



*Empowered lives.
Resilient nations.*

Framework

for Engaging the Private
Sector in Uganda

(2018-2020)

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Acronyms

AAAA	Addis Ababa Action Agenda
AMFIU	Association of Micro Finance Institutions
CSO	Civil Society Organisations
DAC	Development Assistance Committee
DFA	Development Finance Assessment
DFI	Development Finance Institutions
EOC	Equal Opportunities Commission
GFT	Gender Focal Teams
GPEDC	Global Partnership for Effective Development Cooperation
GSMA	Global System for Mobile Communications Association
MDG	Millennium Development Goals
MFI	Micro Finance Institute
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labour and Social Development
MSME	Micro Small and Medium Enterprise
NDP	National Development Plan
PSD	Private Sector Development
PSE	Private Sector Engagement
PSFU	Private Sector Foundation of Uganda
PWC	Price Water House Coopers
RSCA	Regional Service Centre for Africa
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
TNC	Trans National Corporations
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme



Background

1

The year 2015 marked a transformative shift from the Millennium Development Goals (MDGs) to a new agenda that is far more comprehensive, ambitious and universal. The 2030 Agenda for Sustainable Development, with 17 Sustainable Development Goals (SDGs) at its core tackles the fight against poverty and the promotion of more inclusive and sustainable development in many dimensions.

2

Given that the MDGs were focused largely on social development, they were conceived as government-led initiatives, hence, the involvement of the private sector was negligible, and only happened on a limited and unstructured basis. Recognizing that times have changed and that the solution to development challenges is everyone's business, the 2030 agenda clearly emphasizes the role of various players, including the private sector in achieving the SDGs.

3

The agenda, as emphasized during the 3rd International Conference on Financing for Development in Addis Ababa (June 2015), preserved a comprehensive approach to financing development. The resulting Addis Ababa Action Agenda (AAAA) calls for "unlocking the transformative potential" emphasizing the need for "all businesses to apply their creativity and innovation toward solving sustainable development challenges."



We call on all businesses to apply their creativity and innovation to solving sustainable development challenges. We invite them to engage as partners in the development process, to invest in areas critical to sustainable development, and to shift to more sustainable consumption and production patterns....).

AAAA outcome document (2015)

4

The agenda broadly recognizes business as being part of the solution to development challenges of all dimensions including economic, social and environmental, not only through investments but also the implementation of best practices and inclusive and sustainable policies. The integral role of the private sector could, in part, pertain to intensifying investments in critical sectors; fostering innovation around innovative technologies, products, services and business models that promote inclusive growth; adopting sustainable consumption and production patterns; improving youth employment and equal opportunities for all women and men; and building good governance systems.

5

Overall, the SDGs have the potential to provide, for the first time, a framework for mobilizing the private sector to invest in sustainable development in an ongoing and scalable way, while also pursuing their own business interests. A report published by PWC (2015) notes that globally, private companies are already taking steps to understand what the SDGs will mean for their business.

6

Uganda's overarching vision 2040 and the second National Development Plan (NDPII-2015/16-2019/20) also envisage that transition to a middle-income country will be achieved if the private sector engages in meaningful partnerships to support the transformational journey. NDPII, which mainstreamed SDGs expects to mobilize 42 percent of the resources from the private sector. This recognition was followed by adopting the Private Sector Development strategy (2017/18-2021/22) that aims to improve the business enabling environment, accelerate industrialization and support firm level productivity and modernization.

7

Moving forward, the private sector will continue to be a valued partner in the collective effort to advance sustainable development in Uganda. Its engagement will be a significant gain for building a peaceful, resilient and inclusive society. If mainstreamed in its business processes, the SDGs will be game changers, fundamentally reshaping how the private sector and all actors operate to sustain their trades. Among other things, private sector can support SDGs by, in part: leveraging inclusive business models to improve the livelihoods of individuals at the base of the economic pyramid; establishing a platform for dialogue with local and international business networks, and other players; investing in and technologies that solve development challenges in critical sectors; and lobbying government for conducive operating environment to solve social problems. To streamline private sector engagement, a couple of pertinent questions should be addressed. These include, but are not limited to the following:

- a. How large is the disparity between available financing and the investment required to achieve the SDGs? What is the potential for the private sector to fill this gap? What could be realistic targets for private investment in SDGs?
- b. What are the main challenges for investment in SDG sectors to have maximum impact, and what are the key risks involved with private investment in SDG sectors? How can these challenges be resolved and risks mitigated?
- c. How can the basic policy dilemmas associated with increased private sector investment in SDG sectors be resolved through governments providing leadership in this respect?
- d. How can good practices and policies for achieving SDGs be implemented in a coordinated manner across sectors?
- e. What is the most effective coordination arrangement to foster private sector engagement?

8

This document provides a framework for UNDP private sector interventions in Uganda within the context of the UNDP global strategic plan (2016-2021) , global private sector strategy for the SDGs (2016-2020) , the AAAA, and the UNDP Country Programme for Uganda (2016-2020) as well as the United Nations Development Framework (UNDAF, 2016-2020). It provides direction to recognition of the global agenda that the private sector is critical for delivering on the SDGs. The framework elucidates, UNDP's strategic engagements with the private sector in a bid to facilitate delivery on the national development aspiration, also in the realm of the 2030 agenda in Uganda.



Country Context

1

Uganda has a long term Comprehensive National Development Planning Framework (CNDPF) since 2007 that provides for the development of a 30-year Vision, 3 ten-year Perspective Plans, 6 five-year Development Plans, 6 five-year Sector Development Plans (SDPs), Local Government Development Plans (LGDPs) and annual plans. To date, the country has developed the Uganda Vision 2040 and the first and second National Development Plans (NDPs). Vision 2040 provides the overall guiding framework on sustainable development and socioeconomic transformation for Uganda. The vision is to transform Uganda from a peasant to a modern and prosperous country by 2040. This involves transitioning from a predominantly low-income to a competitive upper middle-income country within 30 years. The Vision is conceptualized around strengthening fundamentals to harness opportunities including natural resources such as oil and gas, water resources, minerals, tourism and agriculture, whose gains can only be harnessed through strengthening infrastructure, human capital development, and a stable macroeconomic environment.

