



Private Sector Engagement Through Development Co-operation in Uganda

Case study

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I. Key messages

The Global Partnership aims at facilitating multi-stakeholder policy dialogue about challenges and opportunities to make private sector engagement (PSE) through development co-operation more effective. By mid-2019, it aims to produce a set of mutually agreed guidelines promoting the effective use of public resources dedicated to scale up public-private initiatives leveraged through development co-operation to reach the Sustainable Development Goals (SDGs). The Global Partnership's focus on country-level implementation as well as an inclusive research approach distinguish it from other on-going work, and highlight its complementarity to ongoing efforts around mobilising private finance for the SDGs. Through this deliverable, the Global Partnership will promote greater checks and balances for private sector engagement leveraged through development co-operation, helping all stakeholders to monitor the transparency, development rationale and results of PSE through development co-operation that delivers shared value for business strategies and development goals. This will help reinforce the political momentum needed to fully leverage public and private resources for the attainment of the SDGs.

The purpose of this case study is to identify the opportunities and challenges of making PSE through development co-operation in Uganda more effective. It generates unique country-specific evidence through a mapping of 271 PSE projects,¹ a review of existing literature and interviews with various stakeholders.

Context

- Uganda's development ambitions are guided by *Uganda Vision 2040*, which aims to transition Uganda from a low-income country to an upper middle-income country within 30 years. The Government of Uganda sees the **private sector as playing a key role** in realising its second National Development Plan and realising the SDGs, particularly through public-private partnerships (PPPs) with a focus on infrastructure, energy and other projects that require substantial financial resources. The government recently adopted a **National Private Sector Development Strategy (2017/18-2021/22)** that aims to improve the business enabling environment, accelerate industrialisation and support firm level productivity and modernisation.
- Despite having a historically stable macroeconomic environment and sustained high levels of growth, the country is experiencing the **lowest growth rate in over two decades** at 4.5% annual average since 2012. However, thanks to supportive, sustained monetary policy easing alongside a range of other factors including better weather, **recovery in economic growth**, from 3.9% in 2016/17 to 5.5% in 2017/18. This **positive outlook for growth is projected to continue in 2018/19 to 6%**.
- Challenges persist in improving the business enabling environment. These include reliable and affordable access to electricity, informality, the cost of finance and infrastructure, land acquisition and reform, corruption, and cumbersome procedures to start and run a business. Firms tend to have excess productive capacity, and job creation has been slow.
- The domestic business community is fairly young with **the majority of businesses (90%) being micro, small and medium-sized enterprises (MSMEs) operating in the informal sector**.
- **The government has a policy on MSMEs and aims to support them** through enhanced business support, access to finance, technical and business skills and the creation of a business enabling environment. Implementation of the policy has been a challenge with insufficient funds available to carry forward a number of the specific initiatives outlined therein.
- A range of business associations exist and some efforts have been made to establish common private sector positions on key policy issues. **MSMEs are less well represented** and lack a common forum to effectively engage in policy dialogue.

¹To ensure a wide scope of PSE projects and partnerships are captured by the mapping, the research team examined projects that include at least one development partner, are supported by development co-operation (ODA, ODA-like flows such as foundation financing, or South-South co-operation) and include a private sector partner. This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Co-operation defined as: An activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other's assets, connections, creativity or expertise to achieve mutually beneficial outcomes. See <http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf>.

- **Public-private dialogue** occurs regularly throughout the policy cycle through structured channels such as the Private Sector Forum. However, these interactions are neither inclusive nor broad in their scope of discussion. There is no dedicated forum for discussions on PSE and the extent to which MSMEs are able to access existing dialogue opportunities is limited with larger companies more likely to have their voices heard.
- A number of initiatives have been set-up at local level to improve interaction between local governments and the diverse private sector and promote its contribution to local, socio-economic development. These include: local economic development forums, municipal development forums, district investment committees as well as local chapters of the Chamber of Commerce. These initiatives are nascent and it is too early to assess their impact.
- Larger firms continue to show interest in **corporate social responsibility (CSR)**, commonly understood in terms of philanthropy or charity. MSMEs tend to have narrow profit margins, making it difficult for them to engage in CSR. The government has yet to develop a CSR policy framework. CSR activities remain largely ad hoc and unpredictable. At the same time, moving beyond CSR, and bringing core business practices in line with the SDGs, remains a challenge.
- **Shared value approaches are nascent in Uganda.** Overall, firms, large and small, have yet to adopt strategies for social impact that focus on inclusive business practices and partnerships across sectors to realise development and commercial outcomes. While good practice is emerging, barriers persist with regard to information on PSE opportunities and the lack of a clear articulation of the benefits of cross-sector collaboration to the private sector.
- **Social dialogue at the national level in Uganda is improving** through better coordination among trade unions and improved collaboration between trade unions and employer associations on key issues such as minimum wage. However, collective bargaining agreements remain low in Uganda capturing roughly 400,000 workers.
- The relationship between civil society and the private sector is evolving, with dialogue occurring more frequently and partnerships emerging. Nevertheless, **more efforts are needed to promote collaboration between civil society and the private sector to address and dispel concerns and build trust.**
- Uganda received US\$1,981 million in **official development assistance (ODA)** in 2016 (US\$ 47.7 per capita). On average, ODA commitments to Uganda have increased at an annual rate of 3% between 2007 and 2016.
- Overall, according to evidence and interviews, there is a need for development partners to better coordinate their respective efforts in the area of PSE, collaborate more directly amongst themselves and consider a common vision, together with the government, on how to partner with the local private sector to deliver tangible outcomes for business and development.

Key findings

- **PSE mobilised through development co-operation largely comes from Development Assistance Committee (DAC) donors and their implementing agencies and bilateral and multilateral development finance institutions (DFIs).** Of the 75 development partners examined, DAC donors represented 34% of the 271 PSE projects identified while bilateral DFIs represented 29% and multilateral DFIs 22%. Providers of South-South co-operation accounted for 4.4% of projects (12).
- **Main private sector partners:** Large domestic private sector actors are the most prominent partners in PSE projects in Uganda, followed by large transnational companies (50%). Domestic small and medium-sized enterprises (SMEs) accounted for 16%.
- **Project volumes and duration:** For the 271 reviewed projects, spanning from 1988 to present in terms of their start dates, **the majority of projects have a budget size of US\$ 50m or less. The average budget size of the PSE projects examined was US \$18.8m.** Of the 136 projects that provided full information on duration, **47.8% had financing terms of 5 years or greater.** Just under half of these projects were accounted for by one DAC donor.
- **Private sector role:** For 78% of projects examined, private sector partners are recipients of finance (28.7% of projects included debt financing). In much fewer cases they act as a financier (resource provider) (27%), or on-lenders to SMEs (17%). For more than half the projects, the private sector is also listed as implementing partner.
- **Private sector modalities and instruments: Finance represents the most common modality of PSE with 82.6% of projects including financing.** Forty-four percent of projects

were considered blended finance projects.² Capacity development was a prominent modality of engagement featured in 18.4% (50) projects, followed by research (4%, 11 projects), knowledge sharing (2.9%, 8 projects), technical assistance (1.8%, 5 projects) and policy dialogue (0.7%, 2 projects). 23 projects included more than one modality.

- **Sectors and activities of focus: Finance, energy and agriculture** are the main sectors of focus in PSEs through development co-operation accounting for 26%, 21% and 17% of projects respectively. **The main activities supported by PSE projects include improving access to finance for SMEs, construction of new facilities in the energy sector and renewable energy provision and capacity development in agriculture.**
- **Country ownership and capacity:**
 - **The mapped PSE projects largely align with national development priorities in terms of sectors prioritised by the government and in addressing known challenges in the business enabling environment.** However, the extent to which activities of PSE projects support specific sectoral policy objectives or government flagship activities requires further analysis.
 - **There is no single institution responsible for PSE that coordinates efforts across sectors, including with development partners.** A government-led, multi-stakeholder private sector working group exists, and the draft development co-operation policy explicitly mentions PSE. Further efforts are needed to ensure PSE supports the diverse private sector on a needs basis.
 - While the domestic private sector is well represented in PSE projects, **there is a lack of information on PSE opportunities from government and development partners.**
 - **Participation by local stakeholders in PSE projects is limited.** Government institutions were listed as partners for only 9.5% of projects, while 4.4% involved domestic business associations, 0.4% involve domestic civil society organisations (CSOs), and no projects examined included domestic trade unions.
 - **Partnerships tend to be bilateral in Uganda including government and the private sector or government and civil society.** The use of multi-stakeholder partnerships to address development challenges is less common.
- **Role of SMEs:**
 - **SMEs in Uganda** could benefit from more support mainly in terms of access to finance, capacity development, in particular on agricultural value chains. Evidence shows that SMEs are seen as beneficiaries of development co-operation, rather than as partners. Given that they account for roughly 90% of business establishments, potential exists to further engage SMEs as well as micro enterprises through PSE. Large domestic and transnational companies remain the most prominent partners in PSE projects in Uganda.
 - **Support for MSMEs tends to be uncoordinated.** The MSMEs policy could, in principle, play an important role in ensuring development partners support to agreed priorities in this area.
 - **The capacity of business associations to engage MSMEs could be strengthened** as a means to improve the extent to which MSME priorities are reflected in public-private dialogue.
- **Leaving No One Behind:**
 - **Only a limited number of the examined PSE projects (12%) explicitly target rural, remote or underserved locations. Only 3.7% explicitly target poor or vulnerable people while only 1.5% explicitly target women.** While other examined projects may still benefit those left behind and women, these findings suggest that PSE projects do not sufficiently purposefully target the most marginalised.
 - **There was limited PSE dedicated to the social sectors (13%) compared to the economic sector (87%)** during the reporting period, despite the high proportion of official

² The authors classified a project as blended finance if it respects at least one of the following criteria: (i) existence of a risk mitigation mechanism to mobilise non-developmental finance; (ii) concessional direct investment into a non-concessional source delivering social or environmental benefits through the provision of equity, debt and/or grants; and (iii) existence of result-based incentive mechanisms to mobilise non-development finance towards high impact sectors.

development assistance to social sectors in Uganda. There is an opportunity for the government and development partners to make greater use of PSE through development co-operation to address social challenges.

- **Development results:**
 - **Roughly half (51%) of PSE projects have some monitoring system in place.** The majority of PSE projects are subject to regular monitoring through, for example, annual or more frequent report, and to a lesser extent, field visits.
 - **Results frameworks are available for the majority of projects. However more information could be made available on intermediate and actual results.** Fifty-four percent provided some information on results frameworks. For 42% of projects, this information is in the form of a general results framework that is used by the organisation, mainly bi- and multilateral DFIs. The majority of PSE projects, 52%, provide information on actual results (25.8%) and/or expected results (32.1%), which mainly focus on access to finance, employment generation, development of a specific sector, the adoption of ESG standards, or energy generation.
 - **There is a significant gap in terms of evaluations available on PSE projects.** Only 8.5% of examined projects provided actual evaluation information. Yet, for roughly 50% of projects information is available regarding institutional approaches and policies for evaluation.
 - **Limited information in terms of results and evaluations of individual PSE projects means that an assessment of the key factors that promote success in PSE projects in Uganda and how such successes might be scaled up is not possible based on the project mapping.**
- **Transparency and accountability:**
 - **Many development partners do not provide basic information on their PSE portfolio nor specific PSE projects,** such as partners, project budget, duration, overview information, and results. Information tends to be more accessible for DAC donors and DFIs that often make use of project databases or specific country websites with projects listed. Information from CSOs is less readily available and rarely provided in a systematic manner that outlines basic information on projects.
 - **Lack of information and transparency regarding private sector contributions (financial and in-kind) makes it impossible to provide full figures on the total size of public or private contributions for the PSE projects examined.** This is somewhat surprising given the focus by the development community on catalysing private sector flows through the strategic use of development finance. Moreover, 48 projects (17.7%) had no information related to their budget.
 - **Literature on PSE and interview data suggests that there are low levels of compliance by the private sector with environmental laws and regulations in Uganda.**³ Poor corporate governance as well as lack of business management expertise and skills are also an issue in this context.
- **Realising the SDGs:**
 - **The private sector is represented on Uganda's SDG National Task Force by the Private Sector Foundation Uganda and engaged in some SDG related projects. Nevertheless, there is a need to raise further awareness of the SDGs across stakeholders in Uganda, including and beyond the private sector to make clear the business opportunities presented by the SDGs.** Greater uptake of CSR by the private sector offers one means to increase private sector contributions to the SDGs.
- **Making partnerships work:**
 - **Development partners** play a valuable role as facilitators of cross-sector dialogue and collaboration. For example, support for trade unions and business associations in Uganda has improved social dialogue on key issues. They can support groups that have historically had difficulties working together and limited trust to come together, build trust and move forward on areas of shared interest.

³ See <https://mvonederland.nl/sites/default/files/media/CSR%20Country%20Scan%20Uganda%202016.pdf>

Policy recommendations

[Supporting country ownership and capacity](#)

Greater participation by local stakeholders in PSE projects, including the government and other non-state actors would contribute to the creation of more inclusive partnerships and support greater country ownership.

All actors could:

- ✓ **Allocate greater resources to capacity development for PSE** including through programmes that sensitise stakeholders on the opportunities for PSE through development co-operation and build the necessary skills to access resources and establish and maintain partnerships.
- ✓ **Recognise the private sector as a partner in development** rather than treating the private sector only as a beneficiary of support.
- ✓ **Support the capacity of business associations and civil society to engage in public-private dialogue**, including their ability to organise, develop common positions and carry out advocacy work.

The national government could:

- ✓ Strengthen **national legal and policy frameworks** to promote PSE.
 - Through an inclusive consultation process, spearhead a process to **create a national policy framework for PSE in development co-operation and beyond** that clearly lays out objectives of PSE, benefits to different stakeholders, notably the private sector, government roles and responsibilities, opportunities for engagement and conditions of engagement (such as monitoring, evaluation and results reporting).
 - **Review and update the current PPP legal and regulatory frameworks** to identify appropriate PSE implementation modalities.
 - **Establish policies that promote the formation of business associations and their inclusion in policy dialogue**, to ensure representation by a range of private sector stakeholders, in particular SMEs.
 - **Continue to make progress on land reform** and ensure resettlement in Uganda aims at minimizing adverse impacts (if any) on the local population and the most vulnerable in particular.
 - Create a **national legal framework for CSR** that clearly defines CSR and articulates expectations for businesses, government institutions, development partners and other stakeholders with reference to supporting CSR.
- ✓ **Identify a lead department to coordinate PSE activities across government and allocate appropriate resources for its functioning.** The department should provide support to different governmental bodies engaged with PSE projects and serve as a focal point for discussion on PSE with a wide range of stakeholders.
- ✓ **Identify and pursue ways to better leverage domestic resources** to participate in opportunities presented by PSE through development co-operation. This is critical to address how development partners can build their efforts on the governments' own investments in PSE as an important building block and amplifier for PSE, and to ensure effective engagement with local actors in project design and implementation.
- ✓ **Convene development partners and other stakeholders** to identify how policy recommendations to improve the effectiveness of PSE can be taken forward in terms of identifying short, medium and longer-term priorities, institutional leadership, coordination mechanisms, and areas for specific support from development partners and timelines for next steps.
- ✓ **Improve the inclusiveness of public-private dialogue** to ensure a wide range of private sector stakeholders are engaged in a coordinated fashion.
- ✓ **Engage in knowledge and experience sharing** with other countries to understand how to best facilitate the private sector, including in the context of delivering on development.

Development partners could:

- ✓ **Ensure long-term (five years or more) financing for PSE projects** as a means to build local capacity and ensure the long-term sustainability of results.

- ✓ **Invest more in capacity development** for government, parliament, civil society, trade unions, business associations and others to participate in PSE and to ensure sustainability and availability of necessary skills and resources to scale successes. This includes ongoing capacity development for government, recognising that PSE is dynamic, changing over time.
- ✓ **Support government institutions** to implement existing policies aimed at improving the enabling environment and establishing PPPs, and to establish leadership on PSE.
- ✓ **Re-energise existing coordination mechanisms for PSE** with a focus on reducing duplication of efforts, identifying initiatives for joint support, improving engagement on PSE with the government, private sector and other stakeholders, and sharing knowledge and best practice.
- ✓ **Broker partnerships across sectors recognising the important role of development partners as interlocutors and neutral convenors.** Such efforts should include a focus on brokering inclusive multi-stakeholder partnerships with a range of stakeholders where appropriate.
- ✓ **Support the government and other stakeholders in PSE efforts from the beginning of project development** rather than beginning partnerships with pre-defined aims that may not sufficiently take into consideration local context.

The private sector could:

- ✓ Through existing business associations, facilitate dialogue amongst the private sector, including with MSMEs to **develop a common position on PSE through development co-operation and beyond** including a clear articulation of where support is most needed and identification of opportunities for engagement as a basis for discussion with stakeholders from across sectors. This can then be used as a basis to engage development partners, the government and other social partners.
- ✓ **Promote inclusive public-private dialogue** with the government and development partners.
- ✓ **Take advantage of the range of PSE modalities available** including technical expertise and knowledge transfer, recognising the value of PSE modalities beyond finance.

[Role of SMEs](#)

MSMEs require greater support to benefit from and participate in PSE as well as public-private dialogue.

All actors could:

- ✓ **Provide special support for awareness raising and capacity support for MSMEs** to engage in PSE and on broader enabling environment issues, including through the establishment of special access points with government and development partners.
- ✓ **Adopt holistic approaches to working with MSMEs** ensuring that programmes combine financial and capacity development to ensure business success and that efforts are well coordinated among all actors.

