



Private Sector Engagement through Development Co-operation: A case of Uganda

**Technical Validation Workshop
2 October 2018**

**Imperial Royale Hotel, Kampala
Workshop Report**

A. BACKGROUND

On 2 October 2018, UNDP, in partnership with the Ministry of Finance Planning and Economic Development (MoFPED) and the Private Sector Foundation of Uganda (PSFU), held a workshop to validate the findings of the case study on effective private sector engagement through development cooperation, which was undertaken under the auspices of the Global Partnership for Effective Development Co-operation (GPEDC) and supported by its OECD-UNDP Joint Support Team. The workshop was attended by 66 representatives from the private sector and the development partner community. The purpose of this document is to present the results of the workshop, with specific details on the programme and participation found in Appendices I-III.

B. DISCUSSIONS EMERGING FROM OPENING REMARKS.

- (1) The private Sector is the biggest job creator in the formal employment sector, employing between 3-4 million people. Strengthening the private sector engagement should be a core interest of government and DPs.
- (2) Strengthening public-private partnerships requires government and private sector to first strengthen partnerships at their levels. It is imperative for the public sector to strength partnerships among its institutions (public-public partnerships), and for the private sector to herness working relationships among actors (private-private partnerships). Institutional failures affect public-private partnerships and the achievement of SDGs.
- (3) The decline in the relationship between the government and development partners, over time, has led to uncoordinated support to the private sector, including among Development Partners (DPs) themselves. E.g. Government has continued to borrow resources to support some private sector activities yet similar efforts exist among DPs. This is a critical moment to reflect on how to coordinate efforts.
- (4) Private sector must develop human capital as a matter of its existence.

C. REACTIONS TO THE PRESENTATION

- (5) There is need to reflect on how we can make the manufacturing sector more competitive in the wake of strategic counterparts like China that have mastered the art of competitiveness. In this regard, the report recommendations need to be strengthened to provide prominence to structural transformation as an important area of private sector engagement through development cooperation. The link between SMES and large enterprises has to be the focus for enhanced job creation.
- (6) Businesses are changing, and some will become obsolete, but the Government is still stuck on the traditional ways of doing business. Government must be dynamic and keep up with the pace of the private sector. The report recommendations should be strengthened - the support to continuous enhancement of the government capacity is an important factor for success of PSE in Uganda.

- (7) Recommended to undertake some study how other governments such as China facilitate the private sector rather than constrain it to deliver on development. This capacity does not exist in Uganda hence, there is a need for capacity building of the state to understand private sector issues and be part of the solution.
- (8) The Private Sector Foundation should engage to introduce a private member's bill in parliament, on Public Private Dialogue. This is because the current dialogue is government driven and does not involve all actors of the private sector and it is uncoordinated.
- (9) There is a need to allocate more resources to M&E. As the success of PSE largely depends on focus on result, transparency and accountability.
- (10) The government should invest in life skills which are critical for nurturing the private sector. The aspect of working with private sector through PSE for enhancing skills development need to be further strengthened in the report.

D. RESULTS FROM PARALLEL DISCUSSIONS

Group 1: Aligning Policies for development Cooperation through private sector engagement: addressing policy gaps

Main policy gaps for effective private sector engagement

Participants considered the recommendations appropriate. The following were additional recommendations

- (11) Urgent need to revise the current partnership policy or finalise the draft development cooperation policy adequately appreciating the role of PSE. This should be accompanied by a clear guideline to allow Development partners and others to work together. The government should stay away from a restrictive approach but adopt a flexible and transformative approach in its dealings with PSE.
- (12) The role of departments within the Ministry of Finance as it relates to PSE needs to be cleared. The development partners need to know how and at what stage they should involve the ministry in PSEs.
- (13) Most policies miss out on the role of the diaspora. There is a need to attract them to finance development, including within PSE.
- (14) Legislature isn't technically equipped to deliberate on laws. Emphasis should be placed on building its capacity to legislate on matters concerning provisions that require the development of the PSE.
- (15) Government has rigidities during policy formulation, which at times restricts effective contribution of the private sector during design and implementation of the project. There has to be a shift in approach.

