

LEAVE NO ONE BEHIND!
Promoting inclusive economic growth &
decent employment for all by 2030

Léo Africa Economic Forum 2016

Report

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Executive Summary



**Awel
Uwhanganye**

Founder & Senior Director,
Léo Africa Institute

The 2016 Léo Africa Economic Forum marked our third annual conversation on harnessing today's demographic dividend by putting young people at the center of policy discussions shaping development.

After months' long deliberations, we settled on goal number 8 of the new global development agenda - the sustainable development goals; *Leave no one behind: Promoting inclusive economic growth & decent employment for all by 2030*, to be our theme for the 2016 conversation.

The theme provoked debate about what inclusive growth really means to the majority of East Africans, especially coming on the background of studies showing a growing population that feels economic growth over the last two decades has been exclusive. Our reflections were further contextualized and informed by contributions from 25 distinguished speakers and session chairs drawn from the public and private sectors across the region, whose insights were as instructive as they were challenging, on how we can stem growing income inequality in East African, to herald a sustainably prosperous region.

Over the years, as these conversations have gotten better and more meaningful, we have also seen a surge in interest for attendance and participation. For this particular forum, we were joined by over 200 participants drawn from across the private sector, the government bureaucracy, civil society, and the academia.

As an Institute, we remain convicted in our belief in the potential of young people as agents of social change, and committed to harnessing their potential as a critical step in making economic growth more broad based, equitable and inclusive.

We also acknowledge the enormous transformative potential that the successful implementation of the new global development agenda - the SDGs presents, and the special opportunity it presents for young people to play an active role in the transformation of their societies.

Awel Uwhanganye



Contributing to the Africa **We want.**

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Introduction

The third of its kind, the 2016 LéO Africa Economic Forum focused on the rising income inequality in Uganda and the East African region, seeking to answer the question: what can economies in the East African region do to stem the growing income inequality that is a threatening regional security and stability? The one-day Forum centered on three key areas:

- The role of financial institutions in financing Small-and-Medium Enterprises (SMEs)
- How to create decent jobs and bridge rising income inequality in East Africa; and,
- Financing regional infrastructure development as a means of deepening integration

Leave No One Behind

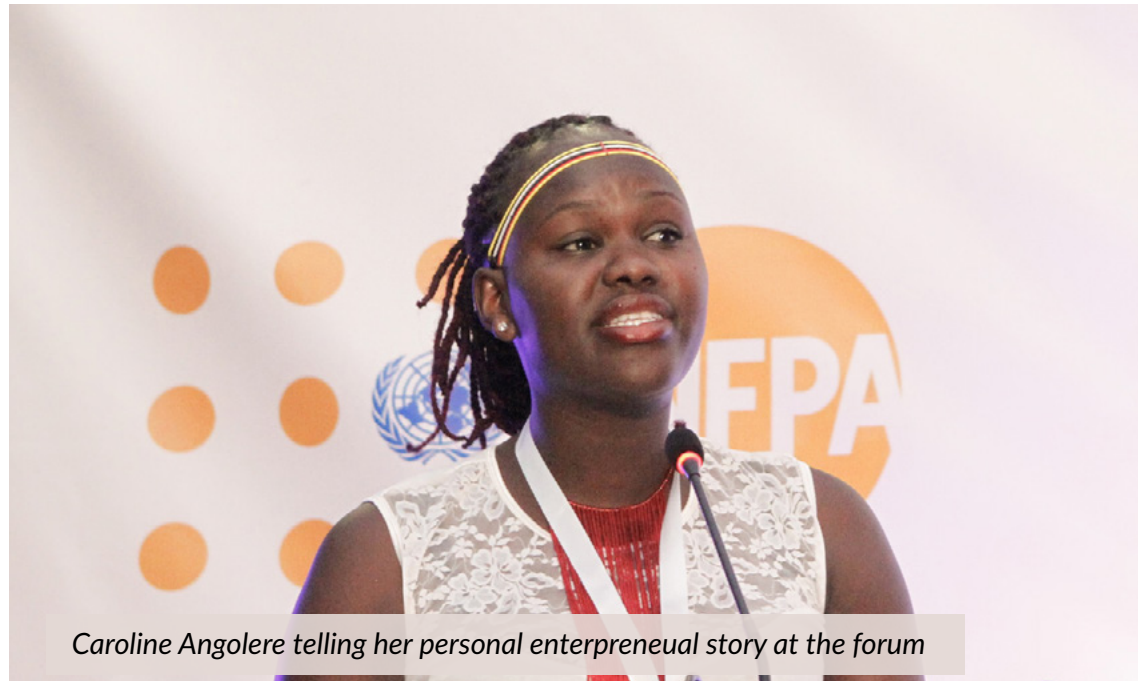
Ahead of their adoption by UN member states in September last year, UN Secretary General Ban Ki Moon hailed the new set of global development goals - the Sustainable Development Goals (SDGs) - as “the people’s agenda, a plan of action for ending poverty in all its dimensions, irreversibly, everywhere, and leaving no one behind!” At the heart of these goals is the acknowledgement that whereas economic growth and development are important, their sustainability will depend on how far they are able to address the needs of, and provide opportunities for everybody, including the ‘base of the pyramid’ — the large number of poor people in a given developing country.

