However, the short implementation period did not allow for the consolidation of results and for the definition of sustainable management and planning models. At such an early stage in the process, this could compromise the sustainability of the actions. At this level, it should be noted that REINA’s implementation and management model has not always worked optimally. The relationship between MJDE and the team of consultants hired to manage the business incubators (Territórios Criativos) was not always coordinated in the best way and it was not always possible to create a climate of mutual trust and build joint solutions and strategies.
- vi) The Entrepreneur’s Portal, which was defined as one of the project’s strategic activities, has been developed and it is online with a wide-ranging repository of the actions promoted by “Empreende Jovem”. However, it is believed that the change in the government and directorates and the emergence of new dialogue partners contributed for the reduced ownership of this instrument. Currently it works essentially as a repository and not as an active instrument to promote entrepreneurship.
- vii) It is important to highlight the target groups and beneficiaries of REINA’s activities. 48.49%⁴ have a level of education equivalent to the 12th grade or higher. This represents a different approach to most development projects in São Tomé and Príncipe and brings significant opportunities for this important group with higher qualifications.
- viii) 65% of the entrepreneurs benefiting from the project are under 35 years old, which reflects the project’s focus on youth as a group capable of boosting the country’s economy.
- ix) Participation between men and women is equitable (50%), which shows that the objective of gender equity in access to the benefits of the project has been achieved.
- x) Around 57% of the beneficiaries are from Agua Grande District and 22% from Me-Zochi District, which shows that the main urban centres are the places with the greatest potential for innovation and wealth creation.

⁴ Data provided by *Territórios Criativos* – REINA’s management team

Activities	Expected Outcomes	Evaluation Findings
<p>Youth Entrepreneurship / MUALA+</p> <ul style="list-style-type: none"> Construction and operationalization of a network of business incubators Entrepreneurship training Mentoring and tailored support Financial and material support Promotion of collective economic initiatives Entrepreneur Portal 	<ul style="list-style-type: none"> Improvement of Business Environment in STP Entrepreneurial Ecosystem developed New enterprises are supported and develop innovative solutions New business ideas from existing enterprises are supported and developed 	<ul style="list-style-type: none"> Effective contribution in making entrepreneurship a political priority. Business incubators created in São Tome and in Principe Islands – REINA. The program has enabled the acceleration of some existing businesses and has supported the launch of some new business ideas. The very high number of beneficiaries hindered the capacity to provide technical support to early-stage business ideas. This has limited the consistency of the results. The selection process was not always consistent and rigorous – many supported businesses did not prove their economic viability. Some negative experiences with some of the beneficiaries can affect the credibility of the process.

Considering the diversity of Innovation Challenges launched by “Empreende Jovem and their different objectives, it is important to analyse each of them separately.

COVID-19 pandemic response innovation challenge

In a context of high uncertainty arising from the COVID-19 pandemic and considering the unpredictable impacts of lockdowns on the population, it was decided to launch the first call for business ideas within “Empreende Jovem”. This competition aimed at supporting São Tomé and Príncipe in mitigating the impacts of COVID-19 by requesting business proposals from national entities (companies, associations, NGOs) that could quickly provide products and services in response to the crisis caused by the pandemic. The best and most innovative business ideas were supported through a non-refundable financial mechanism. This innovation challenge prioritized investments in areas such as: soap production, sanitary alcohol production, hand sanitizers production, production of masks or gloves or digital services for online commerce.

49 applications were submitted, and 16 projects were selected according to the list below:

Name	Final Budget (Db)	Final Budget USD	% Total Execution	Comments
ME-ZOCHI Unipessoal Lda	666.817	29.937,01		Project in litigation. Only the first payment of Db466,772 has been made, and no justification or supporting documents were provided by the entrepreneur.
ARCAR	67.980	3.051,99	100,0%	Project was implemented - social action (production and distribution of masks)
Braincell Lda	890.960	40.000,00	99,88%	Project implemented and currently operational (Sokeru online platform)
Figueira STP Lda + Englobe Lda	667.491	29.967,27	100%	Project implemented - made it possible to reinforce the production of ethyl alcohol, which is still being sold locally.
STDEXCHANGE Lda	832.720	40.000,00	95,25%	Innovative project (Dobra Digital) that only recently obtained a license from the Central Bank - currently in early stage of implementation
Mundo dos Alimentos e Serviços STP, Lda.	608.050	27.298,64	94,29%	Project implemented - it was not possible to assess current level operational level as it is a business based on Príncipe Island
STP Multi-Industrial Lda	751.850	33.754,60	99,74%	The project implemented. The financial support leveraged the soap production in the country during the pandemic. There is currently information that the factory is having operational constraints, but it was not possible to meet with the owner.
STP Vendas	412.385	18.514,19	99,10%	Project implemented but with a business model that didn't survive. Currently not operational.
ONG Amigos da Sara	149.647	6.718,46	100%	Project implemented - social project (production and distribution of masks)
ONG GALO CANTÁ	92.900	4.170,78	85,89%	Project implemented - business ideas was created to respond to a specific context and is not currently operational.
YUPOPCAR Unipessoal Lda	701.650	31.500,85	94,35%	Project implemented- business model has not proved to be viable - currently not operational although the enterprise continues to operate in different business areas.
Celso Style	359.195	16.126,18	99,14%	Project implemented. Local entrepreneur received equipment, improved his business and continues to work until now.

Atelier Roselyn	808.222	38.823,23	91,42%	Project was implemented as a social response to the pandemic - distribution of locally-made medical gowns
KRYTON ASSOCIATES UNIPESSOAL	511.875	24.588,10	96,68%	Project implemented, software was developed but it was not appropriated by the Ministry of Health. Project objectives were not achieved.
Corpos & Aromas	133.250	6.400,71	31,69%	Project with low execution rate. First payment of Db 93 275 was made by the project.
SCMTSP	890.960	40.000,00	99,98%	Project implemented. Social action with the objective of building a mortuary
	8.545.952	390.852,02	88,62%	

The assessment of this first innovation challenge shows that:

- i) The social objectives that guided the contest were globally achieved, including the support to different social initiatives that boosted the local production of masks, ethyl alcohol and even the construction of a mortuary. Considering that this innovation challenge was launched in a context of uncertainty regarding the impact of COVID-19 in São Tomé and Príncipe, and even considering that the impact of the pandemic in the country turned out to be much less severe than initially expected, it is important to highlight the relevance of these grants to ensure services of high social relevance to the community. At this level, this innovation challenge proved its relevance.
- ii) Most businesses ideas had social objectives are were not really sustainable from an economic perspective. Today, few of the supported business ideas remain operational. There are exceptions such as SOKERU platform (although this platform doesn't have a sustainable business model in itself, it has represented a decisive instrument to leverage the company), the production of ethyl alcohol by Figueira STP LDA. or the production of soap under the Kwa Non brand (STP Multi-Industrial). This innovation challenge has made it possible to leverage national companies that have taken advantage of the project financing to capitalize, develop new business models and leverage their structures in the post-pandemic. Likewise, small businesses such as Celso Style atelier have benefited from the equipment received to improve their production capacity in the post-pandemic period.
- iii) Most of the delivery businesses (Yupocar, STP Vendas) were not very successful and the service was dismantled in a short period of time. The size of the local market and the lack of a consolidated strategy to develop the business model are factors that help explaining the failure of these initiatives.
- iv) The capacity for innovation at the digital level stands out, with several relevant and high-quality business ideas such as SOKERU platform, Dobra Digital (automatic payment system only recently approved by the Central Bank) or Inov Saúde app (developed but not implemented by the Ministry of Health), which demonstrates a remarkable national capacity for the development of technological projects. With the exception of the Inov Saúde platform, the remaining digital

innovation initiatives would most likely have been developed even without UNDP support, but this financial support has considerably accelerated their implementation.

- v) The financial execution rate of the approved projects was of 88%, with only 2 of the beneficiary projects failing to receive the second contractual payment.

Lessons learned from the COVID-19 innovation challenge:

- There is internal capacity in São Tomé and Príncipe to promote innovative and socially relevant initiatives in a context of crisis.
- UNDP's support was relevant in a context of uncertainty, although economic viability was not the most decisive factor in the choice of the beneficiaries.
- Although most of the projects are not currently operational, it is important to highlight the fact that the financial support allowed to capitalize local companies and accelerate some innovative business ideas.
- Although relevant, the support would have benefited from the mentoring and training process that was applied to the following innovation challenges. This would have allowed for a better selection and supervision of the supported business ideas.

Tourism 2.0 Innovation Challenge

This innovation challenge was aimed at supporting companies (SMEs) and other relevant legal entities with projects in the tourism sector as well as other sectors contributing to the tourism value chain (Agriculture, Fisheries, Livestock, Crafts, Touristic Services). Its main objectives were to boost and strengthen companies with innovative projects, create jobs and promote equal opportunities. It had an overall allocation of 300,000 USD with a maximum investment prize of 25,000 USD per project. In addition to funding, projects received training, mentoring and supervision. This innovation challenge received 85 applications, 25 of which were selected for the mentoring process in a second phase and, finally, 12 projects were approved for financial support.