The national government could:

- ✓ **Prioritise implementation of the MSME policy** ensuring that initiatives and programmes are backed by sufficient resources, including by working in partnership with development partners.
- ✓ **Ensure that opportunities for public-private dialogue include efforts to target and engage MSMEs.**

Development partners could:

- ✓ **Provide awareness raising and capacity support for SMEs** to engage in PSE and on broader enabling environment issues.
- ✓ **Support business associations to better organise MSMEs and present their common position** in policy discussions.
- ✓ **Streamline and simplify procedures to make partnerships with the private sector more attractive.** Special consideration should also be given to the constraints faced by MSMEs to ensure they are able to access opportunities.
- ✓ **Ensure PSE opportunities through development co-operation are untied.**

[Leaving no one behind](#)

PSE portfolios should include projects that explicitly target the poorest and most marginalised with appropriate modalities of co-operation and incentives for the private sector to contribute to leaving no one behind.

All actors could:

- ✓ **Identify opportunities to leverage existing official development assistance flows to social sectors through PSE** adopting approaches that ensure the needs and desires of citizens, and in particular those being left behind, inform projects.

The national government could:

- ✓ **Invest in the poorest and most marginalised neighbourhoods** to crowd in the private sector which can provide goods and services.

Development partners could:

- ✓ **Mitigate financial risks and minimise the costs for the private sector to engage in activities that leave no one behind.**
- ✓ **Support greater partnerships between the private sector and civil society** that aim to address the needs of the poorest and most marginalised.

[Development results](#)

Information on monitoring, results frameworks, results and evaluation needs to be made publicly available to enable the assessment of PSE, identify lessons learned and best practices, and understand key factors that lead to scale and impact.

All actors could:

- ✓ **Allocate part of PSE financing to monitoring and evaluation**, making them obligatory, with a special emphasis on the development outcomes from PSE. Project monitoring should examine ongoing compliance with international standards and consider the views of beneficiaries of PSE.
- ✓ **Ensure robust reporting on the sustainable development impacts of PSE.**
- ✓ **Collect evidence on the impact of different modalities of PSE through development co-operation**, on people left furthest behind, SMEs, and scalability. Compile best practices and resources on PSE in Uganda to promote greater understanding of PSE and examples others can replicate.

[Transparency and accountability](#)

There is a need to improve transparency and accountability in PSE overall, both in terms of the provision of information on PSE as well as by ensuring compliance with national and international standards and safeguards.

All actors could:

- ✓ **Make publicly available basic information on PSE projects.** This includes information on project duration, monitoring, results frameworks, results and evaluations.
- ✓ **Allocate more resources to monitoring and evaluation.** The success of PSE depends on a focus on results, transparency and accountability.
- ✓ **Make use of public-private dialogue platforms to assess the results of PSE** through evidence-based discussions that include affected stakeholders.

The national government could:

- ✓ **Ensure compliance with national laws and regulations** when working with the private sector.

The private sector could:

- ✓ **Comply with national and international standards** to ensure that business operations minimise negative impacts on people and the environment, and where possible, maximise benefits.
- ✓ **Through business associations, raise awareness of compliance requirements** across the private sector.

Realising the SDGs

Generating greater awareness of the SDGs, establishing structured mechanisms for public-private dialogue on PSE and building the capacity of business associations and their members to engage in policy discussions would contribute to greater PSE on the SDGs.

All actors could:

- ✓ **Engage in opportunities for public-private dialogue on PSE and the SDGs**, recognising the importance of such opportunities for building relationships, establishing trust, identifying shared priorities and providing the basis for partnerships. Public-private dialogues should be problem focused with opportunities for discussions focusing on particular sectors.

The national government could:

- ✓ **Promote greater awareness and country ownership of the SDGs through more structured public-private dialogue** that engages all relevant actors for knowledge sharing, mutual learning and to drive meaningful partnership action that engages the business sector more systematically, including MSMEs.
- ✓ **Promote CSR as a means for companies to support the SDGs**, including by socialising companies on the importance of CSR, working in partnership with business associations.
- ✓ **Explore ways to promote investments and contributions from diaspora communities to finance sustainable development.**
- ✓ **Invest in life skills to support the private sector.**

Development partners could:

- ✓ **Act as neutral and unbiased convenors that have the capacity to convene stakeholders that may not have engaged with one another in the past**, owing to historically antagonistic relationships and limited trust. Ensure compliance by the private sector with environmental and social safeguards through PSE project life-cycles.

Private sector could:

- ✓ With the support of business associations, **identify further key opportunities and challenges to PSE through development co-operation**, including through structured dialogue with development partners, the government and other stakeholders.
- ✓ **Engage in CSR initiatives that explicitly target the SDGs**, working in partnership with others.

II. Introduction

The development co-operation landscape has seen a significant shift towards creating “shared value” – business profits and positive development results. The private sector is providing financing, job creation, service delivery and innovation. Key international development co-operation agreements, such as the 2030 Agenda and the Addis and Paris accords, have recognised this role and development partners have shifted gear and adapt their policies and practices for private sector engagement (PSE) efforts to build trust, mitigate risks, and create incentives for the private sector to engage and, through this, help deliver on global promises.

The Global Partnership for Effective Development Co-operation (GPEDC) contributes to this effort by facilitating evidence-based and inclusive policy dialogue between stakeholders and the private sector on the drivers of effective PSE through development co-operation. The private sector has the potential to bring solutions to scale and create real change on monumental social problems.⁴ At the same time, the impact and opportunities of multi-nationals, large domestic firms, small and medium-sized enterprises (SMEs), cooperatives and their associations to achieve the SDGs - and the commitment to leave no one behind – by working with development partners requires more systemic research and that the impacts of PSE through development co-operation differ and depend on the actors, local context, and sectors involved. In this context, a number of challenges to ensuring the effectiveness of PSE through development co-operation exist including: delivering shared value, measuring impact and outcomes, strengthening the transparency of PSE projects and related accountability structures, and ensuring country ownership with appropriate capacity for local stakeholders to engage.

The aim of the GPEDC’s PSE work stream is to provide guidance to scale up positive PSE experiences and proactively address lessons and concerns raised by all relevant actors – governments, parliaments, the private sector, civil society and trade unions. This is not done by any other global body.⁵ Case studies in Bangladesh, El Salvador, Egypt, and Uganda will identify and document country-level evidence and experiences in PSE through development co-operation through an inclusive research process that considers the perspectives of all stakeholders. The case studies will contribute to building trust and awareness of concrete opportunities, challenges and investment gaps. This work will ultimately inform guidelines on effective PSE in development co-operation and will help development partners further adjust in an inclusive manner their policies and practices to deliver shared value. Finally, the work makes a contribution to the substantial body of literature on PSE through development co-operation by focusing on country level experiences and the perspectives of partner governments and local stakeholders.

This case study report presents evidence for Uganda. It is based on a literature review, a mapping of 271 PSE projects and partnerships mobilised through development co-operation, and interviews and a validation workshop⁶ with local stakeholders including government, development partners, business associations, the local private sector, civil society, trade unions and research institutions (see Annex 1 for a full description of the research approach and activities).

The report begins with an overview of the context for PSE through development co-operation in Uganda. It outlines key government priorities, regulatory and legal context and key trends with respect to the role of the private sector in Uganda. The report presents the findings of the project mapping – who the main **actors** are, the **modalities** they use and the **sectors** in which they are active. The report then presents practical, country-specific opportunities and challenges to realising effective PSE through development co-operation in Uganda. It concludes with next steps.

⁴ The private sector – a diverse group of financial institutions, intermediaries, multinational companies, micro, small and medium-sized enterprises and co-operatives who operate in the formal and informal sectors engaging in profit-seeking activities with a majority of private ownership – is widely recognised as engine of growth and ingenious source and driver of knowledge generation and innovation. The definition used as a basis for this report focuses on for-profit entities. Foundations are included as development partners. The definition of the private sector is drawn from OECD (2016).

⁵ A review of almost 70 major multi-stakeholder platforms promoting PSE in development, operating at global, regional and sectoral levels, found that only about 25% of PSE platforms have partner country governments as their members. Even fewer of them strategically engage civil society, trade unions and parliamentarians. SMEs also lack access to these multi-stakeholder platforms. Only about 10% of PSE platforms examine the effectiveness, results and private sector benefits of PSE instruments. About 70% of them do not play a monitoring and accountability function for the PSE efforts they support (the ones that do are mostly sectoral platforms). Based on these findings the work stream focuses on PSE at the country level with a particular focus on country level evidence and multi-stakeholder dialogue, coupled with global level activities. For a full description of the work plan and the mapping of multi-stakeholder platforms, see http://effectivecooperation.org/wp-content/uploads/2017/10/PSE-Concept-Note_17Oct.pdf

⁶ The validation workshop was held October 2, 2018 and included over 65 participants.

III. The Ugandan Context

Political and policy context

Uganda's development ambitions are guided by *Uganda Vision 2040*. The Vision aims to transition Uganda from a low- to an upper middle-income country within 30 years (Government of Uganda, 2016). The country sees particular opportunities in natural resources, agriculture, strengthened infrastructure, human capital development, and a stable macroeconomic environment. The second National Development Plan (NDPII - 2015/16-2019/20)⁷ serves as Uganda's medium term plan. It aims to achieve middle-income country status by 2020 by strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. The plan is also supports Uganda's adoption of the Sustainable Development Goals (SDGs) and its commitments to Agenda 2063.

Uganda has historically been characterised by a **stable macroeconomic environment**. Over 1995-2015, the country saw low inflation at 4-5%, stable foreign exchange rates and adequate reserves (Ministry of Trade, Industry and Cooperatives, 2015). GDP annual growth rate in Uganda averaged 7.2% from 2000 until 2011.⁸ **More recently, the country is experiencing its lowest growth rate in the past two decades** (4.48% in average since 2012⁹), owing to internal and external negative shocks (Sebudde et al. 2017). The impact of the drought on agriculture, civil strife in South Sudan and ongoing high lending rates and more stringent borrowing conditions in the financial sector have had a negative impact on the economy. Uncertainty in global trade and declines in commodity prices has not helped. A further challenge for Uganda is the need to improve the competitiveness of the manufacturing sector in light of the need for structural transformation and job creation (validation workshop, October 2018). However, thanks to supportive, sustained monetary policy easing alongside a range of other factors including better weather, **recovery in economic growth**, from 3.9% in 2016/17 to 5.5% in 2017/18. This positive outlook for growth is projected to continue in 2018/19 to 6% (World Bank, 2018).

The second National Development Plan identifies **public-private partnerships (PPPs)** as one of its financing mechanisms (Government of Uganda, 2016). According to the government, PPPs have demonstrated their success in construction, hydro-electric power, the natural resource sector and infrastructure. Under the second National Development Plan, priority sectors for PPPs include infrastructure and energy, and other undertakings that require substantial financial resource outlays. Uganda's infrastructure deficit is significant requiring almost US\$1.4 billion per year to meet the gap in the medium term according to the World Bank (Sebudde et al. 2017). Moreover, public investments fail to generate the expected growth and welfare dividend. According to a recent study, only seven-tenth of a dollar has been generated for every dollar invested in Uganda's infrastructure, far below countries that have successfully undergone structural transformation (World Bank, 2016). Uganda's existing fiscal deficit and increasing public debt put greater emphasis on PPPs to fill gaps though careful implementation is key to ensuring PPPs opening up fiscal space rather than further constrain government resources.

PPPs are governed by the 2015 PPP Act. A 2010 PPP Policy also exists (Government of Uganda, 2010). The Act sets out overall conditions for PPPs including in terms of their design, construction, maintenance and operation as well as principles for implementation (Box 1). The Act also established the Public Private Partnership Committee, Public Private Partnership Unit, and the Project Development Facilitation Fund (Republic of Uganda, 2015). The PPP Committee is responsible for ensuring that PPP agreements are consistent with the Act and identifying national priorities for PPPs, developing PPP policies, proposal approval, and examination of feasibility studies, overseeing monitoring and evaluation by contracting authorities and ensuring fiscal accountability and efficiency in implementation. The PPP Unit is part of the Ministry of Finance, Planning and Economic Development, and serves as the secretariat for the PPP Committee. It also serves as a resource centre on PPPs, conducts civic education, provides capacity development to contracting authorities, compiles and manages information on PPPs, carries out research to improve PPP implementation and makes recommendations to the PPP Committee for consideration. All contracting authorities that enter into PPPs are required to have a PPP team. The Project Development Facilitation Fund is available to support contracting authorities in the preparation phase of PPPs, support the PPP Unit's activities and provide liquidity to meet contingent liabilities that may arise from a project. According to the Act, PPPs are subject to an audit under the Auditor General each financial year, which is reported to parliament. The Ugandan government is currently in the process of further developing sound PPP policies and initiatives, and is largely at the discussion stage (interviewee, March 2018). There is a need for the government to strengthen relationships between public institutions responsible for PPPs as a means to strengthen implementation of

The Government of Uganda sees the private sector as playing a key role in financing its second National Development Plan, particularly through public-private partnerships with a focus on infrastructure, energy and other projects that require substantial financial resource outlays.

⁷ See <http://npa.ug/wp-content/uploads/NDPII-Final.pdf>.

⁸ See <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=UG>

⁹ Ibidem.

PPPs (validation workshop, October 2018). The same follows for partnerships across the private sector. PPPs would benefit from harnessing relationships between stakeholders in the private sector. The government is looking at how to best attract the private sector to collaborate under a PPP framework.

Box 1. Principles for PPP implementation in Uganda

The implementation of public private partnership[s] shall be governed by the following principles

-
- (a) Ensuring value for money, by optimal allocation of risks to private parties and maximization of the benefits to be obtained from expertise and financing by private parties;
- (b) Protection and respect of the rights and interests of users of the infrastructure or services offered under a project;
- (c) Transparency, by ensuring that the procurement of a public private partnership does not restrict competition among the bidders and that it is conducted on equal terms and uses objective criteria;
- (d) Transparency, by ensuring that all bid notices are advertised as prescribed and that the bidders have access to the same information;
- (e) Accountability of the contracting authority to the users of the infrastructure or service to be offered under a project;
- (f) Promotion of the participation of Ugandans as private parties in public private partnerships;
- (g) Ensuring that the terms and conditions of service of the employees affected by a project are in accordance with the relevant laws;
- (h) Protection of the intellectual property of bidders at all stages of a project;
- (i) Stimulating growth and development through harnessing private sector innovation and efficiency;
- (j) Providing policy stability in order to reduce private sector uncertainty on investment returns; and
- (k) Developing institutional capacities for technical analysis, negotiation, monitoring and management of public private partnerships contracts.

Source: Text directly from the PPP Act, 2015 (Republic of Uganda, 2015, section 3).

In 2017, the Ugandan government released a **National Strategy for Private Sector Development** (2017/18-2021-22) (MFPED, 2017). The strategy aims to “increase competitiveness of the private sector and enhance its contribution to economic development.” The strategy focuses on creating a business enabling environment, accelerating industrialisation and business linkages, and enhancing productivity and modernisation at firm and household level with the overall aim of supporting structural transformation of the economy while reducing the informal sector. The strategy has a follow up and review mechanism to inform performance measurement and management with indicators related to the quality of service delivery and overall services provided. The plan established a Multi-Stakeholder Private Sector Working Group that met for the first time in March 2018 and includes key ministries, departments and agencies, the private sector, advocacy institutions, civil society, development partners, research and development institutions, academia and training institutions. The strategy makes only passing references to direct partnerships with the private sector. Nevertheless, the working group has potential to serve as an important space for discussion on issues that matter most to the private sector and in PSE (validation workshop, October 2018). Ensuring that working group meetings happen on a frequent and regular basis is important going forward.

The Ugandan government has also established a policy on **micro, small and medium sized enterprises (MSMEs)** that complements existing laws. The policy was established “to guide [the] private sector as an important vehicle for knowledge exchange, technology and innovation development, research and investment transfer to significantly contribution to sustainable and efficient value addition production” (Ministry of Trade, Industry and Cooperatives, 2015, p. i). It aims to stimulate growth of sustainable MSMEs through enhanced business support, access to finance, technical and business skills and the creation of a business enabling environment for MSMEs. The policy sets out a number of specific objectives and activities in this regard.

A number of government institutions support MSMEs, typically through specialised units including the Ministry of Trade, Industry and Cooperatives, the Ministry of Finance, Planning and Economic

Development, and the Uganda Investment Authority.¹⁰ Research institutions and private institutions such as the Private Sector Foundation of Uganda and Enterprise Uganda also support the MSME sector. These institutions have successfully supported skills development, entrepreneurship promotion, research, and business incubation. The policy outlines that support from development partners is also welcome. Implementation of the MSME policy has been a challenge due to limited financing to carry through the initiatives outlined in the policy and the significant amount of small business operating in informal sector (interviewees, February and May 2018).

The Government of Uganda is also an important consumer of private goods and services (interviewee, February 2018). The consumer base in Uganda tends to be small, making the government the largest consumer. As such, spending decisions have an important impact on the growth of the private sector. Procurement policies offer potential to promote socially responsible businesses (validation workshop, October 2018).

Despite government efforts, the World Bank's 2018 Doing Business report (World Bank 2017) ranks Uganda at 122 out of 190, with notable **challenges including getting electricity, starting a business, dealing with construction permits and trading across borders**. The Private Sector Foundation Uganda (PSFU) has also noted that the cost of electricity is a challenge for businesses, particularly for SMEs, as well as transportation costs (PSFU, 2016b). According to results from its Uganda Business Climate Surveys, which survey business managers on current and future business conditions, electricity issues are the most commonly cited constraint faced by firms (Maweje, Lakuma and Birabwa, 2016). Though Ugandan firms draw electricity from the grid, nearly two out of three businesses invest in generators as a secondary back up source. The reliability of electricity remains a major challenge (World Bank, 2013).