In particular, Goal Number 8 - Promoting inclusive economic growth & decent employment for all by 2030 - calls upon member countries to prioritize high-value added and labor-intensive sectors and adopt development-oriented policies that support entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, to be able to absorb their vast young population in meaningful employment.

The aim of the LéO Africa Economic Forum is to bring together diverse minds from across the public and private sectors to deliberate on specific policy interventions that can be undertaken to foster economic transformation of East African economies and facilitate growth and development that are truly inclusive and sustainable.

The Event

The opening session at this year's Economic Forum started with a thought-provoking personal story from **Caroline Angolere**, an entrepreneur from Moroto, Karamoja region, on what inclusive economies that truly “leave no one behind” mean. Her impassioned presentation later set the stage for a stimulating discussion on what inclusive economies mean.



Caroline Angolere telling her personal entrepreneurial story at the forum

The panel discussion thereafter had **Patrick Mweheire**, the Managing Director of Stanbic Bank, **Silver Kayondo**, member of the World Bank Forum on Law, Justice and Development, **Lucy Mbabazi**, the country Manager of Visa Rwanda and **Michael Mugisha**, a Research fellow at the Centre for Development Alternatives.



The Morning panel: Moderator Joel Ssenyonyi, Lucy Mbabazi, Michael Mugisha, Patrick Mweheire and Silver Kayondo.



Video highlights: <https://www.youtube.com/watch?v=v37IJNNhRGo>>

Podcast: <https://soundcloud.com/l-o-africa-forum/the-role-of-key-stakeholders-part-1>>

In his remarks, Mr Mweheire emphasized the role of Agriculture in the move towards economic development for a country like Uganda which boasts 40% of the arable land in East Africa. “Let all the stakeholders, that is, private sector, development banks, insurance companies and the government, get in a room and come up with a sustainable agribusiness financing plan. That is our winning ticket,” Mweheire suggested.

Fellow panellist, **Silver Kayondo**, cited that the biggest plague affecting Uganda's economy is youth unemployment; and agriculture does not seem to be a choice venture for young people. “True, agriculture is a game-changer for the youth, but there are cultural and attitudinal perceptions which lead young people to sell off fertile land to venture into boda bodas [motorcycle taxis], import businesses and the like.”

Kayondo also suggested the need for partnerships among the various sectors of the economy, rather than increased competition amongst suppliers of a particular item, which often leads to an influx of import supplies and discourages innovation. The panel agreed that agriculture is indeed a game-changer for Uganda, but for the sector's potential to be fully harnessed there is need for agribusiness incentives for the youth such as tax breaks, quotas per number of employees, subsidised agricultural technology, mentorship and training platforms.

Remarks by Ms. Rosa Malango, UNDP & UN Country Coordinator



In her conference opening remarks, read by Ms. Miranda Tabifor, the UNFPA deputy country representative, Ms Malango stressed the importance of the agricultural sector as a means through which Uganda, and East Africa as a whole can achieve a demographic dividend with the capacity for self-sustenance as well as a developed export industry. She cited her home country Cameroon as a success story in the agribusiness sector. export industry. She cited her home country Cameroon as a success story in the agribusiness sector.

Breakaway Sessions

The breakaway “knowledge” sessions are meant to deepen the understanding of the issues at hand through smaller, intensive, expert panels. The three sessions at the 2016 Forum focused on the three sub-themes: regional financing of infrastructure, jobs creation and funding for SMEs.

Session 1

Inclusive Growth: how to create decent jobs and bridge rising income inequality in East Africa.

Chaired by **Morrison Rwakakamba**, CEO of Agency for Transformation and Special Presidential Assistant for Research and Information, the session focused on how to create more decent jobs and economic opportunities for the young people in East Africa.

Several dimensions of the current economic policy status and future needs of young people in Uganda and East Africa were assessed. First, compliance with the economic policies by the government were examined and an evaluation was made of what is needed to improve the policy environment and incentives to contribute to the country’s local based productivity.

Second, the impact of the incentive programs like the Operation Wealth Creation and the Youth Livelihood Program was reviewed, and consideration was given on how to ensure effective flow of such benefits from the upstream to the downstream beneficiaries of such plans.

