

# THIRD TECHNICAL NATIONAL PARTNERSHIP FORUM

July 5, 2018 – Sheraton Hotel, Kampala

Remarks by the Chair of the Local Development Partners' Group

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*Check against delivery*

Head of Public Service and Secretary to Cabinet,  
Permanent Secretaries,  
Government Officials,  
Colleagues and Development Partners,  
Ladies and Gentlemen:

Let me start by thanking you, Mr. Chair, for inviting the Local Development Partners' Group to this third technical National Partnership Forum where we will be discussing one of the most important national processes this year – the mid-term review of the second National Development Plan.

*[As you mentioned in your remarks],* this is a follow-up action from the discussion we had with the Right Honorable Prime Minister at the fourth High-Level National Partnership Forum in February this year. At that meeting, we agreed that the mid-term review of the NDPII should be a focus for our partnership dialogue in 2018, as it represents an opportunity to jointly review national priorities in light of a changing country context and emerging developments, and to discuss the role of development partners in delivering national priorities.

The LDPG was consulted extensively as part of the preparation of the NDPII, and we appreciated the opportunity to contribute. This also allowed us to further align our strategies with the national planning cycle, so that the projects and programs we support individually and collectively contribute to the achievement of national targets and priorities (whether they are financed on-budget or off-budget).

Mr. Chair,

The mid-term review is a good moment for all of us to take a step back and to analyze trends and discuss mid-course adjustments to revive, accelerate and sustain inclusive economic growth and poverty reduction. For instance, we should ask ourselves:

What has changed since the NDPII was prepared and launched in June 2015? We know for instance that the country has received a very large number of refugees, which was not anticipated when the NDPII was prepared. We have also seen climatic variations, which—once

again—has impacted the performance of the agriculture sector, and most likely also impacted the previous gains made on reducing poverty as indicated by the recent Household Survey.

We should also ask what can be learned from implementation? For instance, the NDP II recommended to establish a delivery unit in the Office of the Prime Minister to drive results in key priority areas. Similarly, the Ministry of Finance has championed a welcomed renewed focus on public investment management the past years. And in agriculture, the Government launched the Operation Wealth Creation to distribute production inputs to farmers and upgrade rural technological. Have all of these initiatives been successful, and have lessons been learned to take forward for the remainder of the NDP II period.

But most importantly, the mid-term review should seek to address what needs to be adjusted in light of the lessons and developments? Are the strategies and policies still relevant? What will it take accelerate implementation performance to drive inclusive growth and poverty reduction? Is enough being done to strengthen accountability and tackle the corruption, which impacts so negatively on development progress and results? Do we need to adjust targets and priorities? Do we need more realism? Do we need tougher prioritization?

We hope that the mid-term review process will stimulate a discussion on the ‘big-ticket issues’ affecting development in Uganda. For instance, as we all know, Uganda has a young population and that the number of young people is set to continue to increase with population growth standing at 3 percent per annum. And we know that the population will exceed 80 million in 2040, more than doubling from current levels. However, in recent years, social sector budgets have reduced as a proportion of total spending and the amount government spends per person has reduced. How will the increasing number of young people be able to engage in productive economic activity without good education, skills and good health? As it is, lack of investment in educating girls and ending child marriages certainly constitute an enormous lost opportunity for Ugandan society and the Ugandan economy. It is estimated that this could generate \$3 billion per year for Uganda by 2030 – can the country really afford not to take decisive action now? Is this the time to re-balance the budget and invest more in Ugandans?

Mr. Chair,

The Economic Growth Forum in September kick-started a conversation about policy solutions and interventions that can stimulate Uganda’s economic growth so the country stands a better more chance of reaching higher Middle-Income Status by 2040. It was a good event with interesting interventions on some of the key development issues in Uganda (industrialization; jobs and employment; agriculture; regional trade; domestic resource mobilization; etc.).

The Ministry of Finance has since been working on an Action Plan, which is meant to inform budgeting in the short to medium term. As development partners, we are committed and ready to support this process—including with resources for diagnostic studies.

Needless to say, it is important to synchronize the follow-up on the Growth Forum with the mid-term review and ensure consistency in priority setting. This might help to address one of the key challenges affecting implementation of NDPII, namely that planning and budgeting are not aligned. A recent compliance review done by NPA found that the annual budget is not compliant and is not consistent in translating the strategic direction of NDPII, due to a significant disconnect between planning and budgeting processes both in terms of the macroeconomic framework and the high-level prioritization of budgets across sectors. In light of this, it's good to welcome Albert Musisi, Commissioner for Macro Economic Policy to join today's discussions.

Mr. Chair,

As development partners, we are pleased that our partnership with the Government continues to strengthen and deepen, including through meetings like the one we are having today. We would like to use the opportunity of this mid-term review to begin to define more clearly the role of development partners and external financing in supporting national priorities. We would welcome discussion about:

- How we ensure that external support is aligned, and that on-budget and off-budget support is complementary and mutually reinforcing of Government's efforts?
- What should be the guiding principles and processes for ensuring that development cooperation is effective?
- And last, but not least; what is the role of Government in facilitating this and how can we strengthen this within our partnership?

We know that the Ministry of Finance is working on a Development Cooperation Policy, and we believe that such a process might usefully inform the mid-term review together with the ongoing development financing assessment and the pilot studies under the Global Partnership for Effective Development Cooperation.

Mr. Chair,

We thank you and your colleagues in Government for reaching out to us early in the mid-term review process, and we are committed to remain engaged and actively support the process. In that regard, we would like to highlight the centrality of involving the joint Sector Working Groups throughout the process. The joint Sector Working Groups give the Government scope to influence the way development assistance is provided—on budget *as well as* off budget—and they represent a key mechanism for development partners to ensure that our assistance to Uganda is aligned with national priorities.

We have discussed the performance of Sector Working Groups for some time, and we have earlier agreed on a number of recommendations. However, we are yet to see real progress and commitment to translating good intentions into action. So, we would certainly welcome, if the joint Sector Working Groups are revitalized and are tasked with very specific responsibilities as part of the mid-term review.

Mr. Chair,

On behalf of the LDPG, I end by reaffirming our commitment to increase the effectiveness of our cooperation with the Government at national and sector level in support of Uganda's development agenda. We look forward to fruitful discussions. Thank you!