Moreover, research by the African Development Bank (AfDB) and the Economic Policy Research Centre highlight additional challenges in the business enabling environment. These challenges include weak institutional support, limited access to affordable credit, costly and inadequate infrastructure, unreliable supply of inputs, lack of local capability for technology, and unskilled labour force (Bienen and Ciuriak, 2015). Bottlenecks to access long term financing need to be addressed and greater investments in technology would benefit the business enabling environment (validation workshop, October 2018). These challenges are exacerbated by **corruption** in the public sector, inconsistent application of **rule of law**, and political interference in the justice system (Bos, Slaa and Katamba, 2016). Nevertheless, the 2017 Ibrahim Index of African Governance suggests that governance is increasingly improving in recent years.¹¹

Another area that affects the business enabling environment in the Ugandan context is land acquisition for development projects, including in relation to PSE projects. Several interviewees noted that progress on land reform would be welcome in terms of promoting the SDGs and improving development outcomes for poor people (February, 2018). A 2016 report by Advocates Coalition for Development and Environment (ACODE) looked at land acquisition and resettlement in Uganda based on a review of five projects in the areas of conservation, oil development, road infrastructure, and hydro-electric power (Anyuru et al., 2016). The review showed significant gaps in the aims of national legislation and implementation at the community level. The review identified a number of challenges, including weak mechanisms, inefficient processes, lack of monitoring, and harmful engagements with project-affected communities. Land acquisition and resettlement in Uganda tends to negatively impact those directly affected.

In response to these findings, ACODE proposes that the government build on the Uganda National Land Policy of 2014 to formulate a national resettlement policy and a revised land policy in line with international best practice to reduce vulnerability to development-related conflict. In addition to improving stakeholder consultation on development projects, applying more stringent frameworks for assessing the impacts of projects, ensuring fair compensation for affected communities, improving transparency and accountability to monitor and audit the implementation of land acquisition and resettlement processes and legalization of customary lands, ACODE has called for improved guidance to ministries to balance the interests of different stakeholders and coordinate across government. According to a World Bank study, Uganda's complex system of land tenure has also hindered growth of large scale investments in Greater Kampala, noting the need for clear land rights and to strengthen land administration (Kathage and Hobson, 2017).

Businesses in the formal sector benefit from financial inclusion with the majority (82%) having an account with a commercial bank (Maweje, Lakuma, and Birabwa, 2016). Nevertheless, borrowing remains at a high cost (PSFU, 2016b). To tackle this problem, the Bank of Uganda and the Ministry of Finance, Planning and Economic Development created the 2017-2022 National Financial

Key challenges in the business enabling environment include access to electricity, the high cost of borrowing, and inadequate infrastructure. Low capacity utilisation within the private sector has limited job creation.

¹⁰ The Uganda Investment Authority promotes investment in Uganda. It has a dedicated division to supporting the development of MSMEs. See <https://www.ugandainvest.go.ug/sme/>.

¹¹ See <http://iiag.online/>.

Inclusion Strategy, which aims to improve the access to a broad range of quality and affordable financial services.¹² Moreover, mobile money has driven financial inclusion of micro and small enterprises with 75% of micro enterprises and 74% of small enterprises indicating use of mobile money. Larger business are less likely to use mobile money (Mawejje, Lakuma and Birabwa, 2016).

Inadequate infrastructure more generally means that the cost of doing business is high. Businesses in Uganda have also been facing **low capacity utilisation of available production capacities**. This had led to limited job creation as firms can improve production without additional resources such as labour and machinery¹³ (Mawejje, Lakuma and Birabwa, 2016).

The private sector

The majority of the working population – 65% – was engaged in **agriculture, forestry and fishing** in 2016/17 (Uganda Bureau of Statistics, 2017). Uganda's 2010/11 Census of Business Establishments revealed that 61% of businesses are in the trade sector,¹⁴ which employs 40% of the employed population, followed by 14% in the hotel and food services sector (Ugandan Bureau of Statistics, 2011). The majority of businesses – 60% – are in the central region and **90% of the estimated business population of 500,000 establishments have less than four employees**. Roughly 70% of businesses can be classified as micro and another 20% as small.¹⁵ MSMEs contribute to the Ugandan economy across sectors, with 49% operating in the **service sector**, 33% in commerce and trade, 10% in manufacturing and 8% in other sectors employing more than 2.5 million people (Ministry of Trade, Industry and Cooperatives, 2015). According to the Uganda Bureau of Statistic's 2015 Urban Labour Force Survey, 31.5% of the working population in the Greater Kampala Area work in sales, maintenance and repair (trade), 8.7% in manufacturing, 8.0% in transport and storage, 6.4% in construction, and 6.0% in agriculture, forestry, and fishing. Other industries¹⁶ make up the remaining 31.2% (Uganda Bureau of Statistics, 2016). The survey also showed that 67.6% of employed persons work more than 48 hours per week. With the exceptions of the financial sector and telecommunications companies, the private sector is young and lacks stability for the most part (interviewee, February 2018).

Uganda's economy is dominated by MSMEs that largely operate in the informal sector, the bulk of which employ less than four employees. MSMEs are most prominent in the service sector, followed by commerce and trade. They are largely based in urban areas.

The proportion of the working population in **informal employment** was 86.2% in 2015. Moreover, the World Bank 2013 Enterprise Survey for Uganda found that the country has seen growth in the level of informality. In 2006, firms competing with informal or unregistered businesses stood at 73%. This figure was 95% in 2012 suggesting that informality is increasing with a higher proportion of firms noting they compete with firms in the informal sector (World Bank, 2013). This rate is also substantially higher than for other low-income countries. Nevertheless, the private sector is still the largest creator of jobs in the formal sector, employing between 3 and 4 million people (validation workshop, October 2018).

There is a need for the private sector to invest in human capital generally speaking (validation workshop, October 2018). As in other developing countries, **MSMEs** are characterised by great degrees of informality and often only **operate for five years or less**. They tend to have limited access to affordable finance, particularly for enterprises established by women, youth or people with disabilities as well as agriculture based enterprises (Ministry of Trade, Industry, and Cooperatives, 2015; see also World Bank, 2013). MSMEs also face limited access to appropriate technology and are unable to access costly quality assurance and standardisation schemes for their products, which limits their potential to access different markets

¹² See https://www.bou.or.ug/bou/bou-downloads/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf

¹³ The World Bank's 2013 Enterprise Survey, which surveyed 762 business establishments over January 2013 to July 2014 similarly found low rates of job growth. Between 2010 and 2012, firms added jobs at an annual rate of 2%. This is almost one-third the average rate for low income countries (6%) and significantly lower than the annual growth rate of 8% between 2004 and 2006 (World Bank 2014).

¹⁴Includes sale, maintenance and repair of motor vehicles, motor cycles and household goods, wholesale trade, and retail trade.

¹⁵ For the 2010/11 survey, micro businesses are defined as having 19 or less employees and an annual turnover of less than 5 million shillings. Small businesses have 49 or less employees with an annual turnover of 5-10 million shillings. However, findings from the census revealed that no business with annual turnover of 5 million shillings or less employed more than ten people. According to the 2015 MSME policy, this definition has been updated as follows: micro enterprises have not more than 5 employees and annual sales or total assets of 10 million shillings or less; small enterprises have five to 49 employees with annual sales or total assets of between 10 and 100 million shillings; medium enterprises employ 50-100 employees with annual sales or total assets of between 100 and 360 million shillings.

¹⁶ Includes accommodation and food service activities, education, human health and social work, activities of households as employers and other service activities.

The private sector is organised through various **business associations**. Established in 1995, the Private Sector Foundation Uganda,¹⁷ is a major player, made up of over 190 business associations, bodies and public sector agencies. The organisation serves as a focal point for private sector advocacy and capacity development. It works with the Ugandan government and development partners to strengthen capacity for policy advocacy and market competitiveness, including in the area of trade development. PSFU carries out research and advocacy on behalf of the private sector (including advocacy efforts at the regional level), provides a forum to discuss policy issues, maintains a dialogue with the government and provides training and business development services to the private sector. In the agriculture sector, the Uganda National Farmers' Federation serves as an umbrella membership organisation for farmers, representing over 90 independent associations of farmers, agro-industrialists and agro-commodity dealers.¹⁸ The Federation of Ugandan Employers¹⁹ represents businesses in negotiations with trade unions.²⁰ It has representatives in most bi/tripartite organs such as the Minimum Wage Advisory Boards and Industrial Court (LO/FTF Council, 2016). In the case of MSMEs, the sector is uncoordinated and MSMEs do not have a common forum to express their needs and engage effectively in policy dialogue or lobbying on their priorities (Ministry of Trade, Industry and Cooperatives, 2015). Associations that represent MSMEs tend to have limited capacity. There is a need for government policy to support the establishment and inclusion of business associations that represent MSMEs in public-private dialogue (validation workshop, October 2018).

According to a review of **corporate social responsibility (CSR)** in Uganda, companies in Uganda have begun to develop an interest in CSR, commonly understood in terms of philanthropy or charity (Bos, Slaa and Katamba, 2016). CSR has not been formalised or institutionalised in Uganda. The government has yet to develop a CSR policy framework²¹ and few companies, including SMEs, are making use of CSR codes, standards, management systems and reports. SMEs tend to engage in CSR as a result of owner or managers' personal values and see CSR as a cost centre with activities usually implemented on a limited scale with development impact not measured. Large companies, domestic and multinational, are more likely to follow CSR practices driven by corporate policies, business objectives or global business frameworks such as the United Nations Global Compact. In this context, CSR is seen as a risk mitigation (reputational risks, establishing social license to operate, etc.) or prevention tool, or as a way to maximise opportunities. Compared to SMEs, CSR investments by larger firms tend to be on a large scale with measurable impact for development, aligned with national development issues, including the SDGs. CSR practices tend to focus on poverty reduction with some business also supporting better outcomes in health, skills development and education, combatting corruption, supporting human rights and addressing environmental degradation. A gradual shift is occurring in terms of CSR being understood as responsible business, beyond charity. Nevertheless, CSR activities remain largely ad hoc and unpredictable (interviewee, February, 2018). Large companies are filling some gaps in health and education for example, but local companies tend to be too young to share profits. **In terms of the shared value approach, this too seems to be ad hoc** and an area worth further exploration going forward (interviewee, February, 2018). Participants at the validation workshop noted that working with cultural leaders and the creation of incentives that promote shared value could be explored further in this context (October 2018).

A number of organisations support CSR in Uganda, including the Uganda Chapter for Corporate Social Responsibility Initiatives Ltd. which provides CSR information and advisory services, and coordinates private sector CSR activities.²² The Institute for Corporate Governance of Uganda seeks to foster values of accountability, transparency, integrity and responsibility in corporate governance.²³ A number of other companies and CSOs also work to promote CSR in Uganda.

The legal and regulatory framework in Uganda provides for opportunities for **public private dialogue** regularly through the policy cycle (GPEDC, 2016). The private sector was consulted on the second National Development Plan and other national policies and frameworks, including consultations on the 2030 agenda. Public-private dialogue occurs at all levels. The Public Sector Forum provides an opportunity for dialogue between the government and the private sector (GPEDC, 2016). The private sector also engages through the budget committee in parliament. Private sector actors can present proposals during the consultation stage in budget drafting (Republic of

CSR in Uganda is not yet linked to core business practices. Large companies tend to be more engaged in CSR than SMEs and a national CSR legal framework is missing.

A range of business associations exist and some efforts have been made to establish common private sector positions on key policy issues. The MSME sector is less well coordinated and does not have a common forum to effectively dialogue with the government.

¹⁷ <http://www.psfuganda.org/new/>

¹⁸ See <http://www.unffe.org/general/about>.

¹⁹ See <http://fuemployers.org/>.

²⁰ In 2016, trade union density was estimated at 3.2% of the total labour force (including the informal sector) and 20% of the wage and salaried workers (LO/FTF Council, 2016).

²¹ Though the government modernised the Companies Act in 2012 which included legal changes for governance and administration of companies, including a code of corporate governance for public companies that is also voluntary for private companies (Bos, Slaa and Katamba, 2016). The Uganda National Bureau of Standards also provides standards, measurements and conformity assessment services that relate to CSR.

²² See <http://uccsri.com/>.

²³ See <http://www.icgu.org/>.

Korea and Institute for Development and Human Security, 2017). The Private Sector Foundation Uganda is particularly active in preparing views from the private sector and presenting proposals to government, including on important issues such as taxation and minimum wages (Box 2). According to the Private Sector Foundation Uganda, over 74% of the private sector's proposals to the government for the budget in FY 2016/17 were included (PSFU, 2016b).

Box 2. Private sector priorities for the 2017/18 national budget

The Private Sector Foundation Uganda presented private sector priorities to the government for its 2017/18 budget. Main priorities included addressing credit / interest rates; promotion of the Buy Uganda Build Uganda policy; implementation of agreed policies; and water infrastructure for agriculture. In addition to these, the private sector also noted the importance of infrastructure development; skills, education and health; improving the legal and regulatory frameworks to reduce the cost of doing business; stimulating demand by enhancing population income through rural development; tax policy issues; SME development; and regional integration and economic partnerships.

Source: PSFU, 2016b.

In addition to these efforts, the Presidential Investors' Round Table was launched in 2005 to bring together foreign and domestic investors to advise the government on how to improve the investment climate.²⁴ A range of policy outcomes have occurred as a result of the round table in the areas of the regulatory environment, agriculture, natural resources, information and communication technology, infrastructure, and health. According to one interviewee, though a welcome initiative, the round table serves as one example of a public-private dialogue platform in which larger companies are able to get their voices heard, with direct access to the President (March 2018). This means that initiatives may not always benefit or address the key issues of a wide range of different types of private sector actors.

Finally, the Ugandan government has a Private Sector Consultative Group in development co-operation. The private sector shares its views through this group including in terms of how development co-operation efforts should be financed and implemented. The group includes discussion on division of labour including what the private sector should finance and implement versus the government.

Trade unions and civil society

Uganda has two main labour unions – the National Organization of Trade Unions of Uganda (NOTU)²⁵ and the Central Organization of Free Trade Unions of Uganda.²⁶ The former is the largest organisation with over 440,000 affiliated workers, including workers from the informal sector, making it ten times larger than the Central Organization of Free Trade Unions in Uganda (LO/FTF Council, 2016). The 2015 Urban Labour Force Survey showed that 12.8% of paid employment in the Greater Kampala Area is under unionisation or a similar workers association (Ugandan Bureau of Statistics, 2016). The right to freedom of association and the right to collective bargaining are guaranteed in the country's constitution. Demonstrations sometimes occur and trade union leaders are sometimes arrested (Bos, Slaa and Katamba, 2016). Workers have special representation in parliament through five worker seats that are elected with the same privileges of general members of parliament (LO/FTF Council, 2016, interviewee March 2018). Special representation in parliament has helped the labour movement to push their agenda, particularly on minimum wages (interviewee, February 2018).

Development partners have supported greater collaboration between employer associations and trade unions, contributing to improvements in social dialogue at the national level in Uganda.

According to a 2016 review of labour conditions, social dialogue has improved significantly in Uganda with trade union centres working better together, including through a Memorandum of Understanding in October 2016 and unification of the two main trade union centres (and others) (LO/FTF Council, 2016). The NOTU and the Federation of Ugandan Employers have been engaged in more constructive and consensus-seeking social dialogue, together pushing the government to set up a separate Ministry of Labour and strengthen the industrial court. The organisations are hoping to establish a mechanism that will help to handle some issues before they reach the industrial court. The NOTU and the Federation of Ugandan Employers have also recently developed a Memorandum of Understanding on minimum wage in Uganda²⁷ and are currently negotiating a general Memorandum of Understanding on how to handle issues with em-

²⁴ See <http://www.ugandainvest.go.ug/facilitation-aftercare/pirt/>.

²⁵ See <https://www.notu.or.ug/>.

²⁶ See <https://www.facebook.com/Central-Organisation-of-Free-Trade-Unions-Uganda-COFTU-402146703296061/>.

²⁷ Progress on establishing a minimum wage will support the leave no one behind agenda and the SDGs. Ensuring effective regulation and implementation going forward however, will likely be a challenge (Bos, Slaa and Katamba, 2016).

employers together (interviewee, February 2018). While the government has a tripartite Labour Advisory Board, it mainly negotiates issues related to labour and does not meet frequently enough to handle all relevant issues. The dialogue between the NOTU and the Federation of Ugandan Employers serves as means to move forward on areas of shared interest more quickly and has been supported by employer and union organisations in Denmark. According to one interviewee (February 2018), this support has been invaluable for bringing together employers and unions in Uganda through workshops on social dialogue and other issues, which created bonds and trust between employers and unions and demonstrated the importance of working together. Other development partners have also been supporting both trade unions and employer associations in Uganda, particularly in terms of meetings and events that help to solidify relationships as well as through support for independent research on issues of shared interest.

At the factory level, social dialogue is more difficult. Employees working for the private sector may find barriers to set up trade unions, relying on professional associations (interviewee, March 2018). An interviewee also noted the need to improve the collaboration between trade unions and professional associations by creating dialogue platforms to build trust and co-ordinate efforts (March 2018). Over 280 collective bargaining agreements are in force, however this only covers around 400,000 employees. There is also an expectation that collective bargaining agreements must be reviewed on an annual basis. In practice however the review process has been known to drag. Nevertheless, collective bargaining agreements tend to include salary enhancement on an annual basis.