Key considerations by the government to guide PSE and the role of DPs in ensuring additionality of their support through PSE.

- (16) It is imperative for DPs to get back on the drawing board with government to coordinate PSEs.
- (17) Government policy is required for private sector entities to be organised to an association. This is critical for ensuring addressing informality and representation during engagements with government and DPs. This is in particular important to bring SMEs into the policy dialogue.
- (18) Promote an active Private Sector Working Group. The PSD TWG is a good beginning but has to be frequent and must address issues that matters for private sector and PSE projects.

Major policy implementation approaches for aligning PSE with national priorities

- (19) Government should establish an accreditation body for private sector entities to ensure quality delivery and competitiveness.
- (20) The Private Sector Foundation of Uganda (PSFU) should be strengthened to play its role in facilitating dialogue between Government and the private sector.
- (21) There is a need to advocate for a certificate of compliance for Parliament to ensure the private sector is meaningfully consulted during enactment of laws and provisions that impact on it.
- (22) There is a need to attach technical support to private sector entities to make them progressive.

Group 2: Supporting private sector to contribute more effectively for accelerated implementation of SDG's through PSE: consideration for enhancing programming

How PSE could address 'the leaving no one behind' principle of the 2030 Agenda

- (23) The private sector must become a one voice for Private sector organizations in form of cooperatives / groups to make sure there is information flow to the people they lead.
- (24) Introduce Information Centres (e-Village Information Centres) for Advisory Services
- (25) Provide capacity Building, through financial literacy
- (26) Public Procurement Systems, which can be used by governments to demand and consume from social enterprises. The 'Social Value Act' enacted in 2012 in UK is a

good example of how a government can open opportunities for Social Enterprises to deliver

- (27) Public Venture Capital Fund. Its aim is to achieve attractive, returns through long-term capital appreciation of investments made in investee companies as these companies add value to the country. An example of this is the 'Maharashtra State Social Venture Fund' in India, which aims at generating superior returns by investing in start-ups, early and growth stage capital primarily in medium-sized enterprises that would add economic, social or environmental value to the State of Maharashtra.
- (28) Development partners should rebalance their support through PSE ensuring fair share to SMEs.

What can be done to engage the private sector in addressing social challenges through PSE

- (29) There is need to expand the gender equality seal to more Private organizations, Communication about the Human Rights, continue engaging the government in piloting the Songhai-Integrated model which focuses on empowering communities especially women and youth.
- (30) Provide appropriate incentives to attract private sector by engaging in PSEs in areas which are not otherwise attractive to the private sector such as health, education and water and sanitation.

How PSE in Uganda could incorporate shared value approaches

- (31) Working through cultural leaders to share the human values will bring development among people.
- (32) Revision of incentive structure by government working with PSFU to Businesses could strengthen or improve the business practices and partnerships.

Programmatic considerations for enhancing the use of PSE for value addition and structural transformation in Uganda

- (33) Monitoring results and Evaluations
- (34) Transparency and Accountability
- (35) Getting Clear Policy Framework.
- (36) Addressing bottle necks to access long term financing.
- (37) Promote Technology to enable a good environment of doing business.

Group 3: Promoting mutual accountability and transparency: identifying key steps

What can be done to improve increase transparency and accountability?

- (38) Establish and strengthen private sector associations to enable them to demand for accountability and transparency.
- (39) Engage the private sector in policy making and planning phases to enable collective setting of key performance indicators for monitoring purposes.
- (40) Align private sector Monitoring and Evaluation (M&E) frameworks with the National M&E policy, frameworks and the National Development Plans.
- (41) Public-Private partnerships (PPPs) should be strengthened.
- (42) Institutionalise transparency and accountability for example by having a requirement that all public sector processes must have a certificate of compliance for alignment with the needs and expectations of the private sector

What are the mechanisms to address low levels of compliance by the private sector with environmental laws and regulations in Uganda?

