

## UGANDA – LOCAL DEVELOPMENT PARTNERS’ GROUP (LDPG)

### Minutes, February 11, 2020

Final draft

#### Action Matrix

Meeting	Issue	Owner	Task/Status
2020.1	Follow up technical meetings with DPG/NPA on inclusion of strategic and technical inputs in NDP 3 (version 5)	LDPG	Secretariat meets with all DPG on 18 <sup>th</sup> Feb and agreed to share all final comments by 20 <sup>th</sup> Feb to NPA. Secretariat also to share calendar with DPG/LDPG on timeline with consultations with line ministries in March/April.
2020.3	Review of LDPG Technical Working Groups	DFID	Findings and recommendations of the review to be finalized in February 2020 and presented at the March meeting.
2020.3	Climate and environment DPG PPT	DPG	Link with NDP3 and financing discussion
2020.3-4	Technical level National Partnership Forum	LDPG	Secretariat to meet with OPM, MoFPED, NPA to discuss agenda/dates. Secretariat will liaise with LDPG members by email for inputs.
2020.6-7	Political level National Partnership Forum	LDPG-PDG	Lock in date ASAP, crosscheck with other events

#### 1. Approval of Agenda and Minutes (5 minutes)

The meeting agenda was adopted without comments. The minutes of the previous LDPG meeting on January 14, 2020 were adopted. The chair of the meeting reiterated that the meeting will focus on strategic discussion on the NDPIII and serve as a preparation for the retreat at 10am. To kick-start the discussion, the DEG DPG gave a presentation on the latest macro-economic situation in Uganda and presented the DPG/LDGP strategic inputs on NDPIII. This was followed by a plenary discussion to ensure that all comments were incorporated, to allow for further clarifications and to agree on the key messages to bring forward to the retreat.

#### 2. Presentation of the LDPG Reflections on the third National Development Plan for Uganda (2020/21-2024/25) (30 minutes)

DEG DPG made a presentation in two parts (i) on the key messages from the recent economic updates status and (ii) summary DPG/LDPG reflection on NDPIII. (Presentation attached for full details)

##### Part I: Key messages from the recent economic update

- The economy looks different from four months ago
- Uganda’s industrialization agenda seems to be bearing fruit
- Growth is still not enough and inclusive for Uganda’s ambitions

- Fiscal policy remains constrained by low revenues and slow execution of capital spending,
- Public debt remains sustainable, but vulnerabilities are growing.
- Other facts highlighted on the economy included:
  - The economy is bigger with the current GDP of Ushs 128,499bn;
  - Growing faster with real GDP growth increased to 6.5% in FY18/19;
  - The economy is increasingly being driven by industry (manufacturing and construction are key drivers),
  - Growth is still not sufficient and inclusive for Uganda's ambitions and Uganda with the world's most youthful and fastest growing populations is well below its goal of reaching the lower middle-income threshold;
  - The fact that budget allocations to important sectors like education, health and agriculture have faltered.

## **Part II of the presentation provided a summary of NDP III and strategic inputs on NDP III by DPG/LDPG**

### **Summary NDPIII**

- NDP III Goal: To Increase Average Household Incomes and Improve the Quality of Life of Ugandans
- NDP III Objectives:
  - Enhance value addition in key growth opportunities
  - Strengthen the private sector to create jobs
  - Consolidate and increase the stock and quality of productive infrastructure
  - Enhance the productivity and social wellbeing of the population
  - Strengthen the role of the state in guiding and facilitating development
- Programmatic approach to planning complemented by area-based, commodity and spatial planning
- Clear and interlinked results and targets and goal, objective, programme and project level NEXT STEP IS how that should be linked to budget
- Increase role of the state, directly involving in key strategic sector: energy, roads, specialized services in education and health, but also in manufacturing (iron and steel)
- Increased Investment in fundamentals (Human Capital Development; Transport, energy and ICT)
- Aligns objectives, Programmes to 2030 Agenda, AU 2063 and EAC 2050