Project	Total Investment USD	Amount requested USD	Own funds USD
Sociedade Vanhá - Agroturismo	42.183,33	25.000,00	17.183,33
Turismo Comunitário Roça Água Izé	33.457,58	25.000,00	8.457,58
Café Park	28.015,13	25.000,00	3.015,13
Qua Tela	66.257,07	25.000,00	41.257,07
Sabores de São Tomé	61.095,07	25.000,00	36.095,07
Naturalíssimos	32.365,27	25.000,00	7.365,27
Casa Almada Negreiros	26.604,12	25.000,00	1.604,12
Biotour	29.411,37	25.000,00	4.411,37
Bike Solutions STP	26.432,50	23.932,50	2.500,00
Coop. Malanza	16.878,72	16.878,72	0
Caué Camping	33.763,22	23.000,00	10.763,22
AMA - Associação dos Amigos dos Animais	56.355,50	25.000,00	31.344,50
Total	452.818,18	288.529,39	175.312,55

This innovation challenge had an overall financial execution of 89%, resulting from a disbursement of 100% of the initial instalments, 92% of the second instalments and only 57% of the third contractually agreed instalments. This reflects the problems faced by many of the beneficiaries regarding project implementation. Table below presents a detailed analysis for all of the selected projects.

Project	% of execution	Evaluation Findings	Jobs created ⁵
Sociedade Vanhá - Agrotourism	100%	Project was successfully implemented. It allowed the construction of a touristic bungalow – after that the company has already built 3 additional bungalows with additional financing and own funds.	8
Community Tourism - Roça Água Izé	80%	The project has not been completed and the last instalment of funding has not been transferred	0
Café Park	100%	The project was successfully implemented, reinforcing the existing equipment and enabling new services to be provided.	4
Qua Tela	80%	Project carried out as part of a project promoted by the NGO Tesouros de Obô. Project completed but did not receive final instalment payment due to delays in implementation.	0
Sabores de São Tomé	80%	The infrastructure has not been finalized. Despite the ability to mobilize additional funds, construction costs proved to be higher than initially expected. The failure to receive the last instalment further constrained the ability to finish the works.	0
Naturalísimos	100%	Project was implemented. The equipment for the production and marketing of natural juices was reinforced.	5
Casa Almada Negreiros	80%	Contract was cancelled after the payment of the first two financing instalments. This was due to the execution of a different project than the originally proposed	0
BIOTOUR STP	100%	Project was 100% financially executed but the business model was never implemented – the business (boat tours) was sold, and the entrepreneur is no longer living in the country.	3
Bike Solutions STCP	100%	Project 100% executed but with a business model that is proving to be unviable - almost zero revenue at the moment	0 ⁶
Coop Malanza	100%	Works carried out and equipment purchased. Past experiences of supporting this cooperative have not shown positive results and there is no evidence of positive results after this additional support.	0
Caué Camping	50%	Only the initial instalment was transferred - project was not executed	0
Associação Amigos dos Animais	100%	Project 100% executed - equipment and service capacity reinforced.	6

⁵ According to proof of enrolment with the National Social Security Institute.

⁶ The creation of 6 jobs was reported on the Territórios Criativos maps, but it was not possible to confirm the existence of the contracts in the database. These jobs do not currently exist due to the company's very low turnover.

The main finding regarding the innovation challenge tourism 2.0 are as following:

- The selection process was too broad, and initiatives with an indirect link to tourism (the main focus of the innovation challenge), were selected and benefited from financial support.
- A wide range of beneficiaries were supported. These included small and medium enterprises, NGOs, and cooperatives, each of them with different profiles and follow-up needs.
- Some of the selected projects were not economically viable and the mentoring process was not sufficiently robust to help defining rigorous business plans. At this level, a more rigorous analysis of the proponents and their business ideas could have led to the rejection of some of the selected projects. Illustrative cases are: i) Bike Solutions, which has a business model that requires the association with other services (for instance, rent-a-car, boat tours or bike tours). Considering the small local market, it is not surprising to see that this business idea is currently not able to have consistent and permanent revenues (the company did have residual revenues in the first half of 2023); ii) Biotour - the business plan forecasted revenues that would be very difficult to achieve in the national market. Moreover, the entrepreneur himself didn't seem to believe in the business model. Although receiving the total amount of the investment prize and being able to present the proof of investment, the business ended up not being implemented. Recently, the entrepreneur sold the equipment acquired with project support and left the country.
- The business idea proposed by the NGO Qua Tela has social objectives and complements the actions of other projects led by the NGO Tesouros de Obô., The project has promoted the creation of small community businesses, but their viability has yet to be demonstrated, since the infrastructures have only just been completed and there is still a high level of dependence on the NGO international project management team. In this specific case, the NGO Qua Tela ended up being a vehicle for accessing funding as the project does not contribute to Qua Tela's business strategy. Similarly, the support granted to the Malanza Fish Traders Cooperative raises doubts associated with the failure of past projects implemented by the cooperative and with the lack of investment capacity regarding investment co-financing. Considering the limited capacity to monitor and provide technical assistance at the early stages of the business implementation, this grant has to be considered of high risk.
- Support to construction works have proved to be a problematic mechanism. The main problems faced by the investment projects resulted from the increase in construction costs and from the difficulties beneficiaries have in securing additional funds to complete the proposed infrastructure. Such is the case of Sabores de São Tomé (which will have serious difficulties repaying the additional loan approved by APCI) or Turismo Roça Agua Izé, which remain unable to complete the proposed infrastructure.
- The companies that most benefited from the investment prize were those better established, with a solid track record and that were able to leverage their existing business with the funds received. This is the case of Vanhá and Café Park.

- As can be seen from the table above, around 50% of the supported business ideas have not been fully implemented or are no longer operational.

Lessons learned from the innovation challenge Tourism 2.0:

- It is important to launch innovation challenges with clear objectives and not to lose the focus on such objectives during the selection process.
- The business plans viability assessment must be rigorous and provide data considering different scenarios.
- Companies with a strategic vision and the capacity to invest their own funds are better prepared to leverage their businesses with the investment prizes from innovation challenges (as in the case of Vanhá). Other types of companies will need closer support, at an early stage of business implementation, in order to be successful.
- The companies / entrepreneurs with the best results in this innovation challenge could use low-interest loans (if available in the local market) as an alternative for their business growth process. These companies do not need to depend on non-refundable financing mechanisms and would be able to reimburse the investment costs if an appropriate financial mechanism was available in the country. Nonetheless, these companies proved that the innovation challenge mechanism can support the creation of sustained employment in certain conditions.
- In the process of business evaluation and beneficiary selection it is decisive to assess the promoters' availability and commitment to their own business since many of them are not available to implement the business idea as their main activity and this can lead to project failure.

Start-up Innovation Challenge

This innovation challenge reflects UNDP's strategic support to youth entrepreneurship. Through a process of business incubation and mentoring, the project supported new business ideas and financed the most innovative projects with an investment prize of 5.000 USD⁷. In this innovation challenge, 456 applications were submitted, and 27 projects benefited from training, mentoring and seed funding. The table below presents brief information about the implementation of each project.

Promoter	Project	Current situation
Gilmar das Neves	Tinteiros e Soluções (ink cartridges store)	Currently operational ensuring self-employment and 2 part-time jobs. Entrepreneur with plans to expand and move the business to a new infrastructure and new location.
Jackson Costa	Bonsai (gardening)	The project was implemented. Nonetheless, it was not possible to contact the entrepreneur and confirm the business current operational status.
Genito Santo	Lobata School (languages school)	Project not fully implemented. Second instalment payment has not been approved and the business is not operational.
Adjamilia Pledge	Mar (fishmonger)	Project with many delays in the construction works. The business is currently not operating. These problems were

⁷ Ecoblasa and Chocagalinha have won an additional prize of €500 and €1,000 respectively for being considered the best projects in the competition.

Promoter	Project	Current situation
		already reported in the latest monitoring reports with an indication that the business was already closed in May 2022.
Basílio Ceita	Selfie Plus (photo shop and reprography)	Business currently operational - provides self-employment. The entrepreneur would like to increase the working space, but the company's results do not yet allow for this investment.
Leidger Santos	Serramar (carpentry)	Business currently operational - it was not possible to gather detailed information on turnover although the latest monitoring reports from mentioned operational difficulties and reduced revenues and sales.
Cremildo Martins	ChocaGalinha (hen farming)	The entrepreneur has left the country and the business is not operational. This situation already reported in the project monitoring reports.
Maria Irene Cruz	Delicias da Cana (sugar cane products)	Business is operational- it was not possible to gather information on the turnover.
Leyli Quaresma	Quitutes da Mummy (coffee shop)	The original business idea is not operational anymore. The entrepreneur opened a new business in Agua Grande.
Kelly Vera Cruz	Natura Doxi (natural juices)	Currently the entrepreneur is not based in the country, as she is studying in Portugal. The business is run by her mother who has a small restaurant where the juices are produced and sold. The entrepreneur did not have detailed information about the current level of operation and the infrastructure is not suitable for the initial business idea.
Carina Lopes	Bakery	The business launch was delayed due to construction problems which have not yet been overcome - project is not operational.
Elísio Nunes	Ecoblasa (eco-friendly charcoal)	One of the most innovative projects, it is still operational. Current sales are about half of what they were last year, but the business is seen as one of the project's examples of success. The promoter is seen as a model entrepreneur in the country.
Abdulay Rosa	Coco Express	The entrepreneur did not acquire the planned equipment and the project is not operational.
Edmilson Luís	Cabrilait (milk production)	Land tenure constraints did not allow the entrepreneur to successfully implement his business idea. The business is no longer operating, and the entrepreneur left the country.
Diomiliter Semedo	BAUNISTP (vanilla production)	The project was successfully implemented. Considering vanilla production cycle, it is not possible to assess business implementation as the sales are yet to start.
Martins da Costa	Citrinos (citrus fruits)	The project was implemented, and the entrepreneur currently waits to have production to start selling.
Abdulay Paquete	Essências e sabores (soap production)	It was not possible to reach out to the entrepreneur. The collected information from different stakeholders is that the business is not operational.
Angela Diogo	Tropical Mix (natural yogurt and juices)	The business is currently operational. This a recent start-up as the municipal licensing was delayed for a long period. 4 part-time jobs were already created.
Euclides Neves	Livraria Non (Bookshop)	The bookshop is open and operational - sales results apparently are far from what was expected in the business plan. Nonetheless this is a business with obvious social relevance