- (43) There should be continuous sensitisation of private sector on environmental requirements through their organisations
- (44) Enforce environmental laws without discrimination by both government and private sector organisations
- (45) Where Government may have constrained capacity, the private sector should be supported to ensure self-regulation through their organisations
- (46) Promote “Greening” incentives for example special recognition through certificates of compliance to environmental standards
- (47) All actors must demand for compliance to environmental standards

What is the role of national policy dialogue platforms to enhance accountability and transparency?

- (48) These platforms can be used for continuous monitoring of results.
- (49) They can be used to ensure that relevant stakeholders are not left behind.
- (50) They can be used to identify gaps and ensure they are addressed.
- (51) They are also important to ensure evidence-based decision making.

Conclusion:

The participants endorsed the draft report findings and recommendations. As appropriate the above important recommendations to be incorporated. Participants requested for further dialogue on the same and demanded that PSFU, Ministry of Finance and UNDP organize other platforms for dialogue on how to take the recommendations of the report forward. The three institutions shall meet and agree on priority interventions.

APPENDIX I: AGENDA

Time	Activity	Responsibility
8:00-8:30	Arrival and Registration	
<i>Session One</i>	<i>Session Chair: Tony Muhumuza -UNDP</i>	
8:30-8:45	Opening Remarks	Yemesrach Assefa Workie Economics Advisor, UNDP Gideon Badagawa Executive Director, PSFU Juvenal Muhumuza Ag. Assistant Commissioner, MFPED
8:45-9:15	Presentation of the draft Private Sector Engagement (PSE) report	Yemesrach Assefa Workie, UNDP
9:15 -9:45	Plenary discussion	MoFPED
9:45-11:15	Group Discussion (3 Concurrent sessions)	PSFU
11:15-12:15	Group Presentations	
12:15- 12:30	Reflections and Closing Remarks	MFPED /UNDP/PSFU
12:30-14:00	Lunch	

APPENDIX II: GROUP DISCUSSION GUIDE

Group 1: Aligning Policies for development Cooperation through private sector engagement: Addressing policy gaps

Group objective: Based on the key findings of the report, discuss the major policy gaps that exist in Uganda for effective private sector engagement and provide suggestions for improvement. Some of the key questions participants should consider among others include:

- (i) What are the main gaps in policy in Uganda for effective private sector engagement while appreciating the enormous need for private sector participation in the SDGs?
- (ii) What are the key considerations by the government to guide PSE? How can development partners ensure additionality of their support through PSE?
- (iii) What are the major policy implementation approaches that government and partners could use to align PSE with national priorities?

Group 2: Supporting private sector to contribute more effectively for accelerated implementation of SDG's through PSE: consideration for enhancing programming

Group objective: Based on the key findings of the report, discuss programmatic considerations for effective private sector engagement towards enhancing the achievement of SDGs. Some of the key questions participants should consider among others include:

- (i) How could PSEs address the 'Leaving No One Behind' principle of Agenda 2030? For example, enhancing the focus of PSEs rural, remote or underserved locations or explicitly target poor or vulnerable?
- (ii) What can be done to engage the private sector in addressing social challenges through PSE?
- (iii) How could PSE in Uganda incorporate shared value approaches, e.g., inclusive business practices and partnerships across sectors to realise development and commercial outcomes.
- (iv) What type of programmatic considerations could be deployed to enhance the use of PSE for value addition and structural transformation in Uganda?

Group 3: Promoting mutual accountability and transparency: identifying key steps

Group objective: Based on the findings and recommendations of the report identify concrete steps that can be taken in short, medium and long term with all stakeholders involved in PSE to enhance accountability and transparency which is the main principle for development cooperation.

- (i) What can be done to improve increase transparency and accountability?
- (ii) What the mechanisms to address low levels of compliance by the private sector with environmental laws and regulations in Uganda?
- (iii) What is the role of national policy dialogue platforms to enhance accountability and transparency?

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John Okira	ACODE
Akomi Richard	MTIC
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