2

The NDP II (2015/16-2019/20) is Uganda's current medium-term plan. The plan seeks to achieve middle-income status by 2020 with a per capita income of US\$ 1,039 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. The preparation process of the plan was timely to allow for early integration of the SDGs. Consequently Uganda was one of the first countries globally to integrate the 2030 into the national development planning.

3

To further the SDG localisation process, several engagements have unfolded, in which UNDP has played accritical roles. Among these: 1) in 2016, the Government of Uganda established a coordination framework for SDG implementation, lead by the Office of the Prime Minister, and supported by five multi-institutional Technical Working groups on Planning, data, communication and advocacy, Resoruce mobilisation, and coordination and Reporting; 2) to operationalise this framework, a multi-year costed roadmap has been prepared for imp,ementation within the NDPII period; 3) Implementation of some actions in the roadmap is on-going, of which UNDP is supporting the preparation of the mainstreaming framework for SDG implementation, resource mobilisation efforts through development Finance Assessment and mobilisation of the private sector, supporting government to complement on poverty measurements to report on SDG1, amopng other actions.

4

While there is commendable effort to deliver on the national development aspiration within the realm of the 2030 Agenda, there is a need for addition effort to actualise the implementation of the ambitious national and global agendas. In part, ensuring alignment of development plans at the sector and sub-national levels, to NDPII and subsequent national plans remains a challenge. Reconstitution of public institutions is also required to ensure readiness to implement transformative programmes. It is also critical to step up effort in mobilising the private sector to play a meaningful role in the sustainable development of the country.



The Status of Uganda's Private Sector

3.1. Description of the Private Sector

5 Since the late 1980s, Uganda has adopted a free market approach to development, where the private sector plays a leading role as the engine of growth. This approach was followed by enabling legislation to allow privatization of various government organisations and enabling the private sector to enter industries that had hitherto been exclusively public.

6 Liberalization of the economy was followed by emergence of various agencies such as Uganda Investment Authority, the Capital Markets Authority, the Cotton Development Authority, the Coffee Development Authority, Private Sector Foundation of Uganda (PSFU), and several business associations, to promote business growth in the respective sectors and to regulate the industry to allow fair competition among the players . This strategy resulted in improved economic growth rates that averaged 7 percent between 1990 and 2011 owing also to a favourable macro-economic policy environment, only to decline to 4.5 percent from 2012 and 2016 due in part to production constraints and external shocks.

7 While the private sector continued to play a major role in Ugandan economy, it has been hamstrung by a several challenges, most prominent being the disproportionately high cost of doing business. In 2017, Uganda ranked 122 out of 190 economies in the world Bank's Ease of Doing Business Report (2018), behind Rwanda (41) and Kenya (80). The country deteriorated from 115 in 2016, largely owing to constraints related to energy access, business start-up, trade related processes, among others. Business are also constrained by several other factors including: structural rigidities within the banking sector; increased domestic borrowing crowding out private sector borrowing, and infrastructure deficit .

8 As a result of the challenges it faces, Uganda's private sector has remained dominated by less than 30 large sized entrepreneurs, controlling more than 50% of manufacturing and processing , while 90 percent of businesses are micro, small and medium-sized enterprises (MSMEs) operating in the informal sector .

9 For the private sector to thrive, it is crucial for government to provide a conducive environment for doing business within a consistent regulatory framework; provide additional incentives for private sector growth; support the promotion of partnerships that will enable the private sector to growth, and directly facilitate business incubation.

3.2. Private Sector Engagement in Uganda

10 Based on the OECD definition, private sector enagment refers to 'An activity that aims to engage the private sector for development results, which involve the active participation of the private sector ' . UNDP in its Private Sector and Foundations Strategy for the Sustainable Development Goals 2016–2020, recognizes the imporant role of private sector and defines how UNDP plans to engage with – and work on – sustainable development issues with the private sector and philanthropic foundations.

11 Partners including UNDP has been engaging private sector in Uganda to deliver results on the ground. While evidence on Private Sector Engagements in Uganda is scanty, the draft 2018 private sector engagement (PSE) study for Uganda mapped 271 projects that Uganda's private sector has implemented with various development actors including UN agencies. The study indicated that partners engagement with the private sector so far is in full alignment with the strategic area of the national development plan, however, the study highlighted a number of issues surrounding the effectiveness of private sector engagement in Uganda in particular, on areas such as enhancing focus on result, transparency and accountability as well as coordination.

12 In terms of result reporting, the study highlighted that roughly half (51%) of PSE projects have some monitoring system in place, while only 54% provided some information on results frameworks; and only 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. Furthermore, there is limited transparency on private sector engagement in Uganda as 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. For instance, 48 projects (17.7%) had no information related to their budget.

13 In terms of coordination and representation, the study highlighted some visible gaps. In the PSE projects, there was limited representation of stakeholders. The report highlights that government institutions are listed in less than 10% of the projects, while participation of others such as domestic and international CSOs, trade unions and research institutions was much lower. Furthermore, although government has come up with a new PSD policy, the engagement of partners with the private sector is not very well articulated in any of the government policy documents.

14 Preliminary findings of this study reveal that the 34% of projects with development partners are supported by Development Assistance Committee (DAC) donors and their implementing agencies, followed by bilateral Development Finance Institutions (DFIs at 29%), multilateral DFIs (22%), philanthropic institutions (6%), UN Agencies (5%), providers of South to South Cooperation (SSC-4), Civil Society Organisations (CSOS -4%), in that order. Projects involving multiple development partners accounted for 9%.

15 It is clear from the analysis that private sector engagement in Uganda is biased towards large enterprises, calling for the future innovative approaches and fair chance for SMEs engagement. In 57% of the projects, large domestic firms such as banks and energy companies were listed as partners. Large transnational firms partnered in 50% of the projects, while Small and Medium Enterprises (SMEs) were listed in only 16 % of the projects. The low representation of SMEs in partnerships mirrors several challenges encountered by this constituency, some of which pertaining to large informality and weaknesses in organisational infrastructure to engage meaningfully.