In terms of relationships between trade unions and government, the government continues to facilitate tripartite dialogue. The relationship has been strained in the past largely owing to calls for higher salaries for public sector employees (interviewee, February 2018). Nevertheless, efforts are underway to improve the relationship and on policy issues, the government and trade unions tend to work well together with government stakeholders calling on trade unions to present their views and contribute to national development planning.

Civil society organisations (CSOs) in Uganda are governed by a 2016 Non-Governmental Organisation (NGO) Act.²⁸ The Act established a National NGO Bureau and requires local governments to establish a District or Sub County Monitoring Committee, which include CSO representation. The Act also places some restrictions on NGO activities in terms of their ability to advocate for more controversial issues such as LGBT rights and land grabbing or carry out activities that might be seen as partisan, which some have argued has reduced space for civil society in the country (interviewee, March 2018). CSOs tend to compete with one another and do not have a common agenda (interviewee, March 2018).

With respect to the private sector, CSOs have called on the government to ensure that it uses developed co-operation for infrastructure development, the creation of an investment-friendly environment and enabling business environment, and to supply public goods as a means to attract private investment (Uganda Debt Network, 2017). They have also noted the importance of operationalising existing PPP policies to encourage greater private investment in public projects.

Interviews have shown that the relationship between civil society and the private sector is evolving (March 2018). A structured platform for CSOs and private sector engagement has been established (the Private Sector and Civil Society Initiative). It aims to build sustainable partnerships and amplify the voices of both actors. Partnerships between CSOs and the private sector are increasing with the private sector seeing the importance of playing a role in improving social conditions. Nevertheless, CSOs also compete with the private sector over resources and grants and more efforts are needed to promote collaboration. Development partners are increasingly looking to support what they referred to as triangular relationships involving CSOs, the private sector and the development partner. However most development partner support is for partnerships between the private sector and the government and more efforts are needed to support multi-stakeholder partnerships that bring together all partners (interviews, March 2018).

Development partners

According to statistics from the Organisation for Economic Co-operation and Development (OECD), Uganda received US \$1,981 million in official development assistance (ODA) commitments in 2016 (US\$ 47.7 per capita), of which US \$1,462 million was committed in ODA grants and US \$518 million in ODA loans.²⁹ Commitments in terms of other official flows amounted to US \$147 million in the same year. It represents a decrease of 22% compared to commitments in

The relationship between civil society and the private sector is evolving with greater dialogue occurring and partnerships emerging. Nevertheless, more efforts are needed to promote collaboration between civil society and the private sector.

Lack of donor harmonisation and alignment with national priorities undermines the effectiveness of development cooperation in Uganda. Co-ordination on PSE has not been effective to date.

²⁸ See <https://www.mia.go.ug/sites/default/files/download/The-Non-Governmental-Organisations-Act-2016%20comp.pdf>.

²⁹ See <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>.

2015. On average, ODA commitments to Uganda have increased at an annual rate of 3% between 2007 and 2016. In the same period, total ODA commitments to African and developing countries increased at an average annual rate of 3% and 4%, respectively.

The country's top five ODA providers in 2016 include the United States, World Bank, European Union Institutions, United Kingdom and Germany.³⁰ These countries are also among the top ODA providers in the period between 2007 and 2016, along with the African Development Bank and Japan. Social infrastructure (reproductive health and population [21%], education [6%] and other social infrastructure [9%]) captured the largest share of ODA, followed by economic infrastructure (economic infrastructure [19%] and production [16%]). These figures are in line with the ODA distribution across sectors since 2007.

A 2015 evaluation of budget support conducted in cooperation with the Government of Uganda stressed that development partners should focus on areas of highest impact with the aim of increasing government revenues and reversing underfunding and serious deterioration of social service delivery. It also urged countries to support longer term strategies for growth and poverty reduction, including those focused on infrastructure and agriculture, and integrate gender equality and equity, civil society participation, and local implementation (EC and IEG, 2015).

Uganda established an Aid Management Platform in 2014 under the Ministry of Finance, Planning and Economic Development. With the aim of ensuring aid effectiveness, the platform is meant to coordinate aid resource flows to the country and enable stakeholders to monitor, access and assess these flows (Uganda Debt Network, 2017). So far, the platform has not been able to achieve its full potential in part due to technical problems. Uganda is now in the process of developing a National Development Co-operation Policy following on its 2013 Partnership Policy and in light of the 2030 Agenda.³¹ CSOs are recommending that the policy encourage better reporting by development partners on their development cooperation contributions to improve information dissemination, transparency, predictability and accountability. They also call on development partners to harmonise their efforts in a "collective and transparent manner" through more harmonised policies, mechanisms and procedures with government. They argue that this will help to reduce fragmentation and associated transaction costs (Uganda Debt Network, 2017). Overall, there is a need for fewer but larger initiatives. Participants at the validation workshop noted the urgent need to finalise the policy with due attention to PSE and clear guidelines for development partners and others, adopting flexible approaches (October 2018).

Development partners coordinate their efforts through sectoral and thematic working groups,³² including a Private Sector Development Donor Group. While the group addresses PSE issues alongside those related to private sector development, it has not garnered high levels of donor participation. Moreover, issues related to PSE are also addressed in other donor coordination groups such as those focusing on agriculture and energy (interviewees, February and March 2018). Despite the growing influence of new development partners, they have not been fully integrated into development coordination mechanisms and continue to engage bilaterally. According to participants at the validation workshop, the decline in the relationship between the government and development partners over time has led to uncoordinated support to the private sector.

The coordination of Uganda's effort to achieve the Sustainable Development Goals (SDGs) is done through a parallel system created following the approval of the SDG Coordination framework by the Office of the Prime Minister, which is the same institution in charge of co-ordinating the national partnership platforms. Similarly, the current platform does not allow the integration of regional influential groups.

IV. Current State of Play on PSE: Mapping and Consultation Findings

Development partners

The project mapping exercise included a systematic examination of **75 development partners'** websites with the aim of identifying PSE projects – projects that include a development partner, private sector partner and make use of ODA or ODA like flows, such as SSC and foundation funding.³³ These included Uganda's top 10 official development assistance providers accounting

DAC donors and their implementing agencies and bi- and multilateral development finance institutions are the main PSE partners in Uganda.

³⁰ See <http://www.oecd.org/statistics/datalab/oda-recipient-sector.htm>.

³¹ See <https://www.ldpg.or.ug/wp-content/uploads/2017/05/Framework-for-Partnership-Dialogue-2014.pdf>.

³² See <https://www.ldpg.or.ug/>

³³ See Annex 1 for description of projects included. The information presented below is based on the projects identified through the methodology as noted in Annex 1 and the information that was publicly available through

for 81% of ODA to Uganda on average over 2014-15,³⁴ 20 bilateral development finance institutions (DFIs), nine (9) multilateral DFIs, 20 foundations, nine (9) prominent CSOs operating in Uganda (local and international), five (5) of the top United Nations programmes and agencies in Uganda according to ODA flows, and five (5) providers of SSC. Annex 1 provides a full list of the development partners examined and whether their portfolio revealed PSE projects. The project mapping identified **271 PSE projects**. A general finding with respect to the mapping is that there is a need for greater transparency on PSE projects. As discussed below, basic project information is often unavailable including for the projects identified as well as on the websites of major development partners. In some instances, though the research team was aware that a particular development partner engages in PSE, no publicly available information was found on PSE activities.

PSE projects from all sectors were identified through the project mapping based on the review of development partner websites and databases, secondary literature and inputs from development stakeholders involved in the research process. Projects that focus on private sector development and do not include a private partner – e.g. development partner to government support for the business enabling environment were excluded (unless there was a private partner involved in the project).³⁵

Table 1 provides an overview of the number of projects in terms of their main development partner sponsor(s). It shows that the bulk of projects identified through the mapping process are from DAC donors followed by bilateral DFIs and multilateral DFIs. Philanthropic institutions are the next most prominent stakeholder supporting PSE projects followed by the UN agencies examined and civil society organisations. In regards to SSC, twelve projects were identified.³⁶ Finally, other global, regional or sectoral partnership platforms³⁷ support 3 projects in the project mapping.

Development partner	Number of projects	Percentage of total projects
DAC donors and their implementing agencies	93	34.3
Bilateral DFIs	78	29.2
Multilateral DFIs	59	21.7
Philanthropic institutions	17	6.2
CSOs	11	4
UN agencies	14	5.1
Providers of SSC	12	4.4
Projects including multiple development partners	25	9.2
Other partnership platform	3	1.1

development partners. Though the approach to the project mapping aims to be as comprehensive as possible, invariably some development partners were not included in the mapping.

³⁴ Some top providers are from multilateral DFIs. In addition to these, a number of projects were identified for other bilateral ODA partners from the literature review and projects supplied by members of the work stream working group.

³⁵ This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Co-operation, where PSE is defined as: An activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other's assets, connections, creativity or expertise to achieve mutually beneficial outcomes. See <http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf>.

³⁶ The OPEC Fund for International Development is classified as a provider of SSC and a multilateral DFI.

³⁷ These include Huys Link Community Initiative, Sun Business Network and the Learning and Planning Alliance.

³⁸ Total is more than 271 as the table shows the number of projects that include each type of development partner as a main sponsor of the project rather than the total number of projects. Similarly, the percentage of total projects does not add up to 100%.

Private sector partners

Figure 1 provides an overview of the private sector partners involved in the PSE projects examined. Large domestic firms³⁹ have the highest representation across projects, engaged in nearly 57% of projects. Large transnational firms were included as partners in 50% of projects while domestic SMEs were represented in roughly 16%. Transnational SMEs were included in less than 2% of projects examined. Domestic business associations were represented in around 4% of projects while transnational business associations were included only in 1% of projects. Across the projects, 81, or 30% included more than one type of private sector partner. Four (4) percent of projects did not provide information on the type of private sector partner involved. Overall, the PSE projects identified through the mapping exercise show a predominance of local private sector involvement when large and SMEs are considered. However, for large companies, there tends to be a fairly balanced distribution for transnational and domestic companies. The project data also shows that SSC providers and bilateral DFIs mostly work with transnational businesses over domestic firms which contrasts with the data for other development partners which are more likely to work with the domestic private sector. Transnational private sector partners for SSC providers and bilateral DFIs tend to be companies from their respective country.

Large domestic private sector actors are the most prominent partners in PSE projects in Uganda, followed by large transnational private sector. For 78% of projects examined, private sector partners are recipients of finance, in much fewer cases they act as on-lenders to SMEs, implementers or financiers.

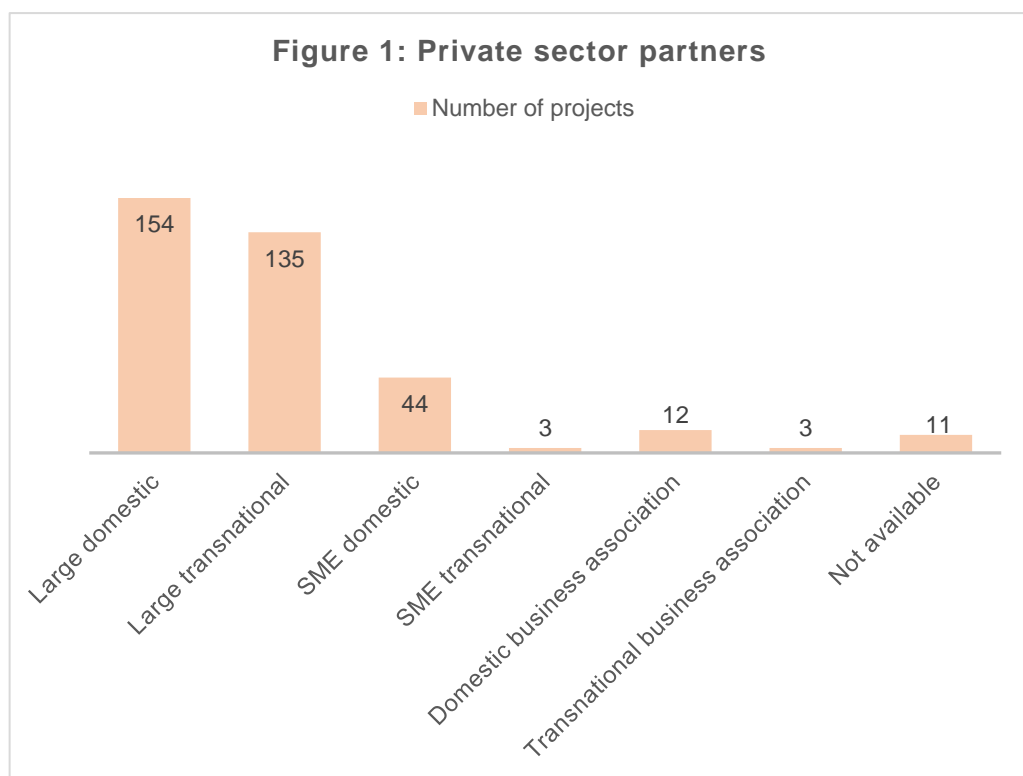


Table 2 provides an overview of the main roles of the private sector in the PSE projects examined. It shows that for a significant proportion of projects – 78% – the private sector is a recipient of finance (grants, debt financing, equity, guarantees, etc.) and/or a beneficiary of capacity development, knowledge sharing, and so on. For more than half of the projects examined (52%), the private partner is also listed an implementing partner. Following these roles, the private sector serves as the resource partner – i.e. provider of finance – in 27.3% of projects and an SME on-lender in 17% of projects (Box 3). In the projects examined, the private sector also provided on-lending services to large companies and was capitalised to invest in SMEs and large companies through equity.

³⁹ Large domestic firms include, among others, domestic banks such as DFCU Bank and Stanbic Bank Uganda as well as energy companies such as SG Bujagali Holdings and Umeme Limited, which repeatedly appear as recipients of financing in the project mapping.

Table 2. Role of private sector partners	
Role	Number of projects
Recipient	211
Financier – resource partner	74
Implementer	141
On-lender to SMEs	46
On-lender to large private sector	3
Equity ⁴⁰ financing for SME	8
Equity financing for large companies	14
Not available	2

Box 3. Working with financial intermediaries to lend to SMEs

According to one development partner in Uganda, working with financial intermediaries is a particularly effective way to engage the private sector through development co-operation and reach SMEs. The development partner has made use of equity positions in financial institutions and private equity funds. In one instance, the development partner's experience with a financial intermediary has gone a long way towards improving the financial intermediary's performance on SME on-lending. Working through financial intermediaries is effective because it is less expensive to closely monitor their work and such private partners are in most cases nearer to clients. Working with financial intermediaries mainly using technical assistance also contributes to strengthening their financial systems and enables them to become more responsive to both investors and enterprise needs.

Source: Interviewee, February 2018.

Other partners

While the domestic private sector is well represented in the PSE projects examined, the mapping showed limited representation by other stakeholders (Table 3).⁴¹ Government institutions – national and local – in Uganda were only listed as partners in 26 of the projects examined, or roughly 9.5% of the time. Other domestic public institutions including state-owned enterprises as implementing partners are represented in 6 projects (2.2%). Representation by domestic CSOs as implementing partners is very limited: Only one domestic CSO is represented in 1 project (less than 1%). No projects listed international or domestic trade unions as partners. Fourteen (14) research institutions were listed as partners (5.1%), six of which included specialised domestic research institutions (2.2%). International organisations were also listed as partners, to a limited extent – DAC donor implementing agencies (1 project, 0.4%), UN agencies (2 projects, 0.7%), philanthropic institutions (3, 1.1%) and international CSOs (14 projects, 5.2%). 6 projects (2.2%) listed multi-stakeholder partnership initiatives as a partner. 2 (0.7 %) projects include other partners, which are the local community and faith-based institutions.

There is limited engagement by local partners in PSE projects examined. Government institutions are included as partners in roughly 9.5% of projects. Representation by other local non-state actors is even less.

⁴⁰ Cases where equity is invested in a large institution by a development partner for distribution in terms of equity for the domestic private sector.

⁴¹ Table 3 presents figures for the projects that listed additional partners beyond the main sponsors as listed in Table 1.

Table 3. Other partners		
Partner type	Number of projects	Percentage of overall projects
Domestic CSO ⁴²	1	0.4%
Domestic research institutions	6	2.2%
Domestic trade union	0	0.0%
International CSOs	14	5.2%
International research institutions	8	3.0%
International trade union	0	0.0%
Local government	4	1.5%
DAC donors and implementing agencies	1	0.4%
Other platform, partnership, initiative	6	2.2%
Partner country government	22	8.1%
Philanthropic Institutions	3	1.1%
United Nations	2	0.7%
Other domestic public sector	6	2.2%
Other ⁴³	2	0.7%

PSE project timelines and budgets

The projects in the mapping span from 1988 to present in terms of their start dates.⁴⁴ At the time of project mapping, 19 projects provided information that showed they were ongoing. It is likely that a much higher number of projects are ongoing given that 135 projects did not include an end date, of which 27 started in 2016 or later. For the projects that provided full information on project start and end dates, the longest project spanned 21 years, followed by one project with a 17 year lifespan and another with 16 years. The majority of projects had life spans of three or four years (20 projects each). Eighteen projects had 2 year life spans while 13 were for one year. Fourteen projects were for five years while another 21 projects were between six and nine years in length.⁴⁵ Projects with longer term financing (five years or more) were found across sectors and types of development partners though the United States was a sponsor for 27 of the projects with longer term financing (five years or more).

