



PROPOSALS FOR INCORPORATION IN THE NATIONAL DEVELOPMENT COOPERATION POLICY

Shared with MoFPED, Uganda

FEBRUARY 2017

Acronyms



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| AMP | Aid Management Platform |
| DFID | Department for International Development |
| JEBS | Joint Evaluation of Budget Support |
| MDGs | Millennium Development Goals |
| MoFPED | Ministry of Finance Planning and Economic Development |
| NDP | National Development Plan |
| PPDA | Public Procurement and Disposal of Public Assets Authority |
| PPP | Public-Private Partnership |
| SDGs | Sustainable Development Goals |
| TA | Technical Assistance |
| UDN | Uganda Debt Network |
| UNDP | United National Development Programme |

Introduction

The 2030 Agenda for Sustainable Development Goals (SDGs) reflects the citizens' priorities worldwide and is the bedrock for achieving resilient social and economic global transformation. This entails; a) strengthening citizen engagement and empowering them as experts and beneficiaries taking part in decision-making processes; and b) Prioritization of programme implementation in alignment with the nationally-owned sustainable development strategies and financing frameworks. Stakeholders including Development Partners, government actors, Members of Parliament, the private sector/business leaders, community leaders, trade unions and Civil Society need to work jointly to pursue the attainment of the SDGs.

In Uganda, national and local ownership was reported to be low throughout the implementation of the Millennium Development Goals (MDGs) which has been replaced by SDGs¹. This is partly because donor communities didn't honor their financial partnership commitment. Uganda was affected by the contraction in development finance due to the global financial and economic crisis. The crisis was characterized by uncertainties in Official Development Assistance disbursements coupled with weak implementation frameworks which reduced the effectiveness of development assistance in delivering public services (MDG Report, 2015, p.31). In addition, Uganda's Partnership Policy (2012) which focused on implementing the National Development Plan (NDP) 2010/11-2014/15 expired and needs to be revised to align with the new NDP (2015/16 – 2020/21). To this effect, the Ministry of Finance Planning Economic Development (MoFPED) is formulating the National Development Cooperation Policy (NDCP) to address aspirations that have emerged from the political and economic changes, and commitments from international fora to support the delivery of intended results.

The NDCP will guide on development cooperation modalities with regard to financial transfers, capacity support and policy advice targeted to realize national and international development efforts².

1 <http://www.silofighters.org/hitting-the-ground-running-the-sdgs-in-uganda/>

2 DCF Uganda High-level Symposium: Making Use of National Development Cooperation

The policy is also intended to strengthen delivery of commitments by stakeholders³ to implement the Nairobi Outcome Document assented to on 1st December 2016, in Nairobi Kenya at the second High-Level Meeting of the Global Partnership for Effective Development Co-operation. Stakeholders reaffirmed the spirit of partnership recognizing the essence of unity of purpose, inter-dependence and their respective responsibilities to ensure effective development co-operation as a method of achieving the SDGs. Consequently, monitoring, reviewing policy effectiveness and impact of development cooperation will take centre stage based on follow-up of the financing framework commitments in the new global development agenda. Uganda Debt Network (UDN) therefore shared key messages and proposals with the MoFPED for incorporation into the NDCP.

Policies for the 2030 Agenda, 4th November 2015.

3 Heads of State and Government; Ministers and high level representatives of developing and developed countries; Heads of Multilateral and Bilateral development agencies, financial and regional development institutions; Parliaments; Local Governments; representatives of the business sector; Civil Society; Trade Unions and Philanthropy.

Overview of Uganda Debt Network (UDN)

UDN is a national policy advocacy organization that promotes and advocates for poor and marginalized people to participate in influencing poverty focused policies, demand for their rights and monitor service delivery to ensure prudent, accountable and transparent resource generation and utilization. Currently, UDN operates in 24 districts and over 80 sub-counties; and engages with various Government Ministries Departments and Agencies at national level, and through partnerships with Local Governments and nurturing CBOs at Sub national Levels. At the national level, the organization engages with various Ministries, Departments and Agencies (MDAs) on issues of service delivery, public sector accountability, budget processes and policy alternatives; some of which have been adopted by the various relevant stakeholders.

Proposals and Key messages

1. Harmonization of policies and processes:

Delivering development cooperation involves external resource mobilization from Development Partners to support the realization of the global sustainable development agenda. This is in form of financial transfers, capacity/technical assistance and policy advice to support the realization of national and international development efforts. The fragmentation of external resources increases the burden for the recipient country of keeping track of a number of remittances with the bureaucracies involved which significantly reduces resource efficiency. Fragmentation also creates overlap and wasted effort among development partners which becomes costly to manage development cooperation effectively if its allocation and management is not harmonized.