16

Regarding their role, the private sector is listed as a recipient of support such as finance and capacity building (78%), implementing partner (52%), financier (27%), and on-lender to SMEs (17%). The most prominent modality of engagement between the private sector and DAC donors and their implementing agencies, bilateral and multilateral DFIs, philanthropic institutions and South to South Cooperation (SSC) providers is through direct financing, for instance in the form of grants, loans, equity and shares. CSOs' and UN largely engage in capacity development. The PSE study notes that while government has strong emphasis on engaging with the private sector through Public-Private partnerships (PPPs), information on support from non-state actors, for PPPs is limited, posing difficulty in establishing the extent to which this financing modality is effective in delivering development results in Uganda.

17

The foregoing analysis shows that Uganda has to clearly define the framework for private sector engagement while also emphasizing the need for focus on result as well as concerted effort to ensure transparency among actors. It is therefore critical that the government and development partners deliberate on the appropriate mechanisms for private sector engagement within the framework of effective development cooperation policy and its implementation.



Stock-taking UNDP Support to the Private Sector

4.1. Past Support

18 Globally, UNDP has worked with the private sector to foster development. Since the 1990s, UNDP has implemented several programmes aimed at supporting private sector development . This engagement has been increasing over time. The wide range of partnerships with the private sector, have broadly focused on: i) resource transfers, from large private sector companies such as IKEA, Coca-Cola, Microsoft, Cisco, Siemens, e.t.c, to UNDP to implement development programmes; 2) transfer of technology, technical and financial assistance to enterprises; 3) facilitating or brokering innovative private investments, value chain linkages or “inclusive business” approaches.

19 In 2007, UNDP developed its private sector strategy , as a departure from the initially demand-driven interventions. The 2007 strategy aimed to reposition and strengthen UNDP’s work with the private sector within the realm of the institution’s vision of contributing to “empowered lives, resilient nations”. During the implementation period a myriad of engagements have happened. For instance, between 2008-2010, private sector engagement was reported in 98 countries, amounting to \$438million, compared to \$298 million between 2004-2006.

20 In 2012, the 2007 strategy was updated to accelerate progress by enhancing private sector engagement and development in line with UNDP’s global priorities. The new focus was placed on: i) supporting countries to achieve sustainable and inclusive growth; and ii) accelerating economic recovery with an emphasis on job creation in fragile states and regions.

21 Within the proposed UN reforms, the UN is ready to forge new partnerships with the private sector that build awareness and trust, align regulations and enable innovative instruments to foster risk sharing and accountability. In 2016, UNDP developed its global private sector strategy for the SDGs (2016-2020). This strategy builds on the 2007 and 2012 strategies, considering the 2030 Agenda. The current strategy seeks to enable the private sector to become a transformative partner in implementing the SDGs to facilitate the achievement of UNDP’s vision of poverty reduction and reduction of inequalities. Emphasis on the private sector was also reinforced by the UNDP global strategic plan (2016-2021).

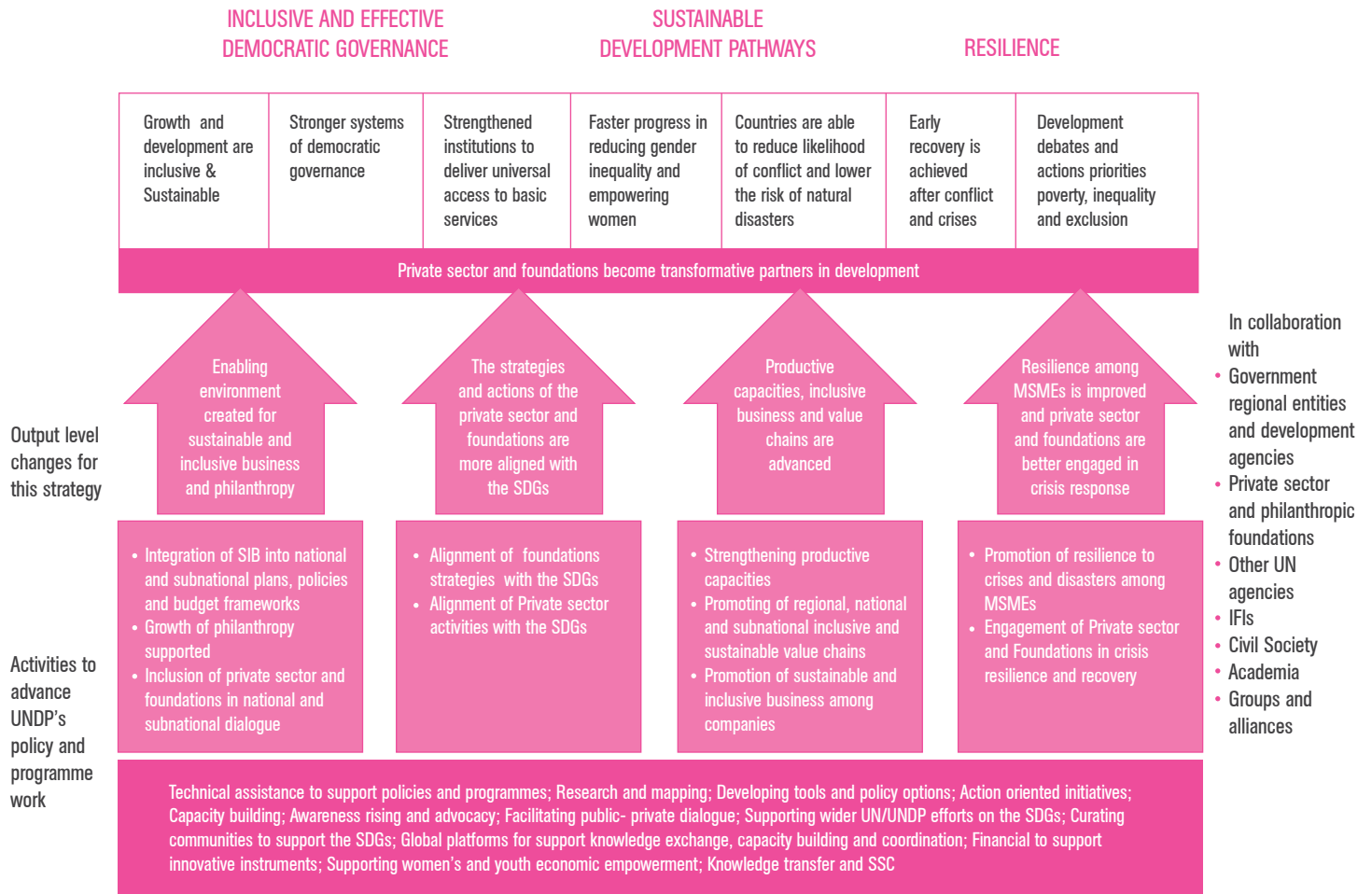


“UNDP looks to expand and deepen its partnerships outside the United Nations system in the following areas: (a) South-South and triangular cooperation; (b) civil society; (c) the private sector; and (d) international financial institutions”.
UNDP Global Strategic plan (2016-2021)