Of the 271 projects examined, 48, did not provide budget information over the course of this period. For more than half of the projects supported by UN agencies (10 out of 14 projects) no budget information was available. Only one project supported by CSOs and one project supported by other partnership platforms provided budget information. Multilateral DFIs account for the largest amount of finance – US \$1.8b – followed by bilateral DFIs (US \$ 1.3m). DAC donors and their implementing agencies' projects accounted for US \$615m. Philanthropic institutions US \$265.8m, SSC providers US \$165.3m, UN agencies US \$29.4m, CSOs US \$1.6m and other partnership platforms US \$1.47m for the projects examined. The majority of the projects in the sample are \$50 million or less in terms of budget size based on available information.

The average budget size of the PSE projects examined was US \$18.8m. Lack of information and transparency makes it impossible to provide full figures on the total size of public or private contributions for the PSE projects examined.

⁴² In one project, it is not possible to identify if CSO partner is domestic and international, and; therefore, is not included in the table.

⁴³ Other includes local community and faith-based organisations.

⁴⁴ To be included in the data set, a project had to start in 2000 or later, or still be ongoing as of 2000. The bulk of the projects examined began in 2000 or later. Only 4 projects started prior to 2000, one of which having started in 1988 and ended in 2009.

⁴⁵ Eight projects were for six years, seven for seven years, four for eight years and two for nine years.

Development partner type	Projects for which budget is available, % and #	Total budget of projects for which budget is available (Million US\$) ⁴⁶	Average budget size of projects for which budget is available (Million US\$)
DAC donors and their implementing agencies	82.8%, 77	615.5	7.99
Bilateral DFIs	92.3% , 72	1,302	18.08
Multilateral DFIs	93.4%, 57	1,857	32.58
Philanthropic Institutions	76.4%, 13	265.8	20.45
CSOs	9%, 1	1.6	1.6
UN Agencies	28.5%, 4	29.4	7.35
Providers of SSC	83.3%, 10	165.3	16.53
Other partnership platform	33.3%, 1	1.47	1,47

Modalities of PSE mobilised through development co-operation

Projects were categorised according to the modality of co-operation between the private sector and development partners. The modalities examined include policy dialogue, capacity development, technical assistance, knowledge sharing, research, and finance (see Annex 1 for full description). The most prominent modality of PSE captured in the project mapping is finance representing 82.6% – or 224 – of the projects examined. Capacity development is the next most prominent modality of engagement featured at 18.4% (50 projects), followed by research (4%, 11 projects), knowledge sharing (2.9%, 8 projects), technical assistance (1.8%, 5 projects) and policy dialogue (0.7%, 2 projects). In this context, 23 projects included more than one modality.

Finance is the most prominent modality for PSE, underpinning 82.6% of the projects examined. Debt financing is the most commonly used type of finance, supporting 42% of projects overall.

Development partner	Modality, Number of projects
DAC donors and their implementing agencies	Finance, 74 out of 93
Bilateral DFIs	Finance, 76 out of 78
Multilateral DFIs	Finance, 58 out of 69
Philanthropic institutions	Finance, 11 out of 17
CSOs	Capacity development, 8 out of 11
UN agencies	Capacity development, 12 out of 14
Providers of SSC	Finance, 9 out of 9
Other partnership platform	Capacity development, research and finance, each representing 1 out of 3 projects

Table 5 shows the most prominent modalities of co-operation according to development partners. DAC donors and their implementing agencies, bilateral and multilateral DFIs, philanthropic institutions as well as SSC providers mostly engage through finance whereas CSOs' and UN agencies' most prominent co-operation modality is capacity development. There is a balanced distribution of projects across co-operation modalities of finance, research and capacity development so far as other partnership platforms are concerned.

The finance modality includes grants, debt financing, equity and shares in collective investment vehicles, guarantees and other unfunded liabilities and mezzanine finance instruments. Debt financing represents the largest share of development finance (US \$1.6b, 78 projects) followed by equity and shares in collective investment vehicles (US \$1.2b, 41 projects), guarantees and other unfunded liabilities (US \$1.1b, 50 projects), grants (US \$358.3m, 59 projects) and mezzanine finance instruments (US \$13m, 1 project) (see Table 6). Of these finance-based PSE projects included, 21 include multiple forms of finance, such as the use of debt financing and a guarantee for the same project. Bilateral and multilateral DFIs are most prominently represented, unsurprisingly, in projects supported by debt financing. DAC donors and philanthropic foundations are most prominently represented in grant-funded PSE projects. Information on financial instruments of projects supported by CSOs and UN agencies is very limited.

⁴⁶ The following currency conversion table is used: <https://data.oecd.org/conversion/exchange-rates.htm>

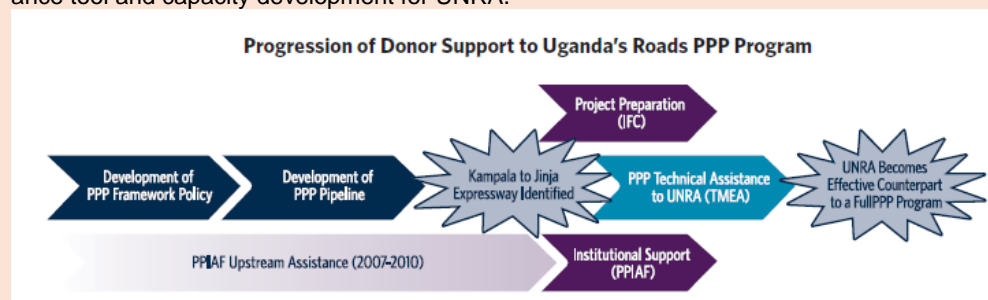
Instrument type	Total budget (million USD)	Total # of projects	# of projects budget available	% of projects as share of all projects ⁴⁷
Debt financing	1,592	78	75	28.7
Equity and shares in collective investment vehicles	1,206	41	38	15.1
Grants	358.3	59	53	21.7
Guarantees and other unfunded liabilities	1,113	50	41	18.4
Mezzanine finance instruments	13	1	1	0.4

Given the Government’s focus on PPPs as a key mechanisms for PSE, it is worth highlighting the role of development partners in supporting this type of partnership. The information provided by development partners makes it difficult to determine the extent to which the projects financed are PPPs. Indeed, only eight of the projects are listed explicitly as PPPs. However, given the role of development partners in supporting large scale infrastructure projects, including energy, which account for 24% of projects, development partners are supporting PPPs more broadly. The challenge in the mapping is that development partners do not always explicitly refer to a partnership as a PPP and some development partners use the term PPP to refer to any kind of partnership with the private sector, rather than “an arrangement in which the private sector provides infrastructure assets and services that traditionally have been provided by the government” as defined by the OECD.⁴⁸ Box 3 provides an overview of one example of development partners’ long term support for a PPP.

Box 3. Donor support for Uganda’s Roads PPP Programme

The Public-Private Infrastructure Advisory Facility (PPIAF), a multi-donor trust fund, supports governments in partner countries to facilitate infrastructure investment through technical assistance. PPIAF has been supporting Uganda to develop its Roads PPP program since 2000. PPIAF provided three technical grants. These supported the development of the national PPP framework, identification of a pipeline of PPPs and specific support to strengthen implementation institutions for priority projects in the road sector.

The development of the Kampala-Jinja Toll Road has seen coordinated support from PPIAF, the International Finance Corporation and Trademark EA working with the Uganda National Roads Authority (UNRA), including for the development of a tolling policy and investment appraisal guidance tool and capacity development for UNRA.



Uganda’s development partners contributed to the creation of the 2010 PPP Policy and 2015 PPP Act and the launch of the development of the Kampala to Jinja expressway. Though the project has experienced some delays in getting off the ground, development partners have continued their support and construction is set to begin once feasibility studies have been finalised, financing secured and private partners selected.

Source: PPIAF, 2014; Uganda Business News, 2017.

⁴⁷ Type of finance instrument is unavailable for 23.2% of the projects.

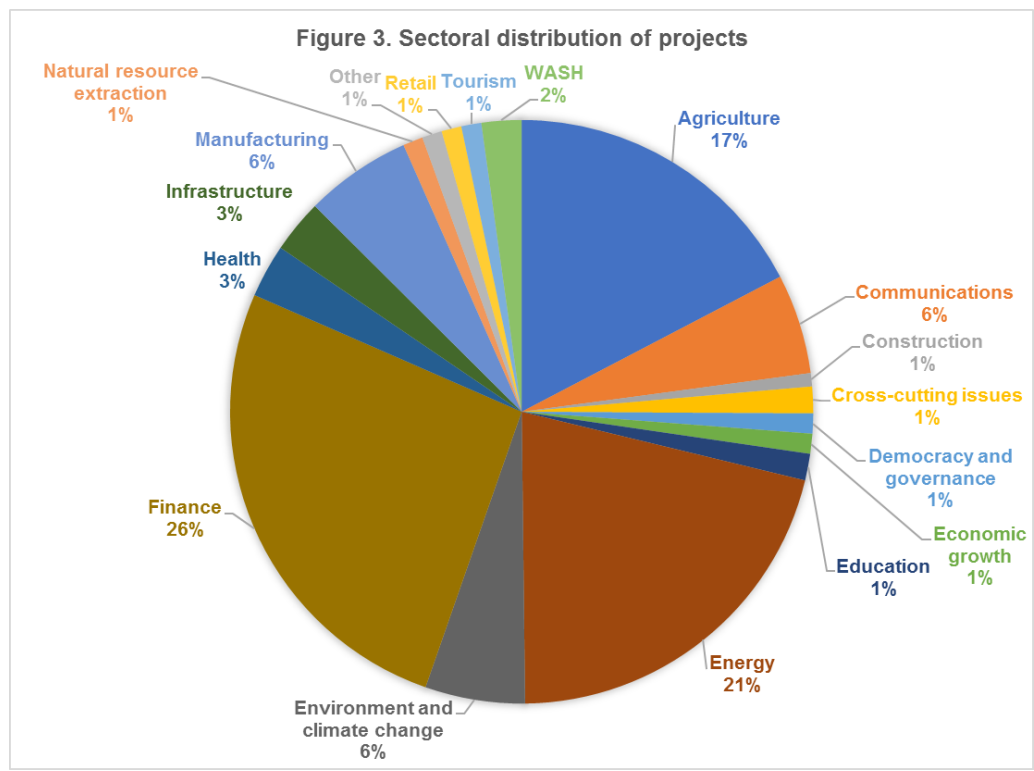
⁴⁸ See: <https://stats.oecd.org/glossary/detail.asp?ID=7315>.

Sectoral distribution

Figure 3 shows the sectoral distribution of projects according to their main sector of focus.⁴⁹ It shows that finance (26%), energy (21%) and agriculture (17%) are the primary sectors of focus in the PSE projects examined. Manufacturing, communications, environment and climate change, infrastructure⁵⁰, health, and water and sanitation (WASH) are the next most prominent sectors, representing between six and two percent of projects. All remaining sectors represent one percent or less of the projects examined.⁵¹

Finance, energy and agriculture, are the primary sectors of focus in PSE projects in Uganda.

DAC donors and philanthropic institutions are largely concentrated in the agriculture and financial sectors while the bulk of projects supported by bilateral and multilateral DFIs focus on the energy and the financial sector. The CSOs supported projects examined are in the agriculture and environment and climate change sectors. Projects supported by UN agencies and SSC providers tend to be disbursed across a range of sectors. The three projects supported by other partnership platforms are in agriculture and education sectors.



Activities supported

Table 7 provides an overview of the main activities supported by top main sectors of focus – finance, energy, agriculture, manufacturing, and, communications and environment and climate change. It shows the activities in the financial sector are mainly geared towards improving access to finance for SMEs. In energy, the construction of new facilities and the promotion of renewable energy are the main focus. Capacity development and improving quality and productivity are prominent in the agriculture sector. In manufacturing, nearly half of the projects focus on the financing expansion activities and other operations. For communications and environment and climate change, the PSE projects reflect a range of activities with no prominent type of activity being supported in these sectors emerging from the analysis.

The main activities supported by PSE projects include improving access to finance for SMEs and/or a specific sector, technology or research related interventions in agriculture, and financing company operations, including expansion activities and upgrades.

⁴⁹ Some projects are linked to more than one sector. Figure 3 represents only main sectors of focus.

⁵⁰ Infrastructure projects for energy such as power plant construction are included in energy sector. This explains why the share of infrastructure is small in Figure 3.

⁵¹ Other includes: Registration of population statistics, waste management and cleaning services. Country-level capacity development, knowledge sharing and research projects, from which many sectors can benefit are categorised as cross-cutting issues.

Sector	Activity	Number of projects
Finance (71 projects)	SME on-lending	35
	Expansion activities	5
	Capacity development	5
Energy (57 projects) ⁵²	Construction of new facilities	18
	Renewable energy provision	13
	Expansion of activities or upgrading	6
Agriculture (47 projects)	Capacity development	18
	Improving quality / productivity	11
	Improving market linkages	9
	Support for expansion / operations	8
	Access to agricultural inputs	7
Manufacturing (16 projects) ⁵³	Operations / expansion activities	7
	Construction of new facilities	2
Communications (15 projects)	Operations / expansion activities	3
	Mobile applications to support development	3
Environment and climate change (15 projects)	Forest conservation	3
	Capacity development	3
	Technology transfer to improve environmental outcomes	3
	Waste management	2

V. More effective PSE in Uganda: Opportunities and Challenges

Country ownership and capacity development

The limited participation by the Government of Uganda and other local stakeholders in the PSE projects the mapping exercise captured suggests that there is room to improve country ownership in private sector engagement projects. Not all PSE projects should automatically engage all stakeholders. Nevertheless, more collaboration, for example among development partners and the government, will be key to improve the effectiveness of PSE projects. The extent to which projects are explicitly tied to government priorities or include consultation with the government and other local stakeholders in their development is difficult to decipher from the information obtained through the project mapping. Additional information such as project proposals, background documentation and interviews with development partners would be needed for each project to make a full assessment.

Only two projects explicitly noted that it aligned with and supported government plans in the available public information. Beyond this, development partners interviewed for this study explained that their projects take into account national priorities and sectoral strategies from the beginning (February, March and May 2018). Overall, the project mapping also appears to align broadly with Government of Uganda priorities from a sectoral perspective. However, the research approach did not include an assessment of individual projects against specific national actions and priorities within each sector. PSE projects focus on finance which is a key constraint in the business enabling environment. The focus on energy also works to alleviate a key constraint that affects the business enabling environment in Uganda and people's lives more generally. Agriculture is a critical sector, particularly given that the bulk of employment is in agriculture.

While the government has a strategy for private sector development, the lack of information on PSE opportunities from government and development partners makes it difficult for the private sector to participate (interviewee, March 2018). Moreover, the government and development partners have yet to see the private sector as a true partner in development co-operation – there is a need for a shift in mind set (interviewee, March 2018). Contributions by the private sector to policy formulation are hindered by existing government approaches to policy formulation (validation workshop, October 2018). The private sector should be involved in policymaking and planning phases to establish collective agendas and set key performance indicators for monitoring progress on collaborative efforts. A certificate could be used to demonstrate the instances in which the private sector is involved in public policymaking and processes. The private sector also need to realise its importance to achieve the SDGs and leave no one behind. The few companies that are aware of the global sustainable goals do not believe they have a part in it (interviewee, April 2018).

More participation by local stakeholders in PSE projects would contribute to making partnerships more inclusive and support country ownership. Development partners can provide targeted capacity development to support the ability of local partners, including government institutions, to develop and participate in PSE projects.

⁵² It is worth noting that 10 of the energy projects examined pertain to the construction of the Bujagali hydro-power plant. See further details below.

⁵³ Description of activities is unavailable for six of the PSE projects in manufacturing.

Private sector partners want opportunities to be clearly laid out (interviewee, April 2018). They want to understand the instruments for PSE available, the terms of their use and the roles of government and development partners within the broader context of PSE. Trust is also essential as the private sector takes into account the credibility of the partner organisation before joining any projects. The Private Sector Foundation Uganda in particular could play a role in mobilising the private sector and development cooperation partners to engage the government on PSE.

With respect to the government, there is no clear lead entity that co-ordinates PSE activities supported by the administration. This also means that policies are limited in terms of promoting investments where they are needed in a transparent manner, monitoring, implementation and reporting back on PSE. Overall, there is a need for government leadership on PSE through development co-operation with the government serving as an anchor to support an effective PSE framework and coordinate development partners. Roles within the Ministry of Finance, Planning and Economic Development should be clear with information presented on when and how development partners should involve ministries in PSE (validation workshop, October 2018).

Moreover, the government should lead on convening a broad cross-section of stakeholders, including civil society and trade unions alongside the private sector and development partners, making a compelling case for multi-stakeholder partnerships (interviewee, March 2018). Such efforts should be coupled with a platform for knowledge sharing to ensure that stakeholders understand the benefits of partnership based on existing best practices and opportunities to learn from one another. At the same time, it should be noted that the government does not have enough sources of financing for development in general including PSE (interviewee, March 2018). Moreover, government processes and systems need to be updated to keep pace with changes in the private sector (validation workshop, 2018). Leadership and increased institutional capacities would likely require support from development partners, particularly in the form of technical co-operation to overcome financial and capacity constraints. Development partners can also play a role in supporting programmes that bring together the government and the private sector, working as intermediaries to incentivise cross-sector collaboration.

Efforts are also needed to improve the capacity of parliament to deliberate on issues related to PSE (validation workshop, October 2018). Currently, the legislature is not technically equipped to legislate on matters that require PSE. There is also a need to improve consultation by parliament with the private sector when enacting laws.