Recommendations: The NDCP therefore needs to ensure that;

- i) Development Partners and all other stakeholders harmonize their actions in a collective and transparent manner to reduce resource fragmentation and to avoid related transaction costs. This will require increased harmonization between policies, mechanisms and procedures of both Government and Development Partners in the process of managing external resources.
- ii) There is need for Division of Labour and harmonization by Development Partners and Government on the basis of comparative expertise, past involvement, and mutual understanding to minimize the number of projects. Development Partners and Government should develop a mechanism to pool funding for donor countries through which joint collaboration can be undertaken. Both parties need to set a minimum threshold external resource amount for projects so that if any Development Partner wishes to mobilize resources below the threshold, they would be encouraged to opt for pooled/joint funding to join other partners to help deliver the intended project. Engaging fewer but larger and transformative initiatives will reduce the number of projects to enhance the quality of aid and transaction costs while

making it easier for the Government to manage and coordinate work better. For example, In Rwanda, the Aid Coordination Unit for donors' basket fund was established and managed by UNDP. It is financed by DFID, Sweden, the Netherlands, UNDP, Canada, Switzerland and Belgium. This has contributed to building trust and reinforced dialogue. It has also, supported national ownership and leadership, and provides clear rules and guidelines on delivering aid resources to the country¹.

2. Partnership and collaborating with the Private Sector:

In acknowledging the Private Sector as a Development Partner, the Government of Uganda notes the contribution their investment makes to economic growth². In the context of partnering with private sector, the policy for mobilization of development cooperation needs to;

Recommendations:

- i) Ensure that Government utilizes development cooperation for infrastructure development, creation of an investment friendly environment, and supply of public goods, in order to attract private sector investment,
- ii) Operationalize the existing Public-Private Partnership (PPP) policy by encouraging the private sector to co-finance selected public projects.
- iii) Private sector investments should be protected from any adverse effects in the process of mobilizing development cooperation and Government should improve the business climate to stimulate business and investment environment for the private sector to effectively participate in development efforts.

3. Strengthen the Aid Management Platform (AMP):

Uganda established the AMP in 2014 in the Ministry of Finance to; i) facilitate the coordination of aid resource inflow into the country, and ii) enable all stakeholders monitor, access and assess data captured on external resources. This is intended to improve accountability and transparency, in ensuring aid effectiveness, coherence and sustainability. It is expected that the platform should streamline and improve the process for planning,

1 UNDP (2008). *Assessment of Development Results: Evaluation of UNDP Contribution, Rwanda*, p.35

2 NDP FY (2015/16 – 2010/21), p.21

monitoring, coordinating, tracking and reporting on external resource flows and activities. However, the platform is not widely accessed by the public making its effectiveness hard to determine.

Recommendation:

The NDCP should encourage Development Partners to report all information related to development cooperation resources to the AMP to enhance information dissemination, transparency, predictability and accountability of externally mobilized development cooperation resources. This will foster trust between Government, Developments Partners and citizens.

4. Alignment of Development Cooperation with National Development Goals.

Cases of limited harmonization of implementation strategies by Development Partners with those of Government have led to inconsistent achievement of results. For instance, the 2015 report of the Joint Evaluation of Budget Support (JEBS) on Uganda indicated that while some donors explicitly provided Technical Assistance (TA)³ to complement their sector budget support (e.g. Sweden and Norway in water and sanitation), capacity-building modalities and strategies were not necessarily integrated as part of sectoral strategies. This produced mixed results in many cases according to the International Cooperation and Development Report (2015) on Joint Evaluation of Budget Support to Uganda, (Vol. 1, and p.16).

Recommendation:

- i) The Government should mobilize development cooperation resources which matches the development goals and priorities in alignment with the NDP (2015/16 – 2020/21) but with a focus to gradually reduce the dependency on foreign aid and build a self-reliant economy.
- ii) The NDCP should be reviewed every five years in alignment with the subsequent NDP to enable assessment of impact of results.
- iii) Government should decline development cooperation assistance which is, a) insufficiently aligned with government priorities and the country development strategy, b) not adequately aligned with the NDCP, c)

³ *Technical assistance can be utilized in a selective way at a personal level (in terms of skills, knowledge, innovation, entrepreneurship) and at organizational level (in terms of system, procedure, technology) to enhance country deficiency capacity development*

has low value for money, d) excessive conditionalities, and/or e) high transaction costs.