22 The theory of change of UNDP’s global strategy (Figure 1) addresses the challenges facing the private sector and lessons learned from the institution’s past work with the private sector, as well as envisaged partnerships within the realm of the 2030 Agenda. Within this theory of change, UNDP envisages contribution to the 2030 agenda through three main areas, namely: sustainable development pathways, inclusive and effective democratic governance; and resilience building, and emphasize the need for

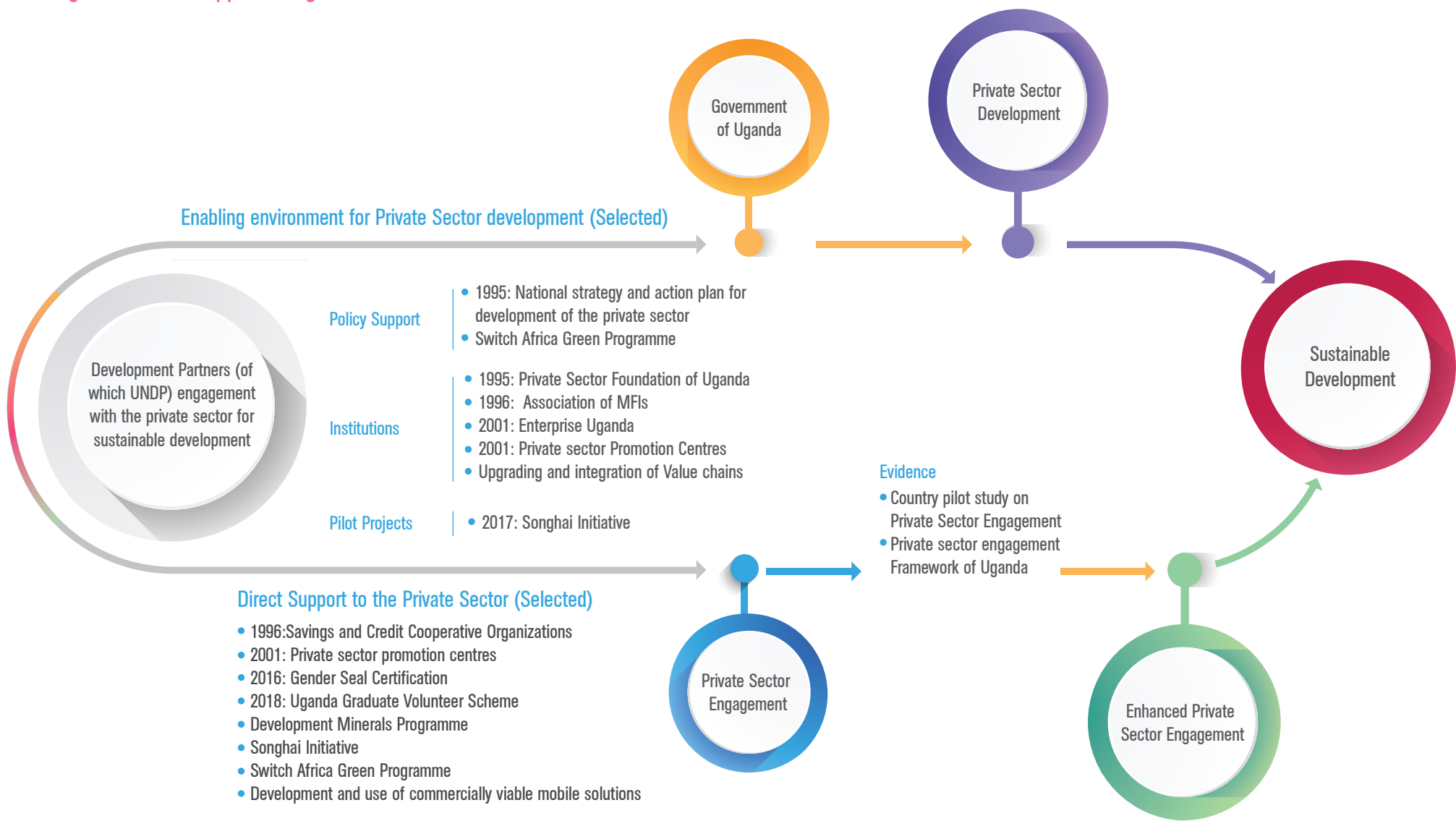
development actors to facilitate the private sector to contribute to them. This can be through creating an enabling environment for sustainable and inclusive business; aligning private sector activity to SDGs; enhancing productive capacities; and improving resilience among MSMEs and ensuring actors are better engaged in crisis response.