Promoter	Project	Current situation
Carlos Paiva	Agro + (agribusiness)	The business idea was not implemented despite the disbursement of the total investment prize. There is no evidence of any investment by the entrepreneur.
António Bexigas	Trotibike (rent-a-bike)	Business is currently not operational.
Márcia Soares	Beleza Total (beauty salon)	The project did not receive the second instalment payment due to failures in project execution.
Paulina Portugal	Lavandaria Mão Amiga (laundry)	Projects in Principe Autonomous Region. It was not possible to assess their level of implementation and functionality
Ellner Aurora	Padaria Aurora (bakery)	
Edgelke Silva	Snack bar	
Elsa Pontes	Salting of fish	
Akinheith PAtício	Pastries	

The main findings of this innovation challenge are as follows:

- Despite a financial execution of 98.7%, it is believed that the beneficiaries and business selection was too ambitious and was not coherent with the capacity to monitor and mentor such a large number of projects.
- The small size of the local market would have recommended a more rigorous selection of projects. This would have contributed for a stronger capacity to provide technical assistance and business mentoring and would have contributed for a better survival rate of the business ideas supported by the project.
- Despite the fact that a very significant number of projects were not successfully implemented or are currently not operational, it is believed that the project proved that the support to young entrepreneurship can create new jobs, contributing to sustainable growth and development.
- The analysis of the business plans for many of the supported projects reveals a lack of in-depth risk analysis and an overestimation of revenue potential, which may have led to the financing of many economically inviable business ideas.
- The non-refundable financing model with the payment of the total investment prize at the project beginning (which happened in several of the supported businesses) may have led to a situation of lack of responsibility on the part of the entrepreneurs. Penalty mechanisms were not activated in cases such as Agro + (there is no evidence of project implementation) or the set of projects that did not receive the second instalment payment and this contributes to the perception of unaccountability.
- The exodus of young people to Europe is having significant effects in the social and economic context and it also had impacts on project implementation, as a large number of beneficiaries have left the country.

Lessons learned from the Start-up innovation challenge:

- The business incubation process requires close monitoring, mentoring and follow-up, which could only have been consistently implemented with a smaller number of beneficiaries.
- Regardless of the constraints, there is a group of start-ups that have survived. Despite not having the financial capacity to further develop and grow, these are able to guarantee self-employment or an additional source of income for the entrepreneurs.
- The strategy to support the launch of new businesses must be focused. Otherwise, there is the risk of losing confidence in the process.
- The analysis of new business ideas should include a careful and robust assessment of the business plans. In some business areas, it would be desirable to engage sectoral experts supporting the jury in the evaluation and contributing to fund viable economically viable initiatives.
- The success or failure of start-ups results from the commitment of the entrepreneurs but also from their profile and capacity to take risks. In some of the businesses, the revenues are weak, but the entrepreneurs have the financial capacity to wait for the business to consolidate and grow. This is due to the fact that these entrepreneurs have other main activities and investment capacity. On the other hand, young entrepreneurs in vulnerable situations and with less financial capacity are unable to take risks and need short-term revenues and incomes. This helps to explain the failure of some of the business ideas supported by the project.
- Penalty mechanisms must be set up and activated in the event of non-compliance, at the risk of bringing the process into discredit.

MUALA +

“Muala +” was aimed at promoting an increase in the technical capacity of businesses (start-ups and SMEs) led by women and increasing access to funding for businesses (start-ups and SMEs) led by women, especially those in vulnerable situations. The process was highly participatory, as demonstrated by the numbers of beneficiaries of the training and capacity-building actions. The project provided micro-grants to 36 women (out of 44 with approved projects), according to the following distribution by District:

District	Number of beneficiaries
Principe Autonomous Region	8
Água Grande	8
Cantagalo	8
Caué	4
Lembá	4
Lobata	4
Mé-Zochi	8

After the projects' approval, there was the need to review the costs associated with construction works and equipment as it was found that the amounts needed for the purchase of goods and services were substantially higher than the project approved amounts. This led to budget adjustments and to a reduction in the overall amounts available for some of the micro-grants. The most problematic consequence of this adjustment was the incapacity to effectively support the approved economic initiatives in Príncipe Island and to implement the approved construction works in Caué District.

Despite the constraints resulting from the large number of beneficiaries and considering the impossibility of visiting a significant number of projects throughout the country during this evaluation process, it was possible to have a representative sample through focus groups with a participation of more than half of the total beneficiaries. From these meetings, the main findings are as follows:

- There is widespread satisfaction with the project. Small businesses in commerce, food and beverages or services such as beauty salons or tailoring have benefited from the investment in equipment which has strengthened the productive capacity of the beneficiaries.
- On the other hand, there is widespread dissatisfaction with the quality of the construction works. All the interviewed beneficiaries mentioned that the construction works were of poor quality and many of them had already needed repairs. In one specific case, there is the reported situation of a wood-burning stove which, after project's intervention, resulted in less productive capacity than before. This situation has negatively affected the beneficiary's activity (Osina Miguel). Given the requirements associated with guarantees from UNDP's contractors, it would be desirable to activate these guarantees in order to overcome any problems that may remain. Similarly, some communication problems with UNDP were reported, especially after the end of Territórios Criativos contract. Considering that this team was responsible for liaising with the group of project beneficiaries, a gap was left after their departure. This gap was not properly filled and some of the situations now reported could have been resolved in a timely manner if better communication channels had been in place.
- The inability to support project beneficiaries in Príncipe Island and to implement the approved construction works in Caué District are negative aspects of the intervention.

Lessons learned from MUALA+:

- Small-scale funding for women usually promotes positive results in terms of income generation and family well-being improvement.
- Financial support should be followed by a process of monitoring social and economic effects at family level. The project did not implement this kind of monitoring tool but it can represent an added-value in future interventions.
- As with “Empreende Jovem”, Muala + would have benefited from a more limited number of beneficiaries. This would have allowed for a closed monitoring and supervision by the project team.
- Mutual trust and the ability to communicate in an open and transparent way are decisive to projects’ success. On the contrary, if the projects are not able to fulfil beneficiaries’ expectations, this can contribute decisively to project failure. The inability to support approved projects in Principe Island and Caué District as well as the various adjustments in the micro-grants’ overall values, do not represent a best practice and should be corrected in future projects.
- In a context of crisis such as that resulting from the COVID-19 pandemic and the subsequent political and military instability reflected globally, micro-grants can play an important role in creating jobs and income. However, a long-term solution requires the development of micro-financing solutions that guarantee access to small loans at controlled costs, while promoting the accountability of beneficiaries and greater discretion in the approval of projects to be supported.

Value Chain Project

The project aimed to promote inclusive growth and economic diversification by supporting the development of niche and high-value agribusiness value chains, promoting companies' export capacity, and helping to improve the business environment.

The following components were envisaged: 1) Increasing the local quality of agribusiness production; 2) Increasing the production of high-value crops and promoting them through access to international markets; 3) Technical support to overcome bureaucratic barriers to export and trade and 4) Lowering domestic barriers to agricultural exports by adopting dispute settlement mechanisms and expanding e-government services.

The expected outputs and results achieved can be seen in the table below:

Value Chain Project			
Expected Output	Indicators	Target	Results Achieved
Output 1 - Increasing the quality of local agribusiness production	1.1 Number of SMEs strengthened and well positioned in the market (internal and external)	20	23 companies have been selected for support through investment packages designed for each of them. The level of implementation of these investment packages has so far been low.
	1.2 Number of SMEs with a well-established growth plan	20	
	1.3 Number of SMEs with modern equipment in their processing chains	10	

Output 2 – Increased production of high-value crops	2.1 Number of SMEs certified or ready to be certified in HACCP, Gluten Free, Organic or other internationally recognized standards	10	2 companies in the process of HACCP certification - it is not clear at this stage whether they will complete the certification process ⁸ 9 companies already have BIO certification without project's support. 7 other companies have been integrated into a bio certification program, but only two of them are likely to be certified (KUAL and FIGUEIRA LDA) ⁹
	2.2 Number of trading partners interested in STP products	20	There is no available data to measure the achievement of this indicator.
	2.3 Percentage of supported companies that increase their exports	75%	There is no available data to assess the achievement of this indicator. However, the decision to expand the number and type of beneficiaries made this target impossible to reach.
Output 3 – Targeted technical support to overcome bureaucratic barriers to export and trade in the country	3.1 Digital External Trade Portal	1	Digital Portal was developed but it is not operational
	3.2 Export Roadmap with procedures developed and disseminated	1	Roadmap not yet developed
Output 4 – Lowering domestic to agricultural exports	4.1 Arbitration Center created and in operation	1	The Arbitration Centre building has been built, but its operation is dependent on the training of specialized technicians to guarantee its operation, and it is necessary to mobilize external partners to finance this process and to operate the structure in its initial phase.
	4.2 Legal information and advisory services available	1	The project did not develop actions leading to this goal
	4.3 Number of SMEs receiving information and communications technologies support	20	Training at REINA in the areas of financial management / accounting, marketing and communication

In the early stages of project implementation, an external consultancy firm (CESO CI) was hired to define the support packages to offer to each of the beneficiary companies. In this process, 4 groups of companies with different operational profiles and degrees of business maturity were defined from a list of companies that had expressed their interest in being part of the project: 1) companies that are able to export their products to

⁸ Companies have already received the certification company's report identifying the improvements needed to obtain certification.