### **Summary strategic inputs on NDPIII**

- **Overall observations**
  - Structure and methodology: reinforce the link between problems, specific objectives and expected results across programmatic areas.
  - Programmatic approach: welcome effort there is a need to get clarity on the NEXT steps i.e., how to move to the full articulation of the programmes, alignment of projects to the programmes and the Budget process.
  - Population growth: population issues facing Uganda – it is s a challenge and opportunity. Draft plan has objective to reduce population growth, the HCD programme should be well articulated to harness the demographic dividend and a clear strategy how government will manage population required.
  - Aligns to Global, Regional and sub regional Agenda: commend the effort, however more alignment is needed, especially in ensuring that accelerator goals and strategies to be identified, e.g., SDG 5-Gender Equality.
- **Key Strategic Issues: Sustainable and Inclusive Growth**
  - Jobs, industrialization derive and poverty reduction: alignment of these three agendas is needed.
  - The proposal to create 2.6 million jobs average 520, 000 is inadequate Vs population growth;

- Service and agric. Jobs dominate (60%), industry only 10% - does not fully align with the drive to industrialization and or poverty reduction agenda- Decent & high paying jobs need.
- No clear strategy to make growth inclusive. Massive skills gap but not clear strategy.
- Agriculture, Natural Resource and Climate change
- Focus for Agric dev't is inadequate – with 3.9% total resources, suggest strengthening and further articulation to ensure how the sector will overcome institutional challenge, low productivity and resilience.
- Infrastructure investments over stressed access but not use of services
- Remains priority for next 5 years, yet results to be achieved not clearly specified
- **Key Strategic Issues: Human Capital**
  - Human centered approach to industrialization: Plan need to balance human development with Industrialization drive
  - Advancement of the population's well-being should be well-articulated;
  - With the current low level of financing paired with population projections even maintaining key education parameters at the same rate (e.g. enrollment, completion, transition) would not be possible; Health and crosscutting issues such as HIV/AIDS not articulated well in the draft.
  - Uganda has significantly heightened Vulnerability Profile, yet, the NDP III is muted in appreciating the vulnerabilities and the vulnerable groups –clear approach to address increasing vulnerabilities.
  - Refugees issues are acknowledged in the plan- however, the mechanism of integrating the refugee issues and framing of the issue needs further attention.
  - Cautious refugee population as “threats” and we encourage the Government to frame refugee populations as “opportunities and challenges”.
- **Key Strategic issues: Implementation of the Plan**
  - Unrealistic assumptions for financing of the plan: e.g., 74% increase from NDPII costing
  - Domestic Resource Mobilization – to reach the stretched targets high level commitment is needed and streamlining tax incentives proposed in NDP III- will have bearing in Tax revenue.
  - Debt Sustainability – care needs to be done in how debt is managed, and confusion need to be cleared up on the debt measurement.
  - Alignment of plan, Public Investment Plan (PFM) and capacity to implement core projects- clear next step should be articulated in the plan.
  - Delivery flexibility mechanism- Relying on only Local Governments to do this is very challenging – increased role in service deliver by private sector and CSO to be considered;
  - Role of the State not clear/ New development approach/philosophy points to increasing state intervention-Role of the State needs to be reframed

### 3. Plenary Discussion on the Presentation (30 minutes)

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Meeting was appreciative of DEG's advisory role and evidence-based information. Chair reiterated the focus of the discussion on macroeconomic, strategic and technical inputs into the NDPIII. The key points from this discussion will be added to the strategic paper on inputs to NDP III and shared and further discussed at the technical during the DPG-NPA follow up meetings in the coming two weeks. (updated strategic paper attached)

#### Key points highlighted during the discussion:

- Job creation of 520,000 jobs a year: Need to reconcile the contradictions in the document e.g. disconnect between the sectors targeted for job creation and poverty reduction agenda. The growing industrialization on expected to contribute to 10% of jobs, sectors that are expected to contribute to jobs do not offer high-quality high-income jobs to be able to drive the population out of poverty. Job creation a major target but the sectors expected to contribute jobs like Industries, agriculture are low paying and sectors with high quality high paying jobs like IT are not financed.