Figure 1: UNDP global theory of change for private sector



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Figure 2: UNDP support to Uganda's Private Sector



With UNDP's support the following milestones were achieved in Uganda:

- a. Improved policies and regulatory frameworks for Private sector development. Case include the Regulatory framework for Micro Finance Institutions (MFIs);
- b. Upgrading value chains to address bottlenecks to enterprise operations; and integrating Value chains through creating market linkages;
- c. Establishment of private sector promotion centres that offered business development services such as access to markets, and skills training;
- d. Establishment of Savings and Credit Cooperative Organizations at the village level;
- e. Formation of the Association of Micro Finance Institutions (AMFIU) as a self-regulating institution;
- f. Development of the national strategy and action plan for development of the private sector (1995), which resulted in the preparation of the competitiveness strategy with support from the World Bank;
- g. Establishment of PSFU in 1995 as an apex body for the private sector and focal point for private sector advocacy and not least,
- h. Establishment of Enterprise Uganda project in 2001 to provide capacity development services for SMEs, to address challenges of the “missing middle”, while the private sector promotions centres focused on business at the bottom of the pyramid. Implementation of Enterprise Uganda was supported by Enterprise Uganda, SIDA and Norway
- i. Establishment of a business linkage program in 2005 which helped to enhance Small Medium Enterprises (SMEs) productive capacity, efficiency and competitiveness through establishing linkages with prominent Trans National Corporations (TNCs).
- j. A multi-stakeholder platform in 2010, through the UNDP's African Facility for Inclusive Markets (AFIM) has facilitated inclusive market d development in Uganda.

4.2. Recent UNDP/ Private Sector Upstream Engagements

In 2014, immediately after the 3rd international conference on Financing for Development in Addis Ababa, the Government of Uganda, with support of the UN system held the first national level policy dialogue on Financing for Development. The dialogue drew participation from the public sector, private sector, development partners and civil society to contextualized development finance in the realm of the implementation the second National Development Plan and SDGs-then in their draft form. The private sector practitioners provided insights on best practices on alternative resource mobilization strategies beyond traditional methods, as well as the policy and institutional space they required to function effectively. The private sector directly supports the implementation of the national coordination framework for SDG implementation. It is represented at the multi-institutional taskforce as well as at technical working groups. The sector actively participated in the drafting of the roadmap for SDG implementation and the development of the Interim Report on the Status of Implementation of the SDGs in Uganda 2017.

- k. In 2016, Uganda's Private Sector made a commitment to support national efforts in the implementation of the agenda. Within the same year PSFU, mobilised 13 private companies to sign on to UNDP's gender seal certification process which is designed to enable enterprises to contribute to achievement of goal 5 on gender equality by closing the persistent gender gaps at the workplace. In November 2016, UNDP and the Government of Panama hosted the 3rd Global Forum on "Business for Gender Equality: Advancing the Sustainable Development Goals" in which all Africa's 13 pioneer companies participated to share best practices for reducing gender gaps in the workplace and to highlight how the private sector can advance gender equality and build inclusive work environments. Currently, membership has risen to 42. A National Steering Committee has been established to provide oversight and strategic guidance to the programme. The committee consists of representatives from Ministry of Gender, Labour and Social Development (MGLSD), Ministry of Finance, Planning and Economic Development (MFPED), Equal Opportunities Commission (EOC), PSFU and UNDP. Moving forward, UNDP will undertake several activities including: orientation of the Gender Focal Teams (GFTs) of the member enterprises; conducting diagnostic assessments for enterprises and developing and Action Plan for improvement; technical support in the implementation of the Action Plans for improvement; facilitate external audit of the companies; and awarding Gender Equality Seal.
- i. In 2017, in a bid to demonstrate commitment to leave no one behind, the private sector partnered with UNDP to mobilise resources and investment for refugees and host communities during the first solidarity summit for Uganda (June 2017). This was during the side event on private sector that showcased the business case for investing in these communities. A follow-up action to this gesture has been epitomised by a meeting of more than 50 private sector players that was organised jointly by PSFU and UNDP to put their June commitments into action.
- 1. Within the framework of the Global Partnership for Effective Development Cooperation (GPEDC), UNDP is supporting a country pilot study on Private Sector Engagement (PSE) in Uganda. Undertaken in collaboration with the Ministry of Finance Planning and Economic Development, and the PSFU, the study will document Uganda's experiences in PSE through development co-operation through an inclusive research process that considers the perspectives of all stakeholders. The study will deliver evidence on best practices that will ultimately inform guidelines on effective PSE in development co-operation.

- ii. UNDP, working with its Bureau for External Relations and Advocacy (BERA) in New York, has entered partnership with GSM Association (GSMA), a body that represents the interests of nearly 800 mobile operators worldwide to promote business solutions for the SDGs through mobile technology. Additionally, supported by DFID and SIDA, this partnership will promote the development and use of commercially viable mobile solutions that can have a positive impact on SDGs. This initiative will involve; i) Background research/report to understand the actor and innovation landscape in Uganda in order to assess the real needs that this initiative could address. The background report will involve desktop research, and Key Informant Interviews with selected players; ii) High level dialogue bringing together government and private actors to discuss the findings of the research, agree on priority sectors for private sector investment and develop an Action Plan for mobile innovations.; iii) Support to development of mobile innovation concepts and projects addressing aspects identified in the action plan. Focus will be on game changers that have a high probability of self-sustainability, as impact on SDGs.

- iii. UNDP, in partnership with its Regional Service Centre for Africa (RSCA), commenced support to the Government of Uganda in undertaking the first Development Finance Assessment (DFA). DFA undertaken under the leadership of the Ministry of Finance Planning and Economic Development (MoFPED), will enable the country to move away from fragmented views on the use of the different sources of funds for addressing development challenges, to a holistic review of how national development policy objectives are reflected in public expenditures more broadly. The DFA will also facilitate reflection on how institutions can be adjusted to ensure that development finance is delivered in a coherent way across all areas of government. The DFA will analyse the roles, regardless of direction, that different development finance flows play in achieving of the 2030 agenda including those flows related to private sector. Once successfully undertaken, this approach will support government in costing its subsequent National Development Plans and make the 2030 agenda more realistic and achievable. It will also guide on mechanisms for engaging private sector to contribute to development financing in Uganda.

- iv. UNDP is a key implementing partner for the ACP-EU Development Minerals Programme, a 3-year, €13.1 million capacity building program to support knowledge exchange across Africa, the Caribbean and Pacific to improve the profile, and the management, of Development Minerals. Development Minerals are materials such as gypsum, salt, sand, gravel, marble, granite, garnet and tourmaline that are mined, processed, manufactured and used domestically in industries such as construction, manufacturing, infrastructure and agriculture. This programme has four components, including: 1) a fund for Small and Medium-sized Enterprises guaranteeing credit to private financial institutions for loans to SMEs operating in sector; 2) capacity building for financial institutions on inclusive finance, specifically credit assessment, risk assessment, product development market analysis and investment promotion; and 3) capacity building for the small-scale private sector in mine and quarry management; environment, health and safety; entrepreneurship skills; 4) community relations and conflict management.