⁹ Idem

international markets; 2) companies with the potential to achieve formal exports in the short term; 3) companies focused on informal exports to tourists and external visitors; 4) companies focused on the domestic market. Some companies were also classified in a fifth group which grouped all the companies considered not to have the minimum requirements to be supported by the project. This categorization of companies, led to a proposal from CESO CI for the project to focus on groups 1 and 2 as a way of fostering the ability to achieve robust results and concentrate financial resources on the companies with real export capacity. This proposal was discussed in the steering committee and was not approved, being decided to develop a program with tailored support packages for all 23 companies integrating groups 1 to 4. This decision led to a dispersion of resources that would decisively affect the effectiveness of the action. Following this decision, memorandums of understanding were signed between the government and the beneficiary companies, which included the support package to be provided as well as a set of social and economic commitments with targets (linked to the SDGs) to be achieved by the companies.

Group	Company
1. Companies with formal export capacity	Valudo Cooperativa of Pepper Producers (CEPIBA) Zuntabawé Vanilha STP
2. Companies with potential capacity to achieve formal exports	MG Importação e Exportação (Leão) Fluta Non KUAL HBD ELAGRIC CECAFEB EFRAIM V&V Industrial CAISC
3. Companies with focus on informal exports	Zaza Coconut Muala Sabores de São Tomé
4. Companies with focus on the domestic market	COOPAPIP (Príncipe) – Cooperative of honey producers Englobe Café Joãozinho Figueira STP CHIPS ISA Tentação Qua Lhé (Príncipe) Cooperativa Mina

Project effectiveness was therefore compromised by the fact that the support packages were not focused on companies that could contribute to the project's core objectives, and instead have dispersed resources for a large number of companies focused on the domestic market and unable to achieve the international markets

Activities	Expected outcomes	Evaluation Findings
<p>Agribusiness Support Services</p> <p>Training in certification of agricultural products</p> <p>Export Portal</p> <p>Improvements in the arbitration center</p>	<p>Improved access to the international markets</p> <p>New and diversified trade partnerships</p> <p>Increased quality and value of local agribusiness production</p> <p>Reduced domestic barriers to agricultural exports</p>	<p>High relevance of the project objectives and initial strategy:</p> <p>The strategy of expanding the number of beneficiaries led to a reduction in the project focus on exports. It also led to a reduced capacity to promote consistent results.</p> <p>Most of the beneficiaries mention that the project has brought them reduced benefits and did not fulfil their initial expectations.</p> <p>There is no evidence of any relevant effects resulting from the project in terms of improved access to international markets, new and diversified trade partnerships, or increased quality of local agribusiness production (there are exceptions that will be detailed throughout the report).</p> <p>The project's implementation methodology, centralizing acquisitions in UNDP's country office, represented an additional constraint that hindered project effectiveness.</p> <p>Activities designed to support the lowering of export barriers have begun to be implemented but have not been finalized, requiring complementary support to produce effective results.</p>

According to the most recent data provided by the UNDP country office, around 359,000 USD have been invested in the business support packages. However, this high level of investment did not have a direct impact on the project key expected outcomes: better access to international markets, greater ability to attract commercial partnerships and improvement on local agribusiness production. This is primarily due to the fact that the support was dispersed over a large number of companies with very different operational profiles. Moreover, a significant portion of this support (mainly equipment) has yet to be delivered to the beneficiary companies.

Although the incorporation of some companies into certain groups was not always clear and evident¹⁰, it is believed that the choice of the first two groups of companies would have been a more appropriate strategy to achieve the expected results and objectives. This is one of the key factors that explains the project's fragile effectiveness.

On the other hand, the process was too long and had a series of adjustments which made it difficult to manage expectations and integrate project support in the company's planning and operational processes. Some of the companies have invested time and resources in defining investment plans that could be supported by the project considering a certain level of project investment and at some point of the process, the available budget and requirements for support changed and the initial expectations were not met.

As the support strategy was adjusted over the course of the project, some of the rationale behind CESO's definition of support packages was lost and the support ended up being directed towards areas that were not considered priorities by some of the companies. Moreover, it was difficult to define a coherent strategy for a group of companies with very different profiles and levels of operational maturity. This situation led to the

¹⁰ Case of the incorporation of CAISC, a company in its initial phase of operation, into group 2

withdrawal of one of the companies with the greatest export potential (Zuntabawé) and to the gradual distancing and disinterest of other companies such as Valudo and Vanilha, also from group 1.

Relevant actions such as HACCP training could have had a greater impact if they had been planned at the start of the project and could have contributed to the definition of the support packages. At this stage, training is relevant for raising awareness among companies (especially in groups 3 and 4), but it is unlikely to lead to certification processes. Moreover, this process allowed to identify fragilities in the production chain but at this stage it will not be possible to redirect the support packages to correct these fragilities.

One of the main factors contributing to the perception that the project had limited positive effects is the significant delay in the acquisition and delivering of the equipment included in the support packages. Most of this equipment was not distributed by the time of the field visit. Another additional constraint is the apparent lack of communication between UNDP country office and the beneficiaries with some of them no longer expecting equipment that was already acquired by UNDP and others with no certainty of what kind of support they will receive. This poses additional difficulties for companies and could lead to situations in which some of them no longer need the equipment they originally required.

The financial mechanism used in this project proved to be an additional constraint. The beneficiary companies presented their investment priorities, including a technical description and a budget. Nonetheless, there was no direct financing from UNDP to the companies and all the acquisitions were centralized in UNDP country office, following UNDP's procurement procedures. This led to completely different budgets, far above the values initially indicated by the companies. Not being able to fulfil the initial expectations, UNDP progressively adapted the support packages, often losing their rationale. Examples are the purchase of an electric generator for EFRAM instead of a coffee roasting machine, or the purchase of a new electrical switchboard for VALUDO instead of the renovation of the production infrastructure.

Similarly, some of the consultancies hired have brought limited benefits to the beneficiaries. In some cases, these consultancies are seen as an external choice, and this does not support the required participation and ownership by the beneficiaries. Examples are the consultancy on brandy / spirit drinks or the consultancy on labelling and communication tools.

The support to the acquisition of materials or construction works is also questionable, especially when there are no guarantees that the entrepreneurs have the necessary complementary funds to effectively construct or rehabilitate the infrastructure. This can be exemplified in the case of the Figueira company or MG Import / Export, where the provided materials did not result in the construction works being completed.

It is also believed that some of the support packages are not proportional to the company's annual turnover. This situation was exacerbated by the permanent changes in the support packages, which led to situations of imbalance among beneficiaries. Examples are the support packages for companies in groups 3 and 4, which provided for 15,000 USD of investment when most of these companies have lower revenues than this on an annual basis. This situation is aggravated by the renegotiation of packages which will result in situations such as that of "Sabores de São Tomé". This company will benefit from an investment in equipment of around 30,000 USD¹¹ when it was also a beneficiary of "Empreende Jovem" and even so, does not have its new infrastructure constructed. There is a risk associated with this level of support and it can create a situation of unjustifiable imbalance in relation to other beneficiaries, especially considering that some of them will have very limited or no support until the end of project implementation.

¹¹ See table below.

From this perspective, it can be concluded that the support packages will have limited impact on companies, despite the high volume of investment. In this context, it is believed that activities such as international visits, producers exchanges or the participation in international events are the ones with the greatest capacity to leverage national companies. Nonetheless, it is important to mention that even in these activities, the companies in position to have concrete benefits are those with capacity to export to international markets. Otherwise, the contacts established will not give rise to any commercial partnership due to lack of products to export. Once again, from this perspective, it is important to ensure that the activities are implemented with focus on project objectives and in a sequential, strategic, and coherent manner.

Even considering the above-mentioned constraints it is believed that if all the equipment included in the support packages is acquired and distributed, some of the beneficiary companies in groups 3 and 4 (focused on the domestic market) could see an improvement in their production process. Given the current level of implementation, it is not possible to assess this impact at this stage.

Analysis of the support packages allocated for groups 1 and 2¹²:

Company	Total amount of support package
Valudo	29,901.42 USD
Valudo initially requested support to the rehabilitation of a section of its production centre and/or the introduction of a new product line such as palm kernel oil. After successive adjustments in the support package, it ended up being supported participating in Biofach (an event in which it already regularly took part with its own funds) and with the acquisition of an electrical switchboard worth around 20,000 USD. It is believed that the project support to a company such as Valudo can be justified by its ability to attract and aggregate other local companies and add value to an entire value chain. However, this support must have clear commitments from the company and must be given in areas / actions that the company would not otherwise be able or will implement by itself. This does not seem to have been the case with the support provided.	
Vanilha	25.823,67 USD
The most important benefit of Vanilla's participation in the project was the exchange visit to Reunion Island. The company considers that the participation in the project did not bring significant added value for the company, as it did not benefit from the HACCP training (the company paid for similar training in France) and the brandy expert and the communications consultancy are considered to be non-priority support that brought limited benefits.	
CEPIBA	24.845,43 USD
CEPIBA benefited from the participation in BIOFACH and an exchange mission to Cameroon, as well as from image and communication support. Considering the product quality analysis carried out with project support, there is an urgent need to improve the production process as a priority action. Otherwise CEPIBA will not have the conditions to reach demanding markets.	
MG Importação / Exportação	29.211,14 USD
The support package was essentially focused on the priority action identified by the company (Tests and Analyses for the Cosmetics Market) and in that sense, this was one of the most successful investments in the program. It allowed to open new markets for the company's products. The company was also supported with building materials for a future laboratory.	