Though the government has taken steps to develop the policy and legal framework to support PPPs, there is a need to ensure capacities exist to appropriately implement the regulatory framework (Suddebe et al. 2017, Box 4). Uganda lacks institutions, human resources and well-established processes and methodologies to support the implementation of its PPP regulatory framework. Development partners have sought to address capacity constraints, including through the development of guidelines for local governments (Ndandiko and Ibanda, 2013).

Moreover, there is a need to build government capacity to implement existing policies that impact the business enabling environment. Development partners could play a greater role in resolving regulatory challenges such as the time needed to obtain permits, help with the computerisation of taxation, support efforts to tackle corruption, promote competition and financing for companies (though it is worth noting that development partners have been providing support to SMEs in these areas), and dialogue with the government on the need to ensure property rights (interviewee, February, 2018). In this context, there is a need to ensure that development partners take a holistic approach working with the private sector, and ensure that programmes, even when designed and implemented by the government with development partner support, combine financial and capacity development to ensure business success.

The government also has a range of policies related to decent work but capacity to implement and enforce such policies is limited (interviewee, February, 2018). The country has 126 districts and each district is meant to have a labour officer, however there are currently only 36 labour officers and the department responsible for labour is underfunded. A challenge in this context is the government's focus on creating employment with the expectation that decent work will follow.

According to a number of interviewees, development partners could do a better job of listening to the private sector. Many development partners treat the private sector as a beneficiary rather than a partner who knows the business case and what is needed to catalyse development outcomes (March 2018). Members of the private sector also highlight the importance of a consultative approach in the identification of priority areas for engagement to ensure that programmes arising out of partnerships are sustainable in the long run and make a lasting difference, noting that partnerships started with pre-defined aims that do not take into account local context are bound to face challenges during implementation (interviewee, March 2018). Evaluations for two PSE projects noted the importance of engaging local stakeholders early on in the design process to

ensure ownership, manage expectations and support long-term sustainability. Furthermore, the project mapping shows that development partners often focus on a single modality of PSE, in most cases financing, and not always include other important modalities for SMEs, such as capacity development and technical assistance.

Box 4. Improving PPP capacity in Uganda

A World Bank assessment of Uganda's experience with PPPs and international best practice suggests that there are six actions Uganda take to improve implementation of PPPs.

- 1) Policies and legal frameworks should be matched by appropriate institutions that have the capacity and tools to prepare, appraise and oversee PPP projects.
- 2) Funding is needed to ensure that the PPP program has the necessary resources for strong leadership, project preparation, provision of viability support and a liquidity reserve for contingent liabilities. The Project Development Facilitation Fund could be backstopped also by bilateral and multilateral donors.
- 3) Develop a PPP pipeline and examine innovative financing options.
- 4) Improve transparency and accountability in PPP programs to allow for better engagement and involvement in decision-making by citizens. This means placing information on operational and pipeline projects in the public domain in a timely manner.
- 5) Create a PPP database to disclose information related to operational and pipeline projects at their various stages of implementation. This will improve predictability, transparency and accountability.
- 6) Use innovative means to mobilise domestic resources (alongside efforts to develop the domestic financial market) to reduce financing risks for PPPs.

Source: Sebudde et al. 2017.

When working to support inclusive business, ensuring inclusive partnerships and broad country ownership also means including all social actors – government, the private sector and unions – in the development of relevant PSE projects (interviewee, February 2018). Including worker representatives in the design of initiatives from the beginning is critical in this regard, not just in the final design stages.

In addition, there is a need for development partners to simplify their procedures to make partnership with the private sector more attractive (interviewee, March 2018). SMEs are the worst affected by complex procedures that often require some type of collateral (interviewee, April 2018). Streamlining and reducing cumbersome procedures would help to stimulate further PSE through development co-operation. The inclusion of dedicated private sector specialist in development partner country offices is a positive step forward, however there is a need for this expertise to be better harnessed in terms of identifying solutions to better promote PSE.

Interviewees (February and March 2018) shared diverse views on the strength of private sector organisation in Uganda. Some interviewees noted that the private sector is not well organised despite improvements in recent years and that it is difficult to obtain a shared overview of private sector priorities, despite efforts by the Private Sector Foundation Uganda.⁵⁴ The private sector could work more collectively to ensure their priorities are taken into account and implemented (interviewee, March 2018). One interviewee noted that business associations are not currently structured to provide information on PSE opportunities to companies, especially MSMEs (April 2018). Moreover, competition exists between business associations with many having the same members and mandates unclear. Sometimes this competition also extends to members with business associations and members competing for the same funds (interviewee, March 2018). This can make it difficult for development partners to know who to engage with on key issues related to the private sector. Business associations could also do a better job of organising their members and using their platform as a driving force for change.

On the other hand, another interviewee noted that evolution is occurring among business associations and there is a need to empower them (March 2018). Business associations that have partnered with development partners have benefited from expertise from their home countries and financing that opens up opportunities for business associations to bring in the necessary expertise for strategy development and member engagement that is generally outside their own funding abilities (interviewee, March 2018). Business associations could also be more open to partnerships that provide technical expertise and knowledge transfer as avenues for developing local expertise rather than only concentrating on partnerships that include financial and travel benefits

⁵⁴ One interviewee noted that the organisation represents members but also receives funding for projects, an approach that makes its independence unclear (February 2018).

(March 2018). Going forward, business associations could benefit from expertise and knowledge transfer to build local capacity in line with capacities in the home countries of development partners. This would help business associations to gain competitiveness and improve on their ability to deliver effectively on their mandates.

Support is also needed for business associations to better engage in public-private dialogue. Where business associations have access to public-private dialogue they do not necessarily have influence over final decisions (interviewee, March 2018). The ability of business associations to influence final decisions is continuously hampered by weaknesses in their advocacy and lobbying abilities. This is an area that is rarely part of the support provided by development partners. One interviewee noted that dialogue with the government could be improved if the government pushed all sectors towards membership in a single sector organisation to ensure timely deliberation and decision-making (March 2018).

Fair access to PSE for SMEs

The project mapping clearly shows that development partners tend to partner with large domestic and transnational private sector firms overall. Where domestic SMEs are engaged in projects, engagement tends to be in the form of on-lending to SMEs, equity investments in SMEs, capacity development, and interventions in agriculture value chains aimed at improving the productivity of smallholder farmers. For the most part, SME engagement across projects tends to place SMEs as a beneficiary of PSE projects rather than an active partner. This finding was also supported by interviewees representing development partners who noted that SMEs tend to rarely see themselves and be seen as active partners (interviewees, February and March 2018). The lack of adequate skills to manage project budgets and planning is one of the reasons why development partners decide not to partner with small companies. In this context however, SMEs do receive significant support from development partners as beneficiaries, though it tends to be uncoordinated (interviewee, March 2018). For partnerships, development partners tend to approach the same few large domestic companies that exist, instead of engaging SMEs through dialogue on their challenges and the different approaches needed to address them (interviewee, February 2018).

The two projects focusing on policy dialogue to engage the private sector do not include MSMEs. As noted above, MSMEs are also not well-represented in existing business associations. Even in instances where they are represented by business associations, it may be difficult to have their voices heard because smaller organisations are not always able to influence the outcomes of the positions put forward, which are the result of compromises among members (interviewee, March 2018). Building the capacity of business associations to work with members to develop uniform positions would help in this regard. The Government of Uganda recognises the need for MSMEs to have better access to policy making processes, as noted.

According to the Ugandan government's policy on MSMEs, the government, development partners and the private sector have sought to support MSMEs however their efforts have been "scattered, uncoordinated, conflicting and isolated" (Ministry of Trade, Industry and Cooperatives, 2015, p. 1). In the area of CSR, SMEs "have been largely left out of the good corporate governance agenda;" they require training on good practice and venture and development capital investment that can enhance corporate governance (Bos, Slaa and Katamba, 2016, p. 15). With respect to development co-operation activities, the main challenge for MSMEs has been the complexity and at times lack of clarity in the process of accessing opportunities (interviewee, March 2018). MSMEs operate extremely low margins and are not always able to survive long and overly complex processes to work with development partners.

Going forward, there are a number of ways development partners and the government can further support MSMEs (interviewee, March 2018). Direct interventions to improve the business enabling environment (cost and speed of service) would go a long way towards addressing MSMEs concerns. In addition, development partners can engage MSMEs in planning sessions to determine strategic directions for specific sectors, incorporating their opinions prior to the implementation phase. For government, an organised MSME sector is easier to regulate and dialogue with and as such emphasis should be placed on coalescing MSMEs under specific representative organisations. With respect to business associations, improving their capacity to respond to the challenges of MSMEs would serve to improve the ability of MSMEs to participate in development co-operation opportunities (as well as contribute to strengthening business associations).

A final consideration with respect to private sector beneficiaries of PSE is the high proportion of large transnational firms benefiting from development co-operation. The focus on companies from provider countries by SSC providers and bilateral DFIs raises questions regarding the extent to which their PSE is sufficiently open to benefit all private stakeholders.

SMEs receive support in terms of access to finance, capacity development, and value chain development. They require additional support to engage in business associations and opportunities for public-private dialogue.

Targeting: Private sector engagement and leaving no one behind

Ensuring that no one is left behind is a key commitment of the Ugandan government in its implementation of the SDGs (Government of Uganda, 2016). The government translates this commitment into a targeted focus on the most vulnerable and efforts to build partnerships across sectors to ensure successful implementation of programs.

A review of the project mapping reveals that only 33 projects (12.2%) explicitly target rural, remote or under-served locations as stated in project descriptions. The bulk of these projects are in agriculture. Ten projects (3.69%) noted explicit targeting of poor or vulnerable people, or people with low incomes while four projects (1.48%) targeted women. The examination of the results and expected results of PSE projects shows that only three projects provided information on overall results disaggregated by gender while one project specifically referred to results for poor people. These findings do not mean that other projects examined do not benefit those left behind in Uganda, however they do suggest that PSE projects do not sufficiently purposefully target leaving no one behind as of yet. Private sector partners tend to favour projects targeting the middle-class in urban areas. The private sector is sceptical about the financial viability of projects aimed at improving the living conditions of marginalised population (interviewee, April 2018). They are also reluctant to collaborate with MSMEs because they are generally not well organised and do not meet established standards to join existing supply chains.

The mapping also shows that PSE is largely occurring in economic and hard infrastructure. While social infrastructure is the largest recipient of ODA from a sectoral perspective, only 6 percent of the PSE projects examined focussed on social sectors including health, education and water and sanitation. In total, 120 blended finance projects could be identified from the mapping exercise for the case of Uganda.⁵⁵ These trends are in line with overall reviews of blended finance that show that middle income countries and economic sectors are the main focus of PSE through development co-operation. Given the high proportion of ODA flows going to social sectors overall and the limited PSE projects in this area, there is an opportunity for the government and development partners to make greater use of PSE through development co-operation to address social challenges. Approaches to PSE in social sectors should be cautious however to ensure that they reflect and meet the needs and desires of those left behind and fulfil human rights obligations (Meeks, 2017). Development partners and the government have a critical role to play in ensuring that their PSE targets communities that are left behind. Given that investments that focus on the middle-class are often more attractive to the private sector in terms of risk and return, this can be a challenge (OECD, 2016).

The government and development partners can also play a role in promoting greater PSE in the sectors and locations where the poorest and most marginalised would most benefit (interviewee, March 2018). The government can invest in boosting demand in most marginalised neighbourhoods through public programmes, thereby presenting an opportunity for the private sector to crowd in and provide goods and services to the poorest. Government can also share some of the risks that the private sector to promote operations in the poorest neighbourhoods. Participants at the validation workshop also noted a number of ways the government could better support those left behind first through PSE (October 2018). Public procurement systems offer an opportunity through, for example, the use of social enterprises. The creation of a Public Venture Capital Fund could be explored. Supporting business services in more remote locations and improving local capacities through financial literacy are other ways to engage the private sector in harder to reach locations.

Development partners can also de-risk private investments through PSE, creating financial incentives for the private sector to target the most marginalised. The role of development partners should be to help mitigate financial risks and minimise the costs for the private sector when working to leave no one behind. In addition, support for greater partnerships between civil society and the private sector (interviewee, March 2018) and rebalancing portfolios to include a fair share of MSMEs (validation workshop, October 2018) could help to leave no one behind. In this context, it is critical that all stakeholders understand their comparative advantages and that partnerships are built on this basis.

Monitoring, results and evaluation

The findings from the PSE mapping in terms of monitoring, results frameworks, results and evaluation are consistent with other reviews of PSE through development co-operation. Transparency around monitoring and evaluation processes, results and results frameworks has been repeatedly

Only 12% of examined projects explicitly target rural, remote or underserved locations while 3.7% target poor or vulnerable people. This suggests that PSE projects do not sufficiently purposefully target leaving no one behind yet.

⁵⁵ The authors classified a project as blended finance if it respects at least one of the following criteria: (i) existence of a risk mitigation mechanism to mobilise non-developmental finance; (ii) concessional direct investment into a non-concessional source delivering social or environmental benefits through the provision of equity, debt and/or grants; and (iii) existence of result-based incentive mechanisms to mobilise non-development finance towards high impact sectors.

noted as an ongoing issue (OECD, 2016; Oxfam, forthcoming 2017; Heinrich, 2017; Tewes-Gradl et al., 2014).

For roughly 50.6% (137 out of 271) of the projects examined, development partners suggest that some form of monitoring occurs. At a minimum, it appears that partners are required to submit reports annually, or more frequently on their progress. In a more limited number of instances, site visits are also required. Despite monitoring provisions, there is limited information made publicly available on preliminary results or more generally, the status of project implementation. Combined with the lack of available evaluations on PSE projects, it is very difficult to assess the impacts of PSE in an aggregate or meaningful way with such limited information. One challenge to monitor PSE projects is the lack of agreement on which indicators should be used to measure success. An interviewee noted that the private sector privileges data linked to financial returns while development partners focus on measuring development results (April 2018).

Limited information in terms of results and evaluations of PSE projects means that an assessment of the key factors that promote success in PSE projects in Uganda and how such successes might be scaled up is not possible based on the project mapping. Participants at the validation workshop noted that there is a need for stakeholders to allocate more resources for monitoring and evaluation, recognising that the success of PSE rests on demonstrating results, accountability and transparency (October 2018). They also called for efforts to align private sector monitoring and evaluation frameworks with the National Monitoring and Evaluation Policy and national development plans.

Monitoring

The project mapping revealed that 16 development partners accounting for 118 projects provide general information on their monitoring frameworks but not project specific information. In this context, 13 development partners note what they monitor, such as overall progress on the project and compliance with contractual obligations. Ten development partners include annual or more frequent reporting, typically on overall progress and environmental and social standards. Three development partners make annual or bi-annual visits. Of the 19 projects⁵⁶ that provided information on project specific monitoring, IFC sponsored projects (10) tended to provide the most robust information, outlining specific monitoring activities including annual or more frequent reporting, site visits and the content of monitoring activities.

Results frameworks

One hundred and forty-six (146) projects, or 53.8%, provided some information on results frameworks. Of the projects that did include a results framework, 116 projects, or 42%, provide a general results framework that is used by the organisation. This is the main approach of bilateral and multilateral DFIs (with the exception of some of the International Finance Corporation, FMO, Overseas Private Investment Company, and European Investment Bank projects) which account for 100 of the projects with results frameworks. These frameworks tend to be in the form of an overarching approach to results measurement by the development partner and make reference to standardised results indicators – such as jobs supported, taxes paid, reductions in greenhouse gas emissions and sectoral indicators.

The 30 projects for which project or programme level results frameworks are available tend to be in the form of results monitoring areas with a number providing quantitative indicators. Only five projects provided logic results frameworks. The quality of results frameworks varies. Some include expected impacts, outcomes, and outputs, matched with targets, information on data sources and assumptions, such as the United Kingdom's Department for International Development.⁵⁷ For others, the description of the results framework is largely in the form of a list of indicators. Generally speaking, where results frameworks are available, projects provide a clear indication of the results being monitored including specific outcomes and project activities.

Results

Nearly 52% of the projects examined (141) provide information on results or expected results. Seventy projects, or 25.8%, provide actual results while roughly 32.1%, or 87 projects, provide expected results.⁵⁸ Projects that provide information on actual results tend to be supported by DAC donors while those with expected results are more likely to be supported by bilateral and multilateral DFIs. However, much of the projects supported by DFIs are still ongoing, which may explain this finding.⁵⁹ Sixteen projects provide both expected and actual results. Eleven of these

The majority of PSE projects have some monitoring systems and results frameworks in place. There is limited information made publicly available, on their results or the status of project implementation. This makes it difficult to assess success factors of PSE projects in Uganda.

A majority of PSE projects provide information on the institutional results frameworks that inform individual projects. There is a need to make project specific results frameworks for PSE projects more publicly available.

The majority of PSE projects examined provide information on results (or expected results) in terms of development outcomes and outputs linked to overall project objectives.

⁵⁶ Six development partners account for these projects.

⁵⁷ See, for example http://iati.dfid.gov.uk/iati_documents/5653199.xls

⁵⁸ We assume that many of the projects in the mapping are ongoing. It is difficult to decipher how many projects are ongoing as many do not list end dates. Including all projects that have no end date suggests that there are approximately 130 projects that are likely ongoing beyond 2017. Some projects provide both expected and actual results.

⁵⁹ Lack of results information could also be an indication of less transparency.

projects were supported by the Danish DFI, IFU, which provides information on expected versus actual direct employment. In all instances direct employment figures were less than expected. For the most part, expected results are provided in terms of development outputs or outcomes; no projects refer to impacts. Only two projects refer to results only in terms of completion of project activities.