- v. UNDP in partnership with the United Nations Volunteer Programme and the Ministry of Gender, Labour and Social Development developed the Graduate Volunteer Youth Scheme Project. The project is intended to equip young graduates from universities and vocational technical training institutions with employable skills through placements at work spaces both in public and private

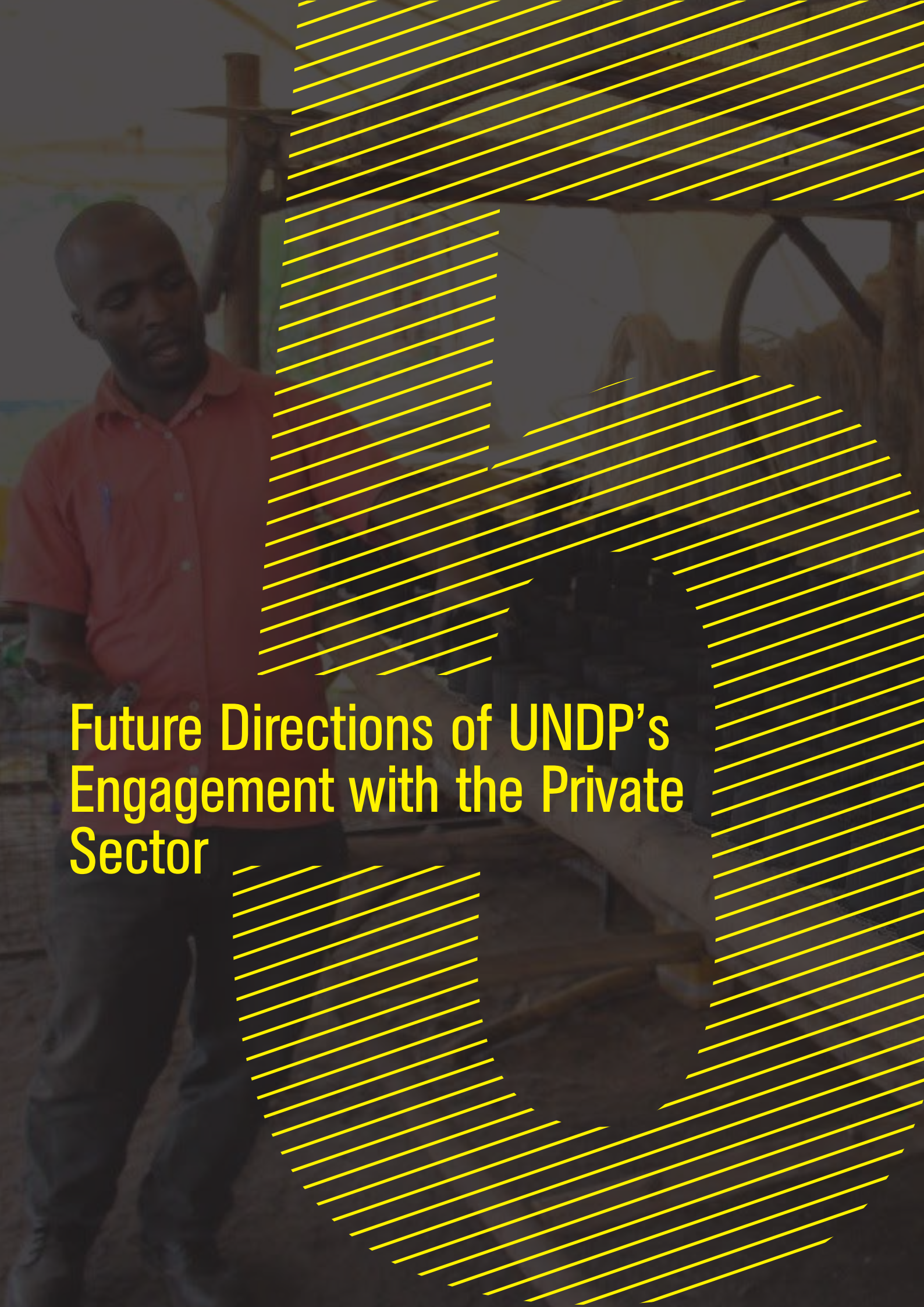
sectors. This will increase their competitiveness on the labour market as well as innovativeness in entrepreneurship for self-employment. The Scheme targets at least 500 young graduates annually for 3 years starting 2018.

4.3. Key Lessons from Past and Ongoing Engagement with the Private Sector

Several lessons can be drawn from UNDP's past and on-going partnership with Uganda's private sector. Some of these include:

- i. The private sector is highly motivated and ready to take risks to engage in development solutions that bear economic benefits to them, however UNDP instruments have only reached large firms to benefit without allowing the SMEs gain equal opportunity;
- ii. The private sector actors are willing to invest resources to facilitate aspects of common interest with partners- for example, through the Gender Seal Certificate process, private sector actors demonstrated significant effort to address a shared value of gender equality;
- iii. the lower end of the private sector (MSMEs) require strengthening in terms of governance systems and coordination to enable them to meaningfully support sustainable development efforts which requires a new and innovative approach including working with the large firms and facilities such as impact accelerators.
- iv UNDP support in the past has been opportunistic than strategic on the engagement of the private sector and it is did not exploit the synergy from the support related to business enabling environment which has been the dominant form of support;
- v Limited transparency in information sharing related to results and monitoring of results; and
- vi Fragmented to bring about significant impact.

These lessons will be incorporated to shape new ways of working to deliver on development.



Future Directions of UNDP's Engagement with the Private Sector

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To ensure coherence of engaging with the private sector, UNDP is developed this framework to deliver on the national development aspirations. The framework is anchored on UNDP's country programme (2016-2020) and provides a basis for rallying private actors to be mindful of the way they do business so that their activities contribute to all the dimensions of sustainable development.