¹² The table should be analysed considering that the final packages agreed for the companies were of 25,000 USD for companies in groups 1 and 2 and 15,000 USD for companies in groups 3 and 4

Kual	23.855,10 USD
<p>The action with the greatest impact on the company was its presence at Expocachaça in Brazil. This opportunity which led to a learning process that has resulted in changes in the production process. The company also benefited from the advice of a brandy expert, although this advice is considered to have been poorly adapted to the needs of each of the companies. Other benefits from the participation in the project were HACCP training and the acquisition of an alembic still (which was not yet delivered and about which the entrepreneur had no information). The company is also in the process of receiving BIO certification.</p>	
Fluta Non	14.620,43 USD
<p>The most significant support was the supply and installation of the water management equipment. Nonetheless, the delays in the supply process could jeopardize the HACCP certification process.</p>	
Firma EFRAIM	24.520,21 USD
<p>The company's priorities included reinforcing its equipment to improve the production process, training in "coffee cupping" and "SCA cupping test" and certification as the key elements for improving export capacity. Effective project support ended up being the participation in Biofach, communication and image support and the purchase of an electric generator (still not delivered). At this level, it is believed that although relevant, the support given to this company failed to meet the strategic elements initially defined.</p>	
CECAFEB	29.440,92 USD
<p>Likewise, EFRAIM, this company defined priorities such as the improvement of processing equipment, training in coffee cupping and certification. Most of this support was not implemented as initially expected. The project supported the participation in Biofach and a densimetric table was purchased (not yet delivered).</p>	
V&V Industrial	1082,41 USD
<p>The strategic support to this company was related to investment in new infrastructure. Since the service procurement model involved direct contracting with the UNDP, it was concluded that the support would not be viable, so the support granted to this company was limited to participation in HACPP training, which could not result in certification given the current conditions of the production unit.</p>	
HBD	8.872,65 USD
<p>Project support was limited to the participation in BIOFACH.</p>	
CAISC	10.038,44 USD
<p>The initial proposal was based on modernizing the production structure and strengthening the links with small producers. The support effective support was limited to the participation in Biofach and training in food quality and hygiene</p>	

Analysis of the support packages allocated to companies in groups 3 and 4:

Company	Total amount of the support package
Zaza Coconut	9,236.08 USD
<p>The support package proposed by CESO included restructuring the production unit and purchasing new equipment. The equipment purchased has not yet been delivered. The company benefited from training in HACCP and support to marketing and communication.</p>	
Muala	6.553 USD
<p>The support package proposed by CESO included modernizing the production structure. The equipment purchased has not yet been delivered. The company benefited from training in HACCP and support to marketing and communication.</p>	
Sabores de São Tomé	37,981,65 USD
<p>So far, project support has been limited to training in HACCP and support to marketing/communication. Nonetheless and according to UNDP's information, there was a very high investment in equipment to be delivered to the company. The overall value of this equipment is considerably higher than initially planned, turning this company the one with the largest investment in the Value Chain project. Considering that this company was also a beneficiary of "Empreende Jovem" and even so, has its new production infrastructure unfinished, this investment is considered to be questionable and highly risky..</p>	
ELAGRIC	2.280,79 USD
<p>The support provided focused on HACCP training. The set of equipment included in the support package was not delivered. According to UNDP information, only one refrigerator was purchased, and it should be delivered in the second half of 2023. This kind of support results in a limited capacity to leverage the company, whose initial priorities for action were market research and the rehabilitation of its production unit.</p>	
Tentação	13.900,74 USD
<p>So far, the company had limited benefits from the participation in the project. Nonetheless, according to UNDP information most of the initially requested equipment were purchased and will be delivered by the end of 2023, contributing to one of the company's priorities.</p>	
Isa Chips	0 USD
<p>The company did not receive any support throughout the project, apart from the participation in training sessions promoted in REINA.</p>	
Englobe	22.912,40 USD
<p>The support provided will respond to the priorities defined in the support package. On the one hand, the participation in the Expo Cachaça in Brazil represented an important opportunity to learn from experienced producers and their production processes. On the other hand, the company was included in the consultancy work of the brandy expert (whose consultancy has questionable benefits for this specific company). The alembic still was purchased but has not yet been delivered.</p>	

Qua Lhe	4.140,46 USD
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The strategy to modernize the company's equipment has not yet had effective results, but the equipment purchased by the UNDP will be delivered by the end of 2023.

Cooperativa Men Mina	3.141,23 USD
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The strategic priorities for this company were related to the investment in new processing equipment. The support to be granted now focuses on materials for construction works (not yet received by the company), and the rationale for this support and its effective impact are questionable.

Café Joãozinho	0 USD
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There was no support to this company, and the roasting machine defined as a priority by CESO's consultancy was not purchased.

COOPAPIP	14.900 USD
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The project's support focused on the priority identified by CESO (knowledge transfer) by hiring a beekeeping expert. In this case, the strategy initially defined is considered to have been fulfilled.

Figueira Lda	22.897,97 USD
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The company had important benefits from participating in UNDP program, combining support from the Value Chain project with support from "Empreende Jovem". The most significant benefit for the company came from taking part in Expo Cachaça in Brazil. Similarly, the eventual BIO certification will strengthen the product value. Nonetheless, at this level there will be limited benefits in the short term as the product is mostly sold in bulk to the local market. The rationale for the construction materials support is questionable since it does not guarantee an immediate benefit. The roof for the new processing unit was supported by the UNDP, but the infrastructure is far from being finished and operational and there is no prediction that this will happen at short term.

Lessons learned from the Value Chain project

- Communication and transparency are key elements to building a trustful relationship with the private sector. Changes to the initial agreements regarding support procedures or global amounts available for each company do not contribute to create confidence in the process and can jeopardize the results and objectives of the project.
- Delays in implementation are not compatible with the reality of private enterprises. There is a constant evolution of the context where the private sector operates, where today's needs are not the same as tomorrows. Therefore, it is necessary to define the implementation model before the negotiation process begins.
- The definition of eligibility criteria for companies to be supported should be clear for everyone. Supporting larger companies can be an interesting strategy if there are economic, social, or environmental objectives that will benefit from the fact that a larger company is engaged and can leverage the value chain or is able to aggregate value with spillover effects to other local companies, creating additional revenues and jobs. In such cases, the definition of selection criteria should be clear and objective and must be openly communicated.
- Projects need to be implemented with a coherent action plan and with a sequential planning of activities. The incapacity to link different activities and focus on project objectives limits their usefulness and effectiveness.
- The centralization of the procurement process in UNDP's country office proved to be inadequate to the reality of the local private sector and alternative models should be considered in the future. At this level, project should adapt their methodologies to the context and needs of the beneficiaries. A model such as the Innovation Challenges practiced in "Empreende Jovem" could be tested in future interventions.

Efficiency



One of the program's most critical elements is its efficiency. At this level and despite some existing problems, it is important to highlight the importance of the direct investment in small and medium enterprises, young entrepreneurs and small businesses led by women. UNDP's program in support of the private sector in São Tomé and Príncipe channelled around 1,000,000 USD to these target groups, through different innovation challenges launched within the projects "Empreende Jovem" and "MUALA +". This represents a strong investment in the country's main asset, its people, and deserves to be positively highlighted.

The key elements affecting program efficiency are the following:

- The launch of innovation challenges and the selections of business ideas to support was not always the most objective, leading to the approval of a large number of projects, not all of them coherent with the innovation challenge objectives and many of them with reduced economic viability. This made it very difficult to monitor and follow up all the supported business, limiting the capacity to anticipate risks in some of them.
- Despite the difficulty to monitor the large number of projects, there is a widespread recognition of the importance of the project's consultants/mentors in developing business ideas and encouraging

their launch. At this level, there is widespread satisfaction with the support provided.