5. Debt Acquisition and Procurement of Goods and Services:

Based on the infrastructural projects for implementation identified in the NDP (2015/16 – 2020/21), in addition to concessional borrowing and domestic revenue mobilized, Uganda will also source for resource through non-concessional borrowing (Domestic and external). It is envisaged that such projects financed through non-concessional borrowing shall have high economic returns which may not be viable in the short run but with enormous social benefits⁴. However, the cost of such borrowing is usually higher. In addition, a transparent bidding process helps to evaluate the technical capacity of various bidders to establish the most capable firm to undertake such huge construction work. Public procurement of goods and services to implement public projects should follow the regulations of the PPDA Act, 2003 (Amended, 2014) and international finance principles to enable effective selection of contractors; and avoid unnecessary cost and substandard work on projects.

Recommendation:

- i) The NDCP should prioritize the acquisition of concessional loans which have lower transaction costs compared to none concessional loans. It should adopt discouraging loans that are tied to procurement of goods and services through fixed supplier. This will ensure transparency, flexibility in sourcing for any service provider; avoid possible inflation of costs in the process of purchase of goods and services and value-for-money.

6. Procurement and Employment of TA:

Planning while using a Sector-Wide Approach, or direct interventions of Development Partners in bilateral project agreements has been used to identify TA needs leading to its procurement modalities⁵. TA should be in line with capacity needs and complementarity to local capacity building efforts with such support opportunities sought from existing programmes or project

⁴ *Second National Development Plan (NDP II) 2015/16 – 2019/20, p.151*

⁵ *Hazel Granger 2015, Demand and Supply of Technical Assistance and Lessons for the Health Sector: Country Perspective Note – Uganda, p.7.*

frameworks before initiating new ones. TA often does not incorporate local counterparts and in some cases have become the managers of these programmes themselves.

Recommendations: The NDCP should uphold;

- i)* Accepting TA from Development Partners only when the technical capacity for a project's implementation is not available within the Government system hence they should not be allowed to impose their own priorities or programmes. This should also be, a) on request by the concerned implementing agencies for capacity development in line with national or sectoral capacity development plan, and b) with the prior approval of the MoFPED. The project framework documentation should clearly indicate the exit plan and ensure sustainability.
- ii)* The element of shared responsibilities between procured TA and local counterparts in managing and monitoring project implementation which will enhance local ownership of programmes. Guidelines should be developed for designing, contracting and managing TA with a focus of reducing dependency on such assistance gradually.
- iii)* Development partners should be encouraged to pool TA fund in a TA Pool Fund which will require Government and Development Partners to jointly prepare a framework of the TA Pool Fund mechanism.

These approaches will improve reporting on TA by MDAs, alignment of TA with the Government's capacity building efforts and will guide Development Partners on where capacity constraints are most pressing, thus making it easy to deploy the required TA.

7. Clear definition of roles and adoption of Civil Society:

The national development cooperation policy should define the roles and responsibilities among the various stakeholders' involved, decision-making processes, and how implementation is to be monitored.

Recommendation:

- i)* Civil Society can be adopted in some Sector Working Groups based on their effective positions in rural areas as they contribute to monitoring service provision towards social and human sector development. They

need to be adopted in the policy to coordinate with the concerned sectoral Ministries but also at the district and Village level sectoral office.

8. Mobilization of Development Cooperation through Joint/Regional Economic Partnerships:

Uganda is a member of the East African Community implying that all economic reform priorities should be aligned to those in other member countries to promote economic development programmes.

Recommendation:

The DCP should guide on mobilization of Development Cooperation by the Ministry of Finance in case of economic partnership with other partner countries in a transparent manner to be determined on the basis of mutual benefit and comparative advantage. This partnership would be implemented through the formation of Inter-Governmental Joint Economic Commission guided by objectives based on the global development agenda – SDGs 2030.

9. Managing breach of contract:

The DCP should take care of the employment of punitive measures based on breach of contractual terms for project delivery by contractors to ensure quality control.

Conclusion

Effective development co-operation and partnerships contribute to the realization of national development goals. The international development landscape has increasingly become dynamic with less predictable resource flows. This calls for innovative partnerships and effective utilization of available resources to create more development impact. For long term effectiveness, external resource delivery modalities must be organized to uphold local institutional building and capacity development. Mutual learning through improved knowledge sharing and peer exchange among stakeholders in the development process is crucial to ensure holistic development cooperation outcomes. Such an approach should be a priority at all levels for achieving commitments in the Nairobi Outcome Document, Agenda 2030/SDGs and ultimately transformational development

VISION

A Uganda where public resources are prudently, sustainably and equitably managed.

MISSION

To generate advocacy expertise that influences people-based and accountable public resource management in Uganda.



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