UNDP's country programme is aligned to and supports efforts to realise the National Development Plan (NDP II- 2015/16 -2019/20), and the Ugandan long-term Vision 2040. It is also aligned to the United Nations Development Assistance Framework (UNDAF 2016-2020), which guides UN programming in the country, and the 2030 Agenda.

The Country Programme focuses on two of the three strategic areas of the UNDAF, namely Inclusive and Effective Governance, and Sustainable and Inclusive Economic Development, with Gender Equality and Women empowerment as its core principle. In delivering on this programme, UNDP will partner with the private sector to increase the impact of its development activities.

5.1. Objectives of the Framework

- vii. Establish areas of engagements with the private sector to deliver on the national development aspirations between 2018 and 2020;
- viii. Strengthen partnerships among private sector and other actors to effectively contribute to SDG implementation;
- ix. Develop and implement instruments to mobilise resources for development;
- x. Advocate for the implementation of best practices and policies for desired development results; and
- xi. Promote sustainable business practice.

5.2. Rationale of the framework

While the AAAA is clear on the envisaged role of the private sector, most development actors have not clearly articulated a systematic and coherent framework within which to promote the implementation of SDGs. UNDP's framework will prevent fragmented results and loss of potential synergies, and enable realisation of the institution's thrust to contribute effectively to national development priorities. Engaging with the private sector is critical for manifold reasons:

- i. Addressing the most pressing social, economic and environmental challenges is in the mutual interest of the public and private sectors. It is more compelling all players to pool their efforts and build mutual trust.
- ii. The private sector is the engine of growth, innovation and job creation. These are fundamental drivers of the economic, social and environmental solutions required to steer the agenda.
- iii. The dwindling concessional resources calls for innovative partnerships with the private sector to mobilise the much need resources;

- iv. The private sector is very dynamic and adapts new environment. This dynamism provides partnership opportunity to address development challenges as they unfold.

The private sector itself has reasons to contribute to sustainable development if it is to ensure relevance in this fast-evolving development space. Below are some of the reasons why it is pertinent for the private sector to engage.

- i. The private sector gains from operating in healthy, prosperous societies, with appropriate physical and soft infrastructure. Sustainably managing natural capital is also key for their long-term growth. In the long term, the private sector cannot thrive in inconvenient spaces.
- ii. By operating as an active partner in addressing development challenges, the private sector can build trust and reputation, relationships, and strengthen and sustain their market size.
- iii. Investing in innovating solutions to development challenges such as access to health, education, quality products; mitigating climate change among others presents business opportunities. SDGs provide new markets, new opportunities and new business models to reach those opportunities.
- iv. Integrating solutions to SDG challenges in business strategies provides companies with a competitive edge.
- v. Involvement in the 2030 Agenda provides an opportunity for identifying opportunities for future business growth, positioning and competitiveness.

5.3. Principles of Engagement

This framework seeks to embrace the principles of the UNDP global private sector and foundation strategy for the SDGs (2016-2020). The broad principles for development effectiveness, namely, inclusiveness, country ownership, result, transparency and accountability remains the fundamental guiding principles for any private sector engagement. It will also operate within the realm of international commitments, for instance in: the Nairobi Declaration for Development Effectiveness (2012); the Global Partnership for Effective Development Cooperation (GPEDC) and the Addis Ababa Action Agenda. These principles are stated below.

- i. UNDP will protect and promote the universal values of human rights and rule of law, guided by the charter of the UN and the universal declaration of human rights
- ii. UNDP's engagement will be based on multi-stakeholder approaches, engaging with government and civil society as well as the private sector- enhancing inclusive partnership principles;
- iii. UNDP will follow the standards of results measurement as part of its quality assurance systems;
- iv. UNDP's work with the private sector will achieve sustainable development through more inclusive business and markets. It will focus on social progress, economic empowerment and equity, gender equality, resource efficiency, participation, and unrestricted access to rights and freedoms.

- v UNDP will prioritise its work with the private sector in areas of common interest;
 - vii. Initiatives will be linked to demand-driven country-level activities and results;
- Proper recognition will be given to private sector partners in line with UNDP’s rules and regulations
- viii. and its focus on impartiality;
- UNDP’s potential partners will undergo a due diligence screening for risk informed decision to
- ix. engage or refrain in any formal partnership;
 - x. UNDP will scale up its support to South-South cooperation through providing policy advice and strengthening national capacities; supporting global dialogues as well as system coordination and supporting global solution exchange platforms;
 - xi. UNDP will adhere to values of mutual respect, equity and gender equality; accountability and transparency, and environmental sustainability in all our decision-making and actions, recognising the different and complementary roles of all actors.
 - xii. UNDP will encourage the private sector to adopt principles for responsible business.

5.4. Approaches and Actions

Guided by these principles, UNDP will strengthen engagement with the private sector around three “Cs”. **“Convening”** for collective action around Advocacy, Knowledge Services, Policy Dialogue and Multi-Stakeholder Platforms; **“Catalysing”** technology, innovation, knowledge, information, financing and other relevant inputs for business and development’ and **“Capital”** for the SDGs from private sources, including through innovative grant mechanisms, blended finance, impact investments, green investments and matchmaking platforms. . The approaches and actions outlined in Table 1 will enable UNDP and the private sector to work more efficiently together to: achieve greater development impact; define and solve development problems; share accountability and responsibility for results; and more effectively capture lessons learned for future programming. It is important to note that private sector engagement cuts across all UNDP Programme areas hence, it will be important that the approaches and actions are relevant to all aspect of UNDP’s strategic areas. UNDP’s niche in this partnership pertains to the following:

- i. Strong convening power including for various actors at the national and global levels.
- ii. Technical expertise and strong field knowledge on Sustainable development issues:
- iii. Strong relationships with governments and proven expertise in building strong and credible institutions.
- iv. Leader in Human Sustainable Development with Holistic Integrated Approaches.
- v. Presence in over 170 countries and territories globally

To strengthen capacity for engagement with the private sector, UNDP will undertake several measures, including but not limited to:

1. Building the skill-set of Country office staff to support the private sector engagements. UNDP will leverage its expertise available at the global and regional office;
2. Realigning internal business processes to adapt to facilitate partnership with the private sector in implementing UNDP programmes;
3. Placing emphasis on partnerships with the private sector in the next generation country programme;
4. Enhance accountability, transparency and focus on result on its private sector engagements through improving its evidence base; and
5. Building or strengthening partnerships with other development partners, including sister UN agencies to provide unified support to the private sector.