- The small size of the local market and the risk associated with launching small businesses in São Tomé and Príncipe would have advised selecting and supporting a smaller number of projects. This could have been done through different phases of support that allowed to reinforce the initial investment cycle. This is especially relevant in which regards start-ups. Some of them are able to survive their early stages of operation but keep on not having the capacity to grow. At this level, the selection of a lower number of beneficiaries and the capacity to finance different investment cycles could reinforce the capacity to support this process.
- The management of the investment support and related expenditure control and supervision was overall positive. The financing process is well documented with evidence of the implementation of the different stages of the financing process: call for proposals, project selection and project monitoring and supervision.
- Nonetheless, no consistent penalty mechanisms have been developed or activated in the event of non-compliance and this has helped to build up a perception of unaccountability leading to the of discrediting the process. The number of cancelled contracts is residual and even in those cases, there was no return of the received funds. One of the most illustrative cases is the project Agro+ (start-up innovation challenge) for which there is no evidence of implementation although the total value of the investment prize was transferred to the entrepreneur.
- There are several success stories in the different innovation challenges, which shows that the model can have positive results in terms of income generation and job creation. However, a greater capacity to focus the support in a limited number of innovative projects would have allowed to reinforce the investment in successful initiatives, contributing for the emergence of sustainable initiatives. Many of the supported initiatives are being able to survive but do not have the financial and technical capacity to grow. Business incubation has to include the mentoring and supervision process during the first years of implementation but this would require additional time and greater focus on fewer beneficiaries. The process could also benefit from the stronger engagement of national mentors being these recognized entrepreneurs who could pass on their experience and support young entrepreneurs in implementing their business ideas.
- Regarding REINA, it is important to recognize the importance of its creation. This should be seen as a decisive step towards supporting entrepreneurship in the country. However, REINA's management model has not yet been clarified and will benefit from a greater autonomy and capacity to search for additional funds and partnerships from its management team.

Despite some negative points mentioned above, “Empreende Jovem” is considered to have had a positive cost-benefit ratio as it brings a new approach to supporting the country's economic and social development, there is an associated learning process and there are several targets that have been successfully achieved. The project allowed a strong direct investment in small national enterprises and young entrepreneurs and the capacity of this support to create jobs and income has been proven. However, it will be essential to correct failures and negative approaches in the next phases in order to ensure greater efficiency and effectiveness.

Similarly, project “Muala +” had a positive cost-benefit ratio, even considering the bureaucratic procurement process and the failure to financially support all selected beneficiaries and their businesses.

It's also relevant to highlight the significant loss of resources allocated to the program's projects as a result of their non-implementation until the end of 2022. This has created major constraints on the fulfilment of agreements and has affected the relationship between UNDP, project teams and beneficiaries.

The Value Chain project presents a less positive cost-benefit ratio, which is evaluated as unsatisfactory.

Such circumstance is the result of less successful strategic choices that have progressively diluted the effective capacity to promote structural changes and achieve project's objectives. Considering the main project objective of supporting agribusiness exports and access to international markets, support should have been given to companies with the capacity to leverage project investments and effectively reinforce their presence in the international markets, creating local jobs and contributing to the national sustainable development. By dispersing the available budget by a large list of beneficiaries with different business profiles, the project was not able to define and implement a coherent strategy. Moreover, the companies with the greatest capacity to leverage the agriculture value chain have seen the initial available budget reduced and the expectations initially created by the project were not met. This led to a gradual loss of interest in the project by this group of enterprises.

Delays in project implementation are an additional factor that contributes for the project's low efficiency. This fact, combined with some communication problems between the UNDP and the beneficiaries, did not allow to create an open and trustful relationship between the parties. In fact, to date, most of the equipment requested by the beneficiaries (representing a significative portion of the budget allocated to support packages) has still not been delivered and this compromises the whole logic of the project.

The centralization of the procurement process in UNDP country office proved to be not adapted to the needs of the beneficiaries. In fact, many companies did not saw their priorities supported and at this level there is some lack of ownership of some of the project activities by some of the beneficiaries. Considering the common nature of the support packages, UNDP country office have decided to promote grouped purchases of goods and services, covering elements of different support packages in the same procurement order. This has led to a long procurement process (still ongoing) and did not allow the enterprises to use their procurement systems, globally moder flexible and agile. This procurement process proved not to be the most suitable, as todays priorities (such as equipment) may no longer be so after six months or one year. It can happen that the company has already moved on to another infrastructure, purchased the equipment with their own funds or simply are in a different stage of operation.

There are companies that have received support in line with the project's objectives (such as MG, KUAL) and are now better prepared to access the international market. However, at this stage, these cases do not represent the majority of beneficiaries. Some of the companies with a greater export capacity have not seen their priorities been implemented (one company even dropped out of the process due to a change in the conditions initially agreed) and some of the smaller enterprises may benefit from the equipment purchased (most of it still to be distributed) reinforcing their capacity to operate in the national market. However, it is important to recognize that most of these small enterprises will not be able to achieve the international market due to reduced volume of production, lack of certification or even for not complying with the international markets' standards. The delivery of the equipment provided in the support packages (forecasted to the second half of 2023) can improve beneficiary satisfaction, which at this stage is globally negative.

In this context, it is believed that the positive impacts on some of the enterprises could have been made at a substantially lower investment cost. The volume of investment is substantial (over 350.000 USD) but with limited effects so far. This is further exacerbated by the lack of effective linkages between activities in a

coherent and sequential logic. From this perspective, it is believed that the work initially carried out by CESO has lost its relevance as the support packages and the strategy associated with them have gradually been adjusted and dispersed. An example would be that one company in group 3 (Sabores de São Tomé) is the company with the biggest financial support from the project, while other selected beneficiaries will have reduced or even no investments from the project.

Given the relevance of supporting job creation within the private sector, it is believed that the major constraints in project's efficiency were:

- i) the decision not to focus the support on a smaller number of companies that are more structured and prepared to export.
- ii) the procurement process through UNDP services - this model proved not to be efficient and suitable for the project's objectives. In future initiatives, an alternative model for supporting exporting companies should be considered, for instance the Innovation Challenges, in which companies would be supported to implement innovative projects that would leverage their value chain. This would necessarily have to include the definition of a set of social, economic or environmental agreements to be fulfilled by the beneficiaries. The capacity to monitor these agreements must also be assured. Likewise, Technical Assistance for the implementation of the support packages would be desirable.

Sustainability



Regarding sustainability, it is important to assess different project components. When considering the support to young entrepreneurship it's important to highlight the importance of REINA's creation and operationalization. REINA and its two business incubators are central spaces from where it will be possible to multiply the effects of "Empreende Jovem" and continue to develop projects and initiatives aimed at supporting young entrepreneurship in the country.

However, REINA's sustainability will depend on its management model, still to be clearly defined. After the business incubators construction, a consultancy firm was hired to manage and the business incubators. The selected firm was "Territórios Criativos" but in fact the consultants were mostly the same as the consultants working for UNDP in the project "Empreende Jovem". At this level, there was a continuity in the process, in the project management and in the follow-up of project beneficiaries. With the closure of this consultancy contract, REINA's management was taken over by the current General Directorate General for Entrepreneurship, which currently has its offices in REINA's central incubator in São Tomé. A new tender was launched in July 2023 aiming at hiring a consultancy to support national efforts in REINA's management for an additional year. However, it is believed that it will be decisive to agree on what kind of management model should guide REINA in the medium term. It does not seem sustainable continuing to hire consultancy firms for short periods of time and mobilizing international partners funds for this. At this level, the options to consider are: i) a concession model (public-private partnership) in which obligations and performance targets are clearly defined and there is a private entity responsible for the management process; , ii) a public management assumed by the General Directorate of Entrepreneurship in which its team is trained and reinforced to take over management in the medium term. Considering São Tomé and Príncipe's institutional fragility and the constant turnover in public bodies, this option is considered to have significant risks. REINA's current

operational status is illustrative of these institutional constraints in boosting REINA¹³. This is a debate that needs to be promoted since it will influence the support model and the strategy to be developed by UNDP and other development partners.

The sustainability of the investments in national entrepreneurs will depend on the capacity to mobilize financing in a way that the early stages of project implementation and different cycles of growth and investment can be consistently supported. REINA will undoubtedly have an important role in providing training and capacity building activities for the local entrepreneurs. However, the access to credit / financing in São Tomé and Príncipe is the main factor constraining the development of new business ideas or the economic growth and development of existing businesses.

At this level, the government has launched a credit line to support young entrepreneurship in partnership with BISTP. The business ideas must be validated by the Directorate of Entrepreneurship in a first stage and by the Bank itself in a second stage of project selection. So far, only three applications for funding have been sent to BISTP, but it was not possible to confirm the approval of any of them during this evaluation process. In a credit line of 1.000.000 USD, the interest rates and required guarantees continue to represent major obstacles to financing the country's private sector.

Business incubation requires medium-term mentoring and monitoring capacity and the ability to engage different partners in this process. This should be seen as a priority for action in the short term. At this level, the creation of a fund to support local entrepreneurship could be considered, combining non-refundable seed funding for start-ups with innovative business ideas with refundable financing at zero or reduced interest rates for existing businesses. This would allow to create a rotating fund and to reinforce the capacity to reach additional beneficiaries. Whatever the financing support model, it is decisive to reinforce the capacity to select economically viable or socially relevant projects and monitor their implementation. At this level, the engagement of experts and mentors who share common values and can build a trustful relationship with the young entrepreneurs could be one of the ways to strengthen REINA's consolidation process.

The definition of REINA's target group is also a relevant aspect to consider. Youth and women should continue to be priority targets for REINA's action. Nonetheless, considering the specific context of São Tomé and Príncipe, the reduced size of the local market and the lessons learned from the projects already implemented, it may be relevant to foster REINA's role as a fundraiser to accelerate or promote innovation in existing businesses in central areas for the country's development (digital innovation, agricultural export sectors, tourism or renewable energies). At this level, it is believed that the strategy should be focused in supporting a limited number of beneficiaries with the capacity to leverage their value chains and promote real innovation. Also at this level, the fundraising capacity will be decisive and the creation of a fund to support local entrepreneurship could be considered.

Regarding to initiatives such as the Entrepreneur Portal, it is believed that the current Entrepreneurship Directorate has not taken ownership. Currently this website works as a repository of actions developed by "Empreende Jovem" and is not used as an active instrument. At this level, it is important to mention that changes in the government and in the public bodies can have relevant impacts in project implementation.