In terms of actual results, projects showed a use of quantitative and qualitative results indicators with figures almost always provided for quantitative indicators. The most commonly stated expected result across projects relate to job creation, energy production and access and finance for SMEs. Table 8 provides an overview of the types of actual and expected results most commonly listed across projects.

Table 8. Actual and expected results listed for PSE projects	
Result	Number of projects
Actual	
Direct employment (quantitative)	12
Direct employment for women (quantitative)	2
Direct beneficiaries (e.g. # of individuals to receive training, access to services) (quantitative)	10
Activities completed	9
Project specific results such as improved traffic flows, immunization rates, or increased access to power (quantitative and/or qualitative)	7
Increased government revenues	2 ⁶⁰
Expected	
Direct employment (quantitative)	23 ⁶¹
Clean energy production (figures inconsistently provided)	19
Energy access (figures inconsistently provided)	15
Finance for SMEs	13
Capacity development	7
Energy efficiency	6
Environmental protection / climate change resilience	6
Greenhouse gas emissions avoided (quantitative)	5
Beneficiaries reached (figures inconsistently provided)	5
Increased government revenue through tax (figures inconsistently provided)	3

Evaluation

The majority of projects – 177 (65%) – provide information on evaluation. The bulk of this information in the form of general evaluation policies or institutional approaches which are available for 136 projects (50%). Eighteen projects are covered by programme level evaluations. Evaluations of PSE projects are more limited with 23 projects (8.5%) including project specific evaluation information. Generally speaking, evaluations focus on outcomes as well as activities. Evaluation of seven projects supported by the Japan International Cooperation Agency stand out in terms of their breadth and depth compared to other evaluations (Box 5). Most projects supported by Japan, as well as three other PSE projects include lessons learned. Two projects supported by the United Kingdom's Department for International Development include annual evaluations.

There is a significant gap in terms of evaluations available on PSE projects. Only 8.5% of projects provided evaluation information though 50% of projects provide information on institutional evaluation procedures.

⁶⁰ Only one project provided actual figures on payments to government.

⁶¹ Four projects also pointed to indirect job creation, such as through support to SMEs.

Box 5. Evaluating PSE projects through development co-operation: Japan's approach

All seven projects supported by the Japan International Cooperation Agency in the project mapping include basic project information (duration, partners involved, budget size, etc.) and project evaluations. The project evaluations assess the relevance of the project to the Government of Uganda and Japan's official development assistance strategy. They assess whether activities were completed on time, as planned and on budget. The assessment of outputs and outcomes provides quantitative and qualitative information, and where necessary, information gaps are noted. Projects are also evaluated in terms of their long-term sustainability. The evaluation scores against these dimensions in terms of whether progress was good, fair or low, with justification for scores. Most reports include recommendations and lessons for the Japan International Cooperation Agency. The evaluations offer a frank assessment of development outcomes and do not shy away from pointing to key challenges in terms of partner capacities, donor coordination, the role of the government and other factors that impact project success.

Transparency and accountability

Table 8 presents the key data gaps identified in the mapping process. In addition to the gaps noted in the previous sections, the table shows that there is a lack of information on project duration and timeline of donor support. Areas where information is largely available include information on development partners, the type of private sector partners engaged and who they are, budget, project descriptions, and the roles of various partners. Overall, information on private sector contributions (with the exception of projects funded by the United States⁶² and Japan Bank of International Cooperation) to project budgets is very limited (not counted in the table). This is somewhat surprising given the focus by development partners on catalysing private sector flows through the strategic use of development finance.

Mapping component	# of projects	% of total projects
Financing instrument	63	23.2
Duration, no information	14	5.2
Duration, no end date	145	53.5
Budget	48	17.7
Development partners	0	0
Private sector type	11	4
Private sector partners	6	2.7
Other development partners	2	0.7
About	47	17.3
Role of partners	0	0
Role of the private sector	2	0.7
Role of SMEs	10	3.7
Monitoring	134	49.4
Results framework	125	46.1
Results	130	48
Evaluation	94	34.7

There is a need to improve the availability of basic information on PSE projects, particularly in terms of project duration, monitoring, results frameworks and results.

In terms of private sector transparency and accountability for development impacts, there are low levels of compliance with environmental laws and regulations in Uganda (Bos, Slaa and Katamba, 2016). This has led to degradation of the environment and loss of habitat. Poor corporate governance is also an issue in the form of tax avoidance, insider dealings and a lack of transparency and accountability. CSR challenges also vary by sector (Box 6). A number of local stakeholders, including the Institute of Corporate Governance Uganda, the Private Sector Foundation Uganda, the Uganda National Chamber of Commerce and Industry and the Uganda Manufacturers Association are working to support companies to improve their corporate governance. To improve compliance with environmental laws and regulations in Uganda, participants at the validation

⁶² In the case of the United States, information is available on the total budget and the United States government contribution. It is not always clear how much of the budget is fully funded by the private sector versus other partners.

workshop suggested efforts to continuously sensitise the private sector on environmental requirements through business associations, indiscriminate enforcement of environmental laws, and support for self-regulation where government has capacity constraints, use of “greening” initiatives that recognise compliance by companies through, for example, certificates. They noted that all actors should demand compliance on environmental standards.

Box 6: Challenges and opportunities for CSR in agriculture

A 2016 scan of CSR found that there is a lack of knowledge on CSR in the agriculture sector with companies unable to clearly see the benefits for CSR and noting that too many certification systems exist. There is also limited trust between companies in the agriculture sector, which undermines possibilities for collective, sectoral approaches to CSR. Nevertheless, companies in agriculture have a number of opportunities by taking more robust approaches to CSR. Fair trade is a trend that is likely to continue and could serve as an important opportunity for the sector if companies take greater efforts to control quality and implement appropriate standards. Such efforts offer market opportunities in terms of expansion, market access and attractiveness to international buyers. From a development perspective, improved CSR in the agriculture sector would contribute to better social and environmental conditions, and as such contribute to the SDGs.

Private sector actors in the agriculture sector however, require support to improve their approaches to CSR. Development partners can play a role in supporting stakeholders along the value chain to co-operate, become more organised and build trust. This would facilitate more effective lobbying towards government, knowledge sharing and enable sector-wide awareness raising campaigns on important issues such as healthy food. Companies have also noted the importance of training and capacity development to support the implementation of CSR initiatives.

Source: Bos, Slaa and Katamba, 2016.

In the area of child protection, the PSE project mapping revealed one project that aims to support greater private sector accountability for outcomes related to children’s rights. Since 2014, UNICEF has been working with the Private Sector Foundation and the Government of Uganda on a Government-led tripartite PPP for Children’s Rights.⁶³ The initiative aims to develop a policy and legislation that sets minimum standards for the private sector in relation to children’s rights, institutionalise Children Rights and Business Principles across the private sector and establish an innovative financing mechanism in partnership with the private sector to increase investments in child priority areas such as a child support grant and girls’ scholarship funds.

Some reviews of development partner support for PPPs indicate that the implementation of safeguards on the ground has not been consistent (Romero, 2015). According to one report, the Bujagali Hydropower Project supported by the African Development Bank, the European Investment Bank, the World Bank (International Finance Corporation and the Multilateral Investment Guarantee Agency) and France’s Proparco was subject to complaints resulting in a report by the World Bank Inspection Panel that noted the World Bank had faced problems in meeting its own standards. The mapping revealed 10 PSE projects by the development partners noted above dating from 2007 until present supporting the Bujagali Hydropower Project in the form of loans and guarantees. Based on documentation by the International Finance Corporation (2011), a number of other development partners were also involved in the project though their contributions were not captured in the mapping (see Kabanda, 2014 for a full overview). The projects tend to provide expected results rather than actual, focussing on the importance of the project for increasing energy production, reducing the cost of energy and improving access. Information on financing from the International Finance Corporation in 2017 shows that more recent investments have been subject to rigorous environmental, social and governance assessments, as well as site visits with government agencies, local communities and local fishers affected by the project. An assessment of the effects of the project on biodiversity was also carried out.

Uganda’s National Development Plan states that there is an expectation for the government and the private sector to subscribe to a monitoring system and report regularly which the government does (interviewee, March 2018). However, no mechanism exists to monitor private sector activities nor does the government have the authority to monitor all activities of the private sector. Nevertheless, where development co-operation funds are involved, one interviewee noted that there is a need for development projects with the private sector to ensure robust reporting on social aspects, including with respect to impacts on workers and communities (interviewee, February 2018). The government and development partners should strengthen the monitoring and evaluation of PSE through development co-operation, sponsoring more in-depth work on the impacts of PSE (interviewee, February 2018).

⁶³ See <http://earlystepsuganda.com/public-private-partnership-2/>.

Accountability and transparency could also be further promoted by making use of public-private dialogue platforms to monitor the results of PSE efforts, identify and address gaps in PSE efforts and dialogue with relevant and affected stakeholders (validation workshop, October 2018). Ensuring that decision-making is evidence-based will also support transparency and accountability in PSE.

Increasing PSE through development co-operation to support the SDGs

Uganda’s SDG National Task Force includes representation by the Private Sector Foundation Uganda and meets quarterly to review SDG implementation progress (Muyiia, 2017). According to Uganda’s 2016 voluntary national review on SDG implementation, the private sector partners with the government through PPPs and other development interventions to support implementation of the SDGs (Government of Uganda, 2016). Through CSR initiatives, the private sector is also involved in SDG-related projects, for example setting up school, health centres and sanitation facilities. When working with government, private stakeholders are responsible for interacting with relevant ministries to ensure public demands and development goals are met (Republic of Korea and Institute for Development and Human Security, 2017). The government notes that it has established an enabling environment for the private sector, but that greater efforts are needed to encourage the private sector to invest in SDG priority areas, including through PPPs. There is an opportunity to greater leverage potential private sector contributions and the government plans to establish concrete PPPs, including with the support of development partners, to this end. The national voluntary review report highlights the need for better coordination of government, civil society, private sector, and development partners to ensuring alignment of initiatives to national plans and avoid duplication of efforts to realise the SDGs.

The private sector is included in Uganda’s SDG National Task Force and engages in the implementation of the SDGs through specific projects and PPPs. Greater involvement by the private sector in SDG priority areas presents an opportunity for SDG implementation.

Participants at the validation workshop emphasised the need to explore ways to promote investments and contributions from diaspora communities as one means to finance sustainable development. They also called for greater government investments in life skills to help nurture the private sector (October, 2018). Trade unions in Uganda are working to promote the SDGs and in particular the decent work agenda and SDG 8 (interviewee, February 2018). They are advocating for better working conditions and social security coverage. In addition, to contribute to SDGs 1 and 2 on poverty and food security, they have supported activities related to financial literacy and discipline for workers to ensure that higher salaries lead to improvements in living standards through smart household investments.

Another avenue that has potential to increase private sector contributions to the SDGs is through the adoption of greater CSR by Ugandan companies. There is a need to raise awareness and common understanding of CSR across companies, government and civil society and move understandings from a view of CSR as charity to a holistic approach that incorporates CSR in core business (Bos, Slaa and Katamba, 2016). Foreign companies in Uganda that tend to be more versed in CSR could serve as allies in efforts to raise awareness and share best practice with domestic companies. Many CSR issues are pre-competitive, raising the need for greater facilitation of cooperation between companies in Uganda. Bridges are also needed to improve partnerships on CSR between government, the private sector and civil society. There is an opportunity for CSOs and the private sector to work better together through co-financing of activities and ensuring synergies in their work. The government could also serve as an example for companies by implementing CSR and improving transparency with the Uganda National Bureau of Standards serving as a potential site to lead on government CSR activities. In this context, government representatives would benefit from training on how to involve businesses in addressing sustainable development challenges.

Greater awareness of CSR and implementation of CSR activities could contribute to the SDGs in Uganda.

Going forward, there is an opportunity to improve public-private dialogue to support the SDGs by creating more awareness. Relatively few stakeholders are aware of the SDGs despite government efforts to raise awareness (interviewee, February 2018). Garnering support from the private sector also entails – in part – a shift from an enforcement approach to policy implementation to a more collaborative approach that delineates clear roles and timelines for delivery between sectors (interviewees, March 2018). Dialogues in this area must be participatory with each side committing to their roles and enumerating what is required for success to be attained. In this context, it is important for the government to be clear on the areas in which it wishes to collaborate for the benefit of all sectors (interviewee, March 2018). Public-private dialogue should also be problem focused with opportunities for discussions focusing on particular sectors (interviewee, March 2018). It should also be able to clearly articulate the benefits of collaboration to the private sector. Examples of win-win partnerships would help to establish understanding by the private sector on where it can contribute and benefit from engagement on the SDGs in concrete terms (interviewee, March 2018). The government has a role to play in facilitating an action oriented, regular and structured public-private dialogue with the private sector on its role and the role of the government, particularly given that the needs of the private sector frequently change. For its part, the private sector should be able to explain where it can do better and where the government can do better

as part of dialogue processes with all stakeholders acting in good faith and recognising that compromises may need to be made.

Other issues in PSE through development co-operation: A national perspective

Making partnership work

A review of partnerships between Danish CSOs and the private sector in Uganda identified a number of advantages to collaboration. CSOs provide private partners with access to communities and serve as a legitimate entry point (CISU, 2014). By partnering with CSOs, businesses are able to tap into existing levels of trust between communities and CSO partners. In addition, businesses can benefit from valuable information from communities when designing products. In terms of challenges and important considerations, the review noted that sometimes additional efforts are needed to obtain start-up financing for partnerships with the private sector and that it is critical to clearly establish ownership over investments at the start of partnerships, common understandings of the project, outcomes and contributions from each stakeholder and roles within partnerships. Understanding power-dynamics within partnerships and how they may impact decision-making and outcomes is also important. Some CSO partners have also found that private partners are not always able to put forward financing for projects nor do they always understand how to take on the transparency and accountability provisions more commonly adopted by CSOs. One interviewee noted that partnerships with the private sector are not really sustainable owing to diverging interests and the need for private partners to profit from partnerships (interviewee, March 2018). Time horizons can also vary between CSO and private partners with CSOs looking towards longer term horizons and the private sector seeking quick wins. Nevertheless, opportunities exist for CSOs to broaden their networks with the private sector, to engage with social enterprise models and to learn from the entrepreneurial spirit of the private sector.

Currently there are very few multi-stakeholder platforms in Uganda (interviewee, February 2018). A challenge in this regard is that such partnerships tend to have a negative connotation in Uganda owing to power imbalances in previous partnerships. There is a need to support spaces for multi-stakeholder dialogue with development partners playing a facilitating role as a first step towards more formalised partnerships. Such spaces for dialogue should focus on areas of shared interest, rather than serving as fora to push for CSR or development issues in the first instance. Development partners should aim to work around the business cases presented by the private sector, playing a facilitation and de-risking role.

Projects also need to have a clear link to market needs in order to ensure long-term sustainability (interviewee, April 2018). Private sector partners would benefit from technical support to improve their impacts on sustainable development (validation workshop, October 2018).

Women's economic empowerment

Women represent the majority of the labour force in agriculture though their ownership of land is limited (Government of Uganda, 2016). However, Uganda has seen growth in the proportion of female workers from 18% in 2006 to 40% in 2012, largely in SMEs (World Bank, 2013). Women tend to work in the service sector (accounting for almost half the labour force) (World Bank, 2013). To support the empowerment of women, the Ugandan government has established gender-responsive regulatory frameworks and institutionalised gender planning in all sectors, prioritising the collection of gender disaggregated data (Government of Uganda, 2016, see also Box 7).

As a result of its efforts, Uganda has seen improved education outcomes for women and greater increased land ownership. Nevertheless, access to, control over and ownership of businesses and productive resources such as land and credit remain a challenge for improving gender equality and women are also less likely to be employed in skill-based industries. They tend to be excluded from skills development programmes with limited access to financial resources, employment in non-agriculture sectors and inheritance rights (Government of Uganda, 2016; see also Ministry of Trade, Industry and Cooperatives, 2015).

Cultural norms and responsibilities that afford women less time to engage in economic opportunities exacerbate these challenges (Ministry of Trade, Industry and Cooperatives, 2015). In response, the government launched a Women Entrepreneurship Programme to improve access to financial services and skills development (Government of Uganda, 2016).

Box 7. UNDP Gender Equality Seal for Private Enterprises

The Gender Equality Seal (GES) for Private Enterprises certification programme is an initiative developed by UNDP to promote gender equality and women's empowerment at the workplace and in the marketplace. The initiative increases the capacity and accountability for gender mainstreaming in the private sector. It has catalysed innovations around gender-appropriate product designs and customer services in the companies that have adopted it.

Thanks to a partnership between the Ministry of Gender, Labour and Social Development, the Private Sector Foundation of Uganda, and the UNDP, Uganda became the first country in Africa to adopt the seal. In October 2016, 13 companies from the agriculture, banking, manufacturing, information and communication technology and services sectors signed up to adopt and implement the GES. To date over 40 companies have expressed interest in joining the initiative.

Developing gender-smart solutions in agribusiness represents a crucial strategy to ensure enterprise growth, increase profitability and enhance sustainability. In recognition of the business case for application of gender-smart solutions, Delight Uganda – one of Africa's pioneer GES companies – has developed a programme targeting women farmers as suppliers for the fruits used in juice processing; as part of their distribution chain; and as a market for the seedlings Delight grows in its nursery beds. This has resulted in increased supply of raw materials for juice processing and positively impacted on the agribusiness's productivity, profitability and competitiveness.