Table 1. Strategic focus of the UNDP/private Sector framework

STRATEGIC AREAS OF ENGAGEMENT	STRATEGIC AREAS OF UNDP COUNTRY	UNDP INTERVENTIONS
Catalysing	Inclusive and Effective Governance Sustainable and Inclusive Economic Development. Strategic advisory support	<ul style="list-style-type: none"> Promotion of Technology including ICT and E-governance solutions in priority sectors to provide an enabling environment for doing business.
		<ul style="list-style-type: none"> Through building knowledge and evidence base to enhance private sector contribution to sustainable development. Example, documenting business cases for private sector engagement.
		<ul style="list-style-type: none"> Finance through promoting policy, institutional and regulatory frameworks that facilitate private sector contribution to sustainable development.
		<ul style="list-style-type: none"> Engage the private sector to develop clearer vision and commitment to support the 2030 agenda through promoting shared values such as gender equality, human rights, anti-corruption, sustainable business practices etc.
	Sustainable and Inclusive Economic Development	<ul style="list-style-type: none"> Harness private sector investment in natural capital management.
		<ul style="list-style-type: none"> Promote innovations to engage domestic and international firms to increase inclusive employment opportunities within the value chains
		<ul style="list-style-type: none"> Promote the development of value chains in sectors with potential for sustainable and inclusive growth.
Inclusive and Effective	<ul style="list-style-type: none"> Build systems to support accountability and transparency. 	
Convening	Inclusive and Effective Governance Sustainable and Inclusive Economic Development Strategic advisory support	<ul style="list-style-type: none"> Enable private sector to effectively engage in development co-operation.
		<ul style="list-style-type: none"> Establish platforms for nurturing the private sector to grow into vibrant entities to drive sustainable development.
		<ul style="list-style-type: none"> Support mechanisms for dialogue, coordination and joint action to define and implement interventions on climate change and disaster risk reduction in priority sectors.
		<ul style="list-style-type: none"> Advocacy and technical support for inclusive and sustainable business models.
Capital	Inclusive and Effective Governance Sustainable and Inclusive Economic Development.	<ul style="list-style-type: none"> Support mechanisms for negotiating and structuring of Public Private Partnerships at national and sub national level
		<ul style="list-style-type: none"> Address bottlenecks to access to long-term finance by the private sector, e.g. through advancing blended financing, green financing, impact investments, facilitating guarantee funds and impact accelerators.

5.5. The Give and Takes of UNDP -Private Sector Partnership

UNDP's Offer

Convening power

brokering through south-south cooperation

Support to conducive institutional, policy and legal structures

Catalytic funding

Partnership building within and outside of the country

Knowledge generation

Priority Areas

Programmatic areas

Climate change, Energy and environment

Gender equality and women empowerment

Governance

Building resilience and disaster risk reduction

Sectors

Agriculture

Extractives

Tourism

Private Sector Offer

Knowledge

Capabilities

Resources

Partnerships and Networks

Innovations

¹ UN, 2015. Addis Ababa Action Agenda of the Third International Conference on Financing for Development, at http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

¹ Available at: https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf

¹ UNDP Strategic Plan, 2018-2021: <http://undocs.org/DP/2017/38>

¹ Strategy note: UNDP Private sector and Foundations strategy for the Sustainable Development Goals (2016-2020): <http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/iicpsd/strategy-note---undp-s-private-sector-and-foundations-strategy-f.html>

¹ UNDP Uganda Country Programme Document (2016-2020)

¹ National Development Plan (2015/16-2019/20). Available at: <http://npa.ug/wp-content/uploads/NDPII-Final.pdf>

¹ Global Entrepreneurship Monitor, 2012, Uganda Executive Report, file:///C:/Users/tony.muhumuza/Downloads/gem-uganda-2012-1434892201.pdf

¹ World development Indicators, 2018

¹ World Bank, 2018. Doing Business 2018; file:///C:/Users/tony.muhumuza/Downloads/9781464811463.pdf

¹ PWC, 2018. Uganda Economic Outlook 2018, April 2018, <https://www.pwc.com/ug/en/assets/pdf/ug-economic-outlook-2018.pdf>

¹ Global Entrepreneurship Monitor, 2012, Uganda Executive Report, file:///C:/Users/tony.muhumuza/Downloads/gem-uganda-2012-1434892201.pdf

¹ Global Partnership for Effective Development Cooperation, Private Sector Engagement Through Development Co-operation in Uganda, Draft, June 6, 2018

¹ Global Partnership for Effective Development Cooperation, Private Sector Engagement Through Development Co-operation in Uganda, Draft, June 6, 2018

¹ UNDP, 2012. Strategy for Working with the Private Sector July 2012, available at <http://www.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/UNDP-Private-Sector-Strategy-final-draft-2012.pdf>

¹ UNDP, 2007, UNDP Private Sector Strategy: Promoting Inclusive Market Development: <http://www.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/UNDP-Private-Sector-Strategy-final-draft-2012.pdf>

¹ UNDP, 2012, Strategy for Working with the Private Sector July 2012, available at [file:///C:/Users/tony.muhumuza/Downloads/strategy_paper_ps_undp%20\(1\).pdf](file:///C:/Users/tony.muhumuza/Downloads/strategy_paper_ps_undp%20(1).pdf)

¹ UNDP, 2017, Istanbul International Center for Private Sector in Development (IICPSD) Progress report. Available at <http://www.iicpsd.undp.org/content/dam/istanbul/IICPSD/UNDP%20IICPSD%20Progress%20Report%202017.pdf>



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UNDP in Uganda

Plot 11, Yusuf Lule Road, Nakasero
P.O Box 7184, Kampala, Uganda
Tel: (+256) 417-112100/301
Fax: (+256) 414-344801
Email: registry.ug@undp.org

www.ug.undp.org

www.facebook.com/undpuganda

www.twitter.com/undpuganda