Regarding the project "Value Chain", the key challenge will be to regain beneficiaries' confidence and engagement through a clear and transparent communication with them. This will be decisive to developing

¹³ Although one-off initiatives such as training in small business management continue to be in demand, as demonstrated during the field visit carried out as part of this evaluation.

future support initiatives for the private sector that can have an effective impact on this target group. The companies participating in the project have different operational profiles and different needs. Companies such as Valudo, which has a turnover of over €1,000,000 per year can be supported but only if this support can have clear social and economic benefits for the country. The support to the international participation in international events can contribute to the projection of national brands, leveraging other national companies in this process. The investment in socially or environmentally relevant business areas that the company would not otherwise invest can also be considered as a strategic support to leverage local economy. Other types of support that can have clear agreements in terms of benefits for local producers, partner companies or other social and environmental benefits can also justify the support to companies such as Valudo. This was not the case with “Value Chain” project. Companies such as Vanilla, MG and Zuntabawé are still small enterprises but have great export potential. Support packages such as the one provided to MG, targeting investment priorities that allowed the product to reach new international markets should be the way forward, and most of these companies could support refundable financing models such as loans at affordable interest rates.

Cooperatives such as CEPIBA and CECAFEB have benefited from large amounts of financial support over the years, but their export levels remain very low. At this level, improving the production process and the quality of export products (pepper or coffee) will be decisive. Considering the large number of members in these cooperatives, there is a potential significant impact resulting from the support provided. Nonetheless, these cooperatives require not only equipment and infrastructure investment but mainly strategic support and technical assistance to be able to leverage the great amount of investments received all over the years.

Most of the beneficiaries of this project are focused on the domestic market. These companies have a set of investment needs that would require a different approach as they are not ready to export to international markets. For this group of companies, the improvement in the production process and eventually HACCP certification could represent a first stage of support. Nonetheless, this would require high infrastructure investments which companies with an annual turnover of up to 10.000 / 15.000 USD are not prepared to support.

Regarding actions aimed at lowering barriers to exports, the first steps have been taken and the foreign trade portal is under construction. Different public departments are gathering information and will develop a mapping of the main export barriers. From this work, it will be possible to work on an advocacy strategy and in the mobilization of experts who can support the dialogue and coordination of different stakeholders to engage in the process and the design of specific proposals to overcome these barriers. This process will have to be further supported by UNDP or other international partners as the process is not concluded.

It's also important to highlight the relevance of the construction of the Arbitration Centre and the coordination CCIAS at this level. These were fundamental steps, but they represent an initial stage that must be consolidated in order to make the Arbitration Centre truly functional. From this point of view, the training of “referees” and the financing of the early stages of operation will have to be supported by external partners, in the absence of national capacity to do so.

Cross-cutting evaluation issues

The program has made a significant contribution to creating inclusive opportunities for economic and social development. Initially, it channelled relevant funds to respond to the effects of COVID-19 pandemic, fostering a set of social businesses in a context of uncertainty. The economic viability of many of these businesses / projects was fragile and most of them are no longer operational. Nonetheless, this represented an opportunity to capitalize some local enterprises and to develop innovative initiatives such as online delivery platforms, Dobra Digital payment system (still in the initial testing phase), the production of ethyl alcohol or the local production of soap.

The program tested different models for the support of the local private sector. Some of them were targeted to existing companies and others to the launch of new business ideas. The project ambitious targets led to supporting a wide variety of entrepreneurs and companies with different operational profiles and needs. Better established companies with a clear strategic vision took advantage of the financial support to strengthen their businesses and to reinforce some of their business areas and leverage initiatives with great potential for job creation (Vanhá's used project's financing to improve its touristic offer, creating a relevant number of jobs). Moreover, financial support was also provided to initiatives promoted by entrepreneurs with autonomous investment capacity that took the project's opportunity to invest in new business areas or new products (examples of TropicalMix or Braincell). Simultaneously new small-scale business were financially supported and this support allowed to create self-employment (some examples are Selfie-Plus, Tinteiros e Soluções, Ecoblasa, BAUNISTP). Therefore, the program ended up having an inclusive approach, supporting established entrepreneurs and businesses, but also developing instruments that also benefited young people without the financial capacity to invest in a business of their own.

"Value Chain" project also sought to follow the principle of "leaving no one behind", supporting a large number of companies with different operational and economic profiles. While this strategy can be considered to have contributed to greater inclusion, engaging companies at different levels of operational maturity and financial robustness, it's important to highlight that it has also led to a reduction in project efficiency and effectiveness.

Overall, the implementation of the program has made a relevant contribution to the fulfilment of social and economic rights.

Regarding gender equality, the program is considered to have made a significant contribution both as a result of having promoted a specific project to support small businesses led by women, which provided significant micro-grants to local entrepreneurs (despite some weaknesses in implementation reported in previous sections) as from the fact that around 50% of the entrepreneurs registered with "Empreende Jovem" were women.



Conclusions

1. UNDP Program achieved important results which **demonstrate the relevance of promoting economic and social development, including employment for young people and women, with the support to economic initiatives led by the private sector.** At this level, it is worth noting that around 1.000.000 USD was directly transferred to supported economic initiatives from local entrepreneurs. In a learning process such as the one under the present evaluation, it is important to value success stories, to identify critical failure factors and to correct them in future phases of the program.
2. By making entrepreneurship and support to the private sector a strategic priority, UNDP is leveraging the **mobilization of additional resources and the consolidation such objective as a political priority.** The construction and operationalization of REINA and the visibility associated with the program implementation have put this topic on the political agenda and have strengthened the ability to mobilize complementary support from other development partners.
3. The learning and experiencing process that coming from the implementation of this program reveals **the need for a greater focus on the objectives of the actions in order to enhance the achieved outcomes.** At this level, it is essential to **define a smaller number of beneficiaries and improve projects' efficiency and consistency.** The program has proven its ability to support job creation through young entrepreneurship, but its **dispersion and management model have led to significant cases of business failure or non-compliance that can discredit the process.**
4. **A significant number of the supported businesses represented high-risk investments, which weren't properly assessed.** In future interventions, the assessment of business plans should be more careful and robust.
5. Many of the companies with the best results in the program **could use low-interest loans as an alternative for their growth and business development, without needing to rely on non-refundable financing schemes.** Nonetheless, it is important to highlight the fact that innovation challenges have proven that in certain conditions, this instrument can leverage job creation and reinforce established companies.
6. **Micro-grants targeting women had positive results in income and family well-being improvement.** Despite the lack of a robust monitoring system, which would allow to measure project impact more accurately, there is widespread satisfaction with the project and the positive impacts in the beneficiaries business, productive capacity and income.
7. It should also be highlighted that project **implementation models must be adapted to the reality of the private sector since delays and permanent changes to the initially agreed conditions can contribute to a lack of confidence in the process, to an inadequacy of the support packages and consequently to poor results.** At this level it's important to clearly define the implementation model

before the negotiations with the beneficiaries begin.

8. **Project implementation should not be guided to achieve outputs but mostly to achieve their expected outcomes.** Thus, activities should be implemented considering their contribution to the outcomes. The program evaluation concluded that most of planned outputs has been achieved. However, this did not necessarily led to the achievement of expected outcomes. It is therefore important to focus project implementation on the outcomes, implementing project's activities in a coordinated and synergic manner, to avoid losing their relevance.
9. **Communication and transparency are key elements to create a trustful relationship with the private sector.** Changes to the initial agreements regarding support procedures or global amounts available for each company do not contribute to create confidence in the process and can jeopardize the results and objectives of the project. At this level, the program has not always managed to develop effective communication mechanisms with the beneficiaries, especially in the project "Value Chain". One of the factors that can explain this constraint was the model of direct implementation by UNDP without the involvement of a Technical Assistance to support the implementation. This model did not prove to be the best solution for achieving project's objectives.
10. **The model defined for supporting the private sector in the Value Chain project has proved to be inadequate** - the dispersion of beneficiaries reduced the capacity to leverage local companies with effective export capacity. This fact was followed by the centralization of the procurement process in the UNDP country office, and this proved not to be adapted to the needs of the private sector. At this level, alternative models should be considered in future interventions. The Innovation Challenges can represent a better option to support the private sector in a flexible and agile manner, also contributing for the ownership of the process. Delays in implementation further conditioned the action and therefore, the social and economic targets to be achieved by the enterprises will not be met.
11. **The sustainability of the support to young entrepreneurship and private sector depends first and foremost on defining REINA's management model,** and so far there is no consensus and shared vision among all the key stakeholders on the best model to adopt. The sustainability of the investments in national entrepreneurs will depend on the capacity to mobilize financing in a way that the early stages of project implementation and different cycles of growth and investment can be consistently supported. REINA will undoubtedly have an important role in providing training and capacity building activities for the local entrepreneurs. However, the access to credit / financing in São Tomé and Príncipe is the main factor constraining the development of new business ideas, the economic growth, or the development of existing businesses. Business incubation requires medium-term mentoring and monitoring capacity and the ability to engage different partners in this process. This should be seen as a priority for action in the short term.