Women's disproportionate responsibility in supporting children substantially impacts on their productivity by reducing the number of hours they dedicate to company activities. A recent study found that care activities accounted for half of the difference in productivity between male and female owned average plots in Uganda.⁶⁴ To address this barrier to enterprise competitiveness, Nina Interiors Limited has instituted an elaborate maternity leave policy and workplace breastfeeding program that has resulted in significant reduction in absenteeism of female staff, ensured a return from maternity leave, and increased retention of female employees.

These initiatives show that gender equality in the workplace and market competitiveness are prerequisites for each other. Moreover, by closing the gender gaps across business functions, companies have been able to increase employee productivity, customer satisfaction, and create inclusive corporate climate and business practices that attract and retain talent and clientele. The expansion of the Gender Equality Seal is an important means to promote greater PSE on social challenges.

The seal complements the Gender and Equity Certificate that is used by the Parliament of Uganda to assess the gender responsiveness of sector plans and budgets, as provided for by the 2015 Public Finance Management Act. In addition to rolling out the seal to all enterprises, UNDP and the Government of Uganda are exploring the use of the initiative's methodologies, tools and indicators to measure the gender effects sector and local government plans, budgets and programmes as a mechanism to increase capacities of public entities to adopt a more gender responsive approach to service delivery.

Source: UNDP office in Kampala, validation workshop October 2018.

VI. Conclusion

This report has provided an overview of the current state of play on PSE through development co-operation in Uganda. Based on a review of 271 PSE projects, literature review, and interviews with a wide range of stakeholders, the report has highlighted a number of opportunities and challenges. It serves as a starting point and basis for ongoing discussions on how to improve the effectiveness of PSE through development co-operation.

⁶⁴ See <http://documents.worldbank.org/curated/en/172861468184777211/Investigating-the-gender-gap-in-agricultural-productivity-evidence-from-Uganda>

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VIII. Annexes

Annex 1. Research Approach

Introduction

The report is informed by primary and secondary resources, interviews with local stakeholders and a country-level multi-stakeholder workshop. Interviews, secondary resources and the project mapping provided an indication of country specific issues that were worth further analysis in the report. The project mapping provided information against which to assess the main issue areas as identified in the private sector work stream concept note,⁶⁵ such as how PSE through development co-operation leaves no one behind, and how public-private contracts supported through development co-operation can meet transparency and accountability requirements. In this sense, the framework collects evidence on PSE based on the interests of development co-operation actors as well as key issues in PSE through development co-operation as identified through research on this topic. Interviews and secondary resources were used to identify context specific issues that cannot be assessed through the project mapping.

Literature review

The literature review provided the framing for the current status of PSE through development co-operation in Uganda, including with reference to the regulatory framework, private sector landscape, public-private dialogue, key sectors and the role of different non-state actors. In addition to informing the report, this review provided context of the interviews and country level workshop. Projects identified through the literature review were also included in the project mapping. Resources from a wide variety of stakeholders were collected and examined, including from government, parliament, the private sector, civil society, development partners and independent research institutions.

Project mapping

Primary research for the report included an examination of ongoing PSE projects at country level that utilise financial and non-financial development co-operation through desk review. The project mapping provided the factual basis for the analysis of the current state of play of PSE at the country level and for the paper as a whole (what is happening on PSE, by whom, where, etc.). As outlined in the mapping framework below (Table A.1), the mapping focused on evidence-gathering related to key issues in PSE (e.g. availability of results, monitoring frameworks, type of private sector partner engagement, key sectors, etc.). The mapping contributed to analysis of how small and medium-sized enterprises benefit from PSE; examination of the transparency and accountability of PSE supported through development co-operation; evidence of measurable results; and insights on country ownership in PSE, particularly in terms of the involvement of local stakeholders in projects and partnerships. Where information is available, the mapping also contributes to an assessment of the extent to which PSE through development co-operation at country level is working to leave no one behind.

Table A1.1. Project mapping framework	
Category	Definition
About	Overview description of the project and its main objectives. Use direct quote where possible.
Modality	Knowledge and information sharing; policy dialogue; technical assistance; capacity development; finance. List all that apply. See Annex 3 in the PSE work stream concept note for full definition of each.
Instrument	Specific instruments supporting the project. These instruments are associated with formal private sector partnerships and create contractual obligations when used. Options include: grants, debt instruments, mezzanine finance instruments, equity and shares in collective investment vehicles, guarantees and other unfunded liabilities.
Programme type	Specific programme supporting the project. A subset of private sector instruments, refers to the specific mechanisms through which private sector partnerships are pursued. Includes: Blended finance, business support, business-to-business, capacity development, challenge funds, multi-stakeholder partnerships, non-profit private sector partnerships, output-based aid, PPPs, technical assistance, mezzanine finance, asset-backed securities, reimbursable grants, loans, bonds, credit lines, impact investing, equity finance, guarantees. List all that apply. See Annex 3 in the PSE work stream concept note for full definition of each.
Programme name, project title	Name of the programme that supports the project and project title. Include acronym / abbreviation in brackets where relevant. E.g. Dutch Good Growth Fund (DGGF), Flowers in Ethiopia
Duration	Start and end date. If information missing, say 'no start date' or 'no end date'.

⁶⁵ See http://effectivecooperation.org/wp-content/uploads/2017/10/PSE-Concept-Note_17Oct.pdf.

Budget	Total budget for the project. If available, include and indicate the private sector financing contribution.
Sector	Aggregate and specific sector, e.g. Agriculture, cocoa.
Development partner(s)	List development partners providing finance to support the project.
Type of private sector partners engaged	List all that apply. Large domestic, SME domestic, large transnational, SME transnational
Private sector partners	List names of the partners. If more than 5, can provide link to this information.
Other development partners	List development partners that are involved in the project but may not be financing it. Includes international and local partners.
Role of partners	Description of what each partner involved is responsible for. Use direct quote where possible.
Monitoring	Overview of how project is monitored. Link to monitoring framework if available.
Results framework	Description of the results that are being monitored. Provide link if a full framework is available (e.g. only gender equality and increases to incomes is listed, that should be included. Only link to comprehensive results frameworks).
Results	Headline figures that are available on the project. If a lengthy report is available, provide link.
Evaluation	Top level findings, particularly on development impact if available and link to report.
Additional notes	Any other information that may be relevant but is not captured by the framework.
Role of the PS	Description of what the private sector involved is responsible for. Options include: Finance, Recipient, Implementation, On-lending (-financing)
Role of SMEs	Description of what the SMEs involved is responsible for. Options include: Finance, Recipient, Implementation, On-lending (-financing)
Blended Finance or Alike?	Boolean variable taking the value "yes" if programme type is blended finance or alike and "no" otherwise.
Domestic Special Purpose Vehicle Built?	Boolean variable taking the value "yes" if project includes a domestic special purpose vehicle and "no" otherwise

To limit scope of the work, projects were drawn from the following:

- Top official development assistance (ODA) providers from the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee and traditional multilateral development banks that account for 75-80% of ODA in country.
- BRICS and other key southern partners, as identified by the country in question, through OECD data, and through a review of secondary resources.
- Top five United Nations (UN) institutions operating in the country based on ODA flows.
- Development finance institutions (DFI) that are active in the country, identified through a systematic examination of DFI websites.
- Philanthropic institutions active in the country identified by OECD specialist and through secondary resources.
- Civil society organisations active in the country identified by the country in question, through secondary resources, and based on suggestions from civil society members of the GPEDC.
- Projects already identified for the country in question from the initial mapping work and as put forward by members of the GPEDC.

It should be noted that projects that focus on private sector development and do not include a private partner were excluded – e.g. development partner to government support for the business enabling environment will be excluded (unless there is a private partner involved in the project). The criteria for project selection is sector agnostic – PSE projects from a wide variety of sectors will be included in the mapping, such health, education, private sector development, water and sanitation, etc. To ensure a wide scope of PSE projects and partnerships are captured by the mapping, the research team examined projects that include a development partner, are supported by development co-operation (ODA, ODA-like flows such as foundation financing, or SSC) and include a private sector partner. This approach follows the definition of PSE through development co-operation as outlined in the 2016 OECD Peer Learning on PSE in Development Co-operation.⁶⁶ Though the approach to the project mapping aims to be as comprehensive as possible, invariably some development partners were not included in the group of stakeholders as outlined above.

⁶⁶ PSE is defined as: An activity that aims to engage the private sector for development results, which involve the active participation of the private sector. The definition is deliberately broad in order to capture all modalities for engaging the private sector in development co-operation from informal collaborations to more formalised partnerships. Given that the term applies to how development co-operation occurs, private sector engagement can occur in any sector or area (e.g. health, education, private sector development, renewable

The project mapping was conducted over January-February 2018. To limit the scope of the research, projects that began in 2000 or started before but continued during 2000 were considered. The research team selected 2000 in an effort to limit the scope of projects reviewed while ensuring that the projects selected offered a large enough time span to show results, scale and impact. For each project, the review team looked at key issues in PSE such as modalities, instruments, programmes, roles of partners, results as well as monitoring and evaluation frameworks⁶⁷. Top DAC donors and their project implementing agencies, top 5 UN institutions, multilateral development institutions, and philanthropic institutions were identified through publicly available as well as confidential OECD databases. DFIs active in Bangladesh were identified through a systematic examination of DFI websites. Interviews with local CSO representatives and CSO members of the GPEDC as well as review of secondary resources enabled the team to identify active CSOs in Bangladesh. For BRICS and key southern partners, projects were drawn from secondary resources and other publicly available databases.⁶⁸ After identifying partners, the review team visited websites of individual partners and looked for information on partners' project portfolios. Table A.2 presents the development partners reviewed.

Table A1.2. Development partners reviewed	
Development partners	Project identified based on publicly available resources
DAC donors and their implementing agencies⁶⁹	
European Union – Europeaid	Yes
Germany – BMZ and GIZ	Yes
Japan – JICA	Yes
Norway – Norad	Yes
Denmark – Danida	Yes
United Kingdom – DFID and UKAID	Yes
United States – USAID	Yes
Bilateral DFIs	
Austria – Development Bank of Austria (OeEB)	Yes
Belgium – Belgian Corporation for International Investment (SBI-BMI)	No
Belgium – Belgian Investment Company for Developing Countries (BIO)	Yes
Denmark – the Danish Investment Fund for Developing Countries (IFU)	Yes
Finland – Finnish Fund for Industrial Cooperation (FINNFUND)	Yes
France – Proparco	Yes
Germany – German Investment Corporation (DEG)	Yes
Italy – the Italian Development Finance Institution (SIMEST)	No
Japan – Development Bank of Japan	No
Japan – Export-Import Bank of Japan	No
Japan – Japan Bank for International Cooperation	Yes
Netherlands – Netherlands Development Finance Company (FMO)	Yes
Norway – the Norwegian Investment Fund for Developing Countries (NORFUND)	Yes
Portugal – the Portuguese Development Finance Institution (SOFID)	No
Republic of Korea – Korea Development Bank	No
Spain – Compañía Española de Financiación del Desarrollo (COFIDES)	Yes
Sweden – the Swedish Development Finance Institution (SWEDFUND)	Yes
Switzerland – Swiss Investment Fund For Emerging Markets (SIFEM)	Yes
United Kingdom – the Commonwealth Development Corporation (CDC)	Yes
United States - Overseas Private Investment Corporation (OPIC)	Yes
Multilateral DFIs	
African Development Bank (including African Development Fund)	Yes
European Bank of Reconstruction and Development	No
European Investment Bank	Yes
Global Fund	No ⁷⁰
International Development Association (IDA, World Bank Group)	Yes
International Finance Corporation (IFC, World Bank Group)	Yes

energy, governance, etc.). Through private sector engagement, the private sector and other participants can benefit from each other's assets, connections, creativity or expertise to achieve mutually beneficial outcomes. See <http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf>.

⁶⁷ The Bangladesh case study focused on a time-period of 2010 and onwards. In order to avoid the situation that many projects are still being implemented, preventing the authors from observing the results and impact, a time span of 2000 – onwards was chosen for the Uganda case study.

⁶⁸ See <http://aiddata.org/datasets>.

⁶⁹ Review team came across to projects from Sweden and Netherlands, and their implementing agencies during the literature review phase and as a result of suggestions from GPEDC members. These projects were included however a systematic review of the websites of these development partners was not conducted.

⁷⁰ Global Fund partners with the private sector. However, it is not possible to track the private sector component of individual projects from the website of Global Fund.

Islamic Development Bank (IsDB)	No ⁷¹
Multilateral Investment Guarantee Agency (MIGA, World Bank Group)	Yes
OPEC Fund for International Development (OFID) ⁷²	Yes
Philanthropic institutions	
Bloomberg Family Foundation	No
Big Lottery Foundation	No
Bill and Melinda Gates Foundation	Yes
Carlos Slim Foundation	No
Children's Investment Fund Foundation	Yes
Comic Relief Foundation	No
Dutch National Postcode Lottery	No
Dubai Cares	No
Ford Foundation	No
IKEA Foundation	No
Itaú Social Foundation	No
Li Ka Shing Foundation	No
Mac Arthur Foundation	No
MasterCard Foundation	No
Oak Foundation	No
Segal Family Foundation	No
Susan T. Buffett Foundation	No
Tata Trusts	No
Wellcome Trust	No
The William and Flora Hewlett Foundation	No
NGOs	
ActionAid	No
BRAC	No
CARE	Yes
Caritas Uganda	No
Goal International	No
JEEP Uganda	Yes
HEED Uganda	Yes
Oxfam	No
Welthungerhilfe	Yes
United Nations agencies⁷³	
Joint United Nations Programme on HIV/AIDS	No
United Nations Development Programme	Yes
United Nations Population Fund (UNFPA)	Yes
United Nations International Children's Emergency Fund (UNICEF)	Yes
World Health Organization (WHO)	No
Providers of South-South Co-operation	
Brazil	No
China	Yes
India	No
New Partnership for Africa's Development (NEPAD)	Yes
OFID	Yes
South Africa	No

Interviews

The report is informed by open-ended, semi-structured interviews with representatives from a range of stakeholders in Uganda. Most interviews were conducted over the phone though four interviewees responded to questions via email. Potential interviewees were put forward by the Government of Uganda, the UNDP office in Kampala and the GPEDC working group on PSE (a multi-stakeholder advisory group consisting of members of the Steering Committee). Interviewees were also identified through the literature review and project mapping exercise. Representatives from the following organisations were interviewed:

- African Development Bank (AfDB)
- Aga Khan Foundation
- AMFRI FARMS Ltd
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Economic Policy Research Centre

⁷¹ It is unclear from the project database of IsDB if projects can be categorized as PSE projects.

⁷² OFID considers itself as an instrument of South-South co-operation and; hence, is also placed under BRICS and other key southern partners. For further information, see <http://www.ofid.org/ABOUT-US/Director-General/DG-Statements/ArticleId/1177/Statement-made-at-the-83rd-Meeting-of-the-Development-Committee>

⁷³ Review team came across to projects from ILO, UNIDO and UNFCCC during the literature review phase and as a result of suggestions from GPEDC members. These projects were included however a systematic review of the websites of these development partners was not conducted.

- Hostalite Ltd
- Ministry of Finance, Planning and Economic Development
- Ministry of Trade, Industry and Cooperatives
- National Organisation of Trade Unions
- Swedish International Development Cooperation Agency (Sida)
- Uganda Manufacturers Association
- Uganda Nurses and Midwives Union
- Uganda National NGO Forum
- United Nations Capital Development Fund (UNCDF)
- United Nations Development Programme (UNDP)
- World Bank

Validation workshop

A validation workshop was held on October 2, 2018 in Kampala to examine draft findings of the report. Co-hosted by the Ministry of Finance, Planning and Economic Development, the Private Sector Foundation Uganda and the United Nations Development Programme, in partnership with the Global Partnership for Effective Development Co-operation, the workshop was attended by over 65 stakeholders from government, development partners, the private sector, civil society and research institutions. The organisations represented at the workshop are listed below. The workshop served to validate the key findings in the report and further explore key issues related to PSE through development co-operation in Uganda, namely policy gaps, effective programming to leave no one behind, and promoting mutual accountability and transparency. Organisations that participated in the workshop, the workshop agenda and discussion questions are presented below. The key findings from the workshop were used to revise the draft report.

- Advocates Coalition for Development and Environment (ACODE)
- Aga Khan
- Aloesha organic natural products
- Association of Tour Operators
- Computer WLSL Ltd
- Computerwise
- Crest Foam Ltd
- DBPL
- Bella Wine
- Economic Policy Research Centre
- Embassy of Belgium
- Embassy of Norway
- Energizing Sols
- Equal Opportunities Limited
- European Union
- Finance Trust Bank
- Financial Sector Deepening Uganda
- Focus Inter
- French Embassy
- Graphic System
- Growth Africa
- Hammam CPA
- International Monetary Fund
- Jica Uganda
- Macendlo co limited
- Master Links
- Maximillian Uul
- Ministry of Finance, Planning and Economic Development
- Ministry of Trade, Industry and Cooperatives
- Natural Basket Uganda
- Net Loaf
- Private Sector Foundation Uganda
- Repla Beverage
- Simba Telecom
- Shalom Organic Farm
- Small Scale Farmers' Forum Uganda
- Swedish Embassy
- Uganda Agriculture Business Alliance
- Uganda Funeral Services
- Uganda National Farmers Federation
- United Nations Development Programme
- United States Agency for International Development
- UWSAL Board
- Victorias Education
- Victory School of Beauty

Validation Workshop Agenda

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

Group Discussion Questions

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?