- The delivery mechanism moving to Local Government structure is not strategic; given low absorption capacity and technical capacity at LGs.
- Plan needs to better link social and productive sectors
- More analysis is needed to understand the accelerators of the economy. Though Human Capital Development, Gender are mentioned, allocated budget is not commensurate. More emphasis is needed on gender, equity and women empowerment
- The 7% expected growth rate is not related to the 74% increase in the NDPIII budget from NDPII budget. Need to get clarification on whether this is based on expected oil production.
- How will the programmatic approach be implemented? How will the plan be aligned to the Sector Development plans?
- Population growth and its effect on growth and service delivery: - the scale of ambition does not match address population growth challenges.
- Other areas for further discussion: Debt management, how to create a good business environment to attract private sector, climate change mitigation strategy, National Resource Management, inclusiveness
- Need to understand the assumptions being the ambitious budget for NDP III – more detail on how NPA reached at 74% increase of the NDP III budget.
- Clarity on implementation of the plan at parish level from programmatic approach and also given the budget allocation to LG.
- Role of the state along the value chains not clear.
- Ned to work on the alignment of the NDPII with other strategic plans and alignment with the machinery of government and how the engagement with other players will be done.
- The quality of planning needs to be enhanced with clear targets and milestones.
- Not clear how the Domestic Revenue mobilization will be implemented

#### 4. Conclusions (5 minutes)

Meeting agreed that

- Andrew and Rosa would present the summary of LGDP position and strategic discussion on NDPIII in the LDPG/NDP retreat, in form of opening remarks. The team reiterated the following” to requesting for the “how” of implementing the programmatic plan, its financing, shared understanding the assumptions behind the numbers with a goal of having a Plan with shared vision and inclusive growth.
- The LGDP secretariat would harmonize the LGDP/DPG strategic input note to reflect new additional contributions from the meeting and recirculate it to the team as well as NPA.

#### Attendance List

Name	Title	Organization
Nicole McHugh	Deputy Head of Mission	Embassy of Ireland
Antony Thompson	Country Manager	World Bank
Cedric Merel	Head of Co-operation	EU Delegation
Andrew Ockenden	Head of Aid	DFID
Junhee Lee	Deputy Head of Mission	Embassy of the Republic of Korea
Simon Peter Nsereko	Development Economist	UNRCO
Clara Mira	Resident Representative	IMF
Rosa Malango	Resident Coordinator	United Nations

Eva Lescauwae	Snr. Operations Officer - DE	World Bank
Elea Wermelinger	Head of Cooperation	Embassy of France
Joris Van Bommel	Head of Cooperation	Embassy of the Netherlands
Davide Bonechi	Desk Officer	Italian Agency for Development Cooperation
Rick Somarriba		USAID
Richard Nelson	Mission Director	USAID
Zenya Chrysostomidis	Head of Cooperation	Embassy of Norway
Henrik Jespersen	Deputy Head of Mission	Embassy of Denmark
Hatem Chakroun	Country Director	Agence Francaise de Development
Doreen Prendille	Deputy Representative	UNICEF
Anno Galema	First Secretary Food Security & Private Sector Developmen	Embassy of the Netherlands
Jean-Philippe Garcon	Programe Officer	AFD
Ola Hallgren	Head of Cooperation	Swedish Embassy
Miriam Malmqvist	Senior Solutions and Development Adviser	UNHCR
Cate Najjuma	Senior Programme Advisor	Danish Embassy
Richard Walker	Senior Economist	World Bank
Yemesrach Assefa	Economist	UNDP
Tagaya Adrian		KOICA
Yommyshin Park		KOICA
Elkhidir Daloum	Representative/Country Director	WFP
Iris Knabe	Head of Cooperation	German Embassy
Elsie Ahaheb	Country Director	UNDP
Peter Rasmussen	Head of Mission	AFDB
Erwin De Wandel	Deputy Head of Mission	Belgian Embassy
Junhee Lee	Deputy Head of Mission	Korean Embassy
Jaehoon Choi	Specialist for International Development	Korean Embassy
Michael Wangusa	Communication Officer & Acting Head of Office	UN -RCO
Nassib Kaleebu	Data Management, Results Monitoring/Reporting Officer	UN-RCO
Simon Peter Nsereko	Economist	UN-RCO