Recommendations

The main recommendations from this Evaluation process seek to improve the implementation of some ongoing activities but also to map options for future interventions in the support of young and the private sector in the country:

1. In the short term, it is **essential to reinforce the communication with the “Value Chain” beneficiaries in order to ensure that a trustful relationship is not definitely lost. Moreover, it is decisive to communicate the effective support to be provided in 2023 in a clear and transparent manner.**
2. Also in the short term, it is important to ensure that the **tender for the management of REINA is an open and widely disseminated process**, upholding the submission of multiple proposals and the active engagement of the national private sector. At this level, there is a need to ensure that the consultants are able to promote a close dialogue with the private sector in STP (different types of companies) and with the public institutions that oversee the sector.
3. MJD, as a party in the contracts with the entrepreneurs, should **carry out an analysis of non-compliance and activate existing contractual mechanisms. This should only apply to situations where the non-compliance results from the entrepreneurs’ responsibility** (situations in which the investment project was not implemented, and not situations in which the project was implemented but did not survive). In future projects, it is recommended to strengthen the supervision of contractual obligations.
4. In the medium term, **consider developing a concession management model (public-private partnership) for REINA in which, part of the funds that have been raised can support the incubator’s management and operating costs.** In a public-private partnership, there should exist payment for services defined by the public institution, and there should also exist performance incentives. Considering São Tomé and Príncipe’s institutional fragility, this management model should be considered in order to ensure a sustainable strategy to support young entrepreneurship and the private sector in the country.
5. In future programs, it will be **important to develop a rigorous analysis of business plans, engaging national and international experts with sectoral experience.** It will also be relevant to engage local mentors with recognized experience in the sector of intervention and to focus the **support on a small number of companies with great potential for innovation in specific sectors.**
6. In future programs for existing companies, it is advisable to **define the support and funding model from the outset, ensuring stability in negotiations.** From this perspective, it is recommended to consider applying the innovation challenges model to specific sectors such as agriculture value chains, renewable energies or digital innovation, which are key sectors for the country’s development. Also at this level, it is essential to **develop clear criteria for beneficiaries’ selection.** These should include

minimum requirements and maximum thresholds that can be defined based on the annual turnover. Companies with a high level of revenues and financing capacity should only be considered within a strategy of leveraging a value chain or promoting relevant social, economic or environmental benefits.

7. In a future agribusiness support strategy, it is essential to have different approaches focused on the **domestic and international markets**, mobilizing adequate resources for the objectives set for each of them.
8. **Avoid the direct procurement of goods and services by UNDP.** Support to the private sector requires agility and flexibility and the UNDP can play a supervisory role. At this level, procurement processes could lay-on on an entity with technical assistance or project management responsibilities or they could be carried out through funds allocated to companies in models such as the Innovation Challenges.
9. Considering the fragility of the country's banking system and its inability to support the launch and growth of new business ideas, it is important to **promote a broad discussion on financing models for the private sector. Access to credit under acceptable conditions for the local private sector is one of the major obstacles to overcome.** This discussion should focus on different financing models according to the target groups (*i.e.* seed funding or start-ups, microfinance for small and medium enterprises businesses or loans at reduced interest rates to support innovative projects).
10. Regarding actions aimed at lowering export barriers, it is recommended to **promote a broad debate with other international partners** on key export constraints such as certification, airport cargo terminals and others, and to develop an advocacy strategy, **mobilizing experts who can support the development of strategic solutions to solve the identified problems.** At this level, supporting the operationalization of the Trade Facilitation Committee could be a strategy to explore.



Annexes

Annex 1 - Workplan

Date	Time	Activity	Local
June		Preparatory Meetings with UNDP, CESO and Territórios Criativos	
10/07	17:45	Arrival in STP	
11/07	9:00	Meeting with former Minister of Youth and Sports Vinicio de Pina	REINA
	10:00	Meeting with Entrepreneurship Director Admilton Teixeira	REINA
	10:30	Meeting with former Director of Entrepreneurship Alexssander Ferreira	APCI
	11:30	Meeting with national mentors (Nadia Catraio, Josina Umbelina)	REINA
	15:00	Initial meeting Minister of Youth and Sports (Euridice Medeiros) General Customs Directorate (Ester Dias, Eidelman Costa) International Trade Manager (Elga Santiago) UNDP (Maria Mendizabal, Vaciley Andrade)	REINA
12/07	All day long	Visits Interview with Rogerio Rosa (consultant)	Qua Tela, Figueira, Casa Almada Negreiros, Tinteiros e e Soluções, ELAGRIC
13/07	9:00-11:30	Focus group - Value Chain	REINA
	14:00-15:00	Meeting	Former Secretary of State for Trade and Industry Eugénio Graça, Former Director of Trade - Jorge Bonfm,
	15:00-17:00	Meetings / contacts with entrepreneurs	
14/07	9:00	Focus group - Empreende Jovem Startups	REINA
	11:00	Visits / contacts with entrepreneurs	HITEC
	14:00	Focus group - Muala +	REINA
	16:00 -	Visits and interviews with entrepreneurs	Non Bookstore
15/07	8:00-16:00	Visits and interviews	KUAL, V&V, EFRAIM
17/07	9:00	Focus group Tourism	REINA
	11:00	Focus group COVID-19 innovation challenge	REINA
	15:00	Visits / interviews	Valudo, Vanilla
18/07	10:00-12:00	Visits / contacts with entrepreneurs	STPVendas, Yupopcar, Braincell
	14:30	Interview Mauro Silva CCIA	CCIAS
	15:30	Visits to entrepreneurs	Bike Solutions
19/07	10:00-11:30	debriefing	UNDP

Annex 2 – Stakeholders interviewed

Name	Institution
Adérito Santana	UNDP
Domingos Mazivila	UNDP
Maria Mendizabal	UNDP
Rita Santos	UNDP
Vaciley Andrade	UNDP
Luca Roffarello	UNDP
Miguel Lourenço	UNDP / Territórios Criativos
Nádia Catraio	UNDP / Territórios Criativos
Josina Umbelina	UNDP / Territórios Criativos
Rita Araújo	CESO
Maria José Tropa	CESO
Rogério Rosa	Consultant
Vinício de Pina	Former Minister of Youth, Sports and Entrepreneurship
Alexssander Ferreira	Former General Director of Entrepreneurship
Admilton Teixeira	General Director of Entrepreneurship
Euridice Medeiros	Minister of Youth and Sport
Ester Dias	General Directorate of Customs
Eidelman Costa	General Directorate of Customs
Elga Santiago	International Trade Department
Maria do Céu Madureira	Tesouros de Obô
Nozelina Martinho	Qua Tela / Tentação
Agrupamento de Saudade	Qua Tela's project beneficiaries
Armando Dias	Figueira Lda
Gilmar Neves	Tinteiros e Soluções
Jovina Vieira	Cooperativa Men Mina
Guillaume Taufieb	Valudo
Francesco Mai	Vanilha
Bastien Loloum	Vanhá / Zuntabawé
Giovana Maserati	Fundação Fluta Non
Luis Mário Almeida	CECAFEB
	CEPIBA
Jessica Neves	Sabores de São Tome
Nelson Assunção	KUAL
Francesco Marasco	MG
Amedy Pereira	EFRAIM
Marcelino Costa	CAISC
El-Waly Sousa	ELAGRIC
Eugénio Graça	Former Secretary of State for Industry
Jorge Bonfim	Former General Director of Commerce
Nilton Paquete	Biotour
Gil Vaz	Bike Solutions
Basilio Ceita	Selfie Plus
Kelly Vera Cruz	Natura Doxi
Elisio Nunes	Ecoblasa
Diomelter Semedo	Bauni STP
	Livraria Non
Ângela Diogo / Beldu Costa	Tropical Mix
Danilo Aguiar	Braincell

Fabio Pereira	STP Exchange
Yunai Gomes	Yupopcar
Luiselio Pinto	HITEC
Osina Miguel	MUALA +
Marilene Mandinga	MUALA +
Liudmilda Costa	MUALA +
Jaquelina Lopes	MUALA +
Arise Simão	MUALA +
Jacksimila Trindade	MUALA +
Ilasy Lima	MUALA +
Raquel Soares	MUALA +
Jessica Nascimento	MUALA +
Deolinda Tavares	MUALA +
Salmilsa Oliveira	MUALA +
Isamilay Sousa	MUALA +
Nazaré Tomé	MUALA +
Sany Carvalho	MUALA +
Jorgina Veiga	MUALA +
Nilza Soares	MUALA +
Sara Espirito Santo	MUALA +
Edna Neto	MUALA +
Sara Rosário	MUALA +
Inocência Alcântara	MUALA +
Vilma Rosário	MUALA +

Annex 3 – Documentation reviewed

Country program document for São Tomé and Príncipe (2017-2021), UNDP

UNDP Strategic Plan 2022-2025

United Nations Development Assistance Framework Plan for equitable, inclusive and sustainable development in São Tomé and Príncipe - UNDAF 2017-2021

Evaluation of the UNDP Country Programme Document (CPD) for São Tomé and Príncipe - 2017-2022

PRODOC - Encouraging Young People to become social entrepreneurs

PRODOC - Catalyzing women's participation in agribusiness and post-COVID-19 recovery in Sao Tome and Principe

PRODOC - MUALA + Program

Final Report - National Network of Business Incubators and Accelerators (Creative Territories)

Value Chain Project - Final Activity Report 2021/2022

Empreende Jovem Implementation Report

Steering Committee Report Empreende Joven, MUALA+ and Value Chain Projects

MUALA+ Program Execution Report

Documents in the Monitoring and Follow-up System of the Youth Entrepreneurship Project

Documents in the Value Chain project follow-up files