Enock Twinoburyo, an Infrastructure Economist with the EU Delegation in Uganda, emphasized that policy making was a push or pull factor in the advancement of employment and income inequality. He stated that Uganda as a country needs a pragmatic long term policy shift which is holistic and focuses on existence of strong public finance institutions.

Dr Madina Guloba, an Economist at the Economic Policy Research Centre echoed a similar sentiment, noting that in Uganda, policies designed at macro level do not reach the intended beneficiaries at the micro level which ultimately results into a greater supply of workers than the required demand. She asserted that domestic private investment should be promoted in order to reduce income inequalities as well as foster sustainable economic growth.

Dr. Moses Bekabye, the Technical Advisor for Economic Affairs, Ministry of Economic Finance, Planning and Economic Development, acknowledged that there was a need to reduce the size of the informal sector by incentivising entrepreneurs to register and digitalise their businesses to promote agribusiness financing and access to market information. He also cited the need for apprenticeships and mentorship organisations for university graduates so as to bridge the skills gap ailing

Uganda's human resource. **Paul Mullard**, a senior Economist at the Department for International Development (DFiD) on his part, argued that the problem with Uganda is the interference of politics in the management of public institutions. It was an issue re-echoed **by Hashim Mulangwa**, a development economist who warned that, "Patronage is destroying Uganda's public institutions."

The session was concluded with a unanimous agreement that there is a need for fundamental change in economic policies backed up by effective and transparent implementation.



"The most important issue facing SMEs in developing countries like Uganda are the difficulty in accessing finance. Economic policy makers need to improve the financing environment for small businesses in Uganda." **Paul Mullard**, senior Economist, DFiD.

Mr. Paul Mullard, Senior Economist DFiD gives his stake during the panel conversation

Session 2

Role of Local Financial Institutions and the Private Sector in Financing Regional Development as a Means of Deepening Integration

Here, the session chair, **William Babigumira**, director at Single Project Sector Federation Rwanda, started off the discussion with a warning that, "We are living at a time when East Africa is one of the fastest economically growing regions worldwide, which, although an exciting time ripe with opportunity, is also a challenge, because the distribution of these dividends of growth haven't been equitable enough, causing social discontent among citizens."

Moses Sabiiti, the country director of Trademark East Africa, noted that the grand infrastructural development plan recently undertaken by the government including railways, communications and roads, is at the forefront of the agenda for regional development and integration as well as creating employment.

In his remarks, panellist **Yusuf Kiranda**, program manager at the Netherlands Institute for Multi-Party Democracy, noted that construction firms constantly complain that the Ugandan labour force lacks the basic required skills and therefore discourages local employment, opting for foreign workers instead. He stated that the government can compel construction firms, under contractual agreements, to offer mentorship and on-job training for the local labour force so as to promote capacity building, youth employment as well as provide cheap local labour for the firms.

Policy changes like the promotion of internal resources mobilisation - like Ethiopia - and using pension funds as long term credit financing were suggested as means of funding infrastructural development, as opposed to external borrowing.

Nicholas Agaba Rugaba, assistant project manager at Isimba Hydro Power Project, pointed out that there are many private saving initiatives being undertaken by individuals and that people are gradually shunning banks to borrow from these 'bibiinas' [savings groups]. He argued that government can look at incentivizing these initiatives to be registered and formalised so as to increase the tax bracket while simultaneously increasing domestic savings.



Trade Mark East Africa's Moses Sabiiti makes a point during the discussion



<Link to podcast: <https://soundcloud.com/l-o-africa-forum/lef-financing-infrastructure-and-energy-projects>>

Session 3

Role of Financial Institutions in Financing Small and Medium Enterprises.

Chaired by **Dr Maggie Kigozi**, director at Crown Beverages, the session was rife with questions from the participants, on the issue of unsuitable financial products and services offered to Ugandan entrepreneurs especially the youth, which discourages actual borrowing and leads to failed start-ups.

Mr Daniel Kaggwa, the Country Manager of Business Partners International, Uganda Fund, cited that one of the reasons why financial institutions are more inclined to finance Multi-National Corporations as opposed to local SMEs is due to a major skills gap amongst the entrepreneurs in Uganda. As much as the country was named amongst top 10 most entrepreneurial countries worldwide, it was not listed amongst the most successful, with insufficient capacity building, a highlighted reason.

Evelyn Omala, the director of Africa Operations at the Segal Family Foundation, shared key insights explaining that NGOs are taking an interest in funding for-profit initiatives by young people as a way of empowering Ugandan youth through creating a chain link of employment opportunities.

Dr Maggie Kigozi, along with the other panellists emphasized the need for a communal platform that solely deals with the task of disseminating information about the availability of alternate financial products and services, especially credit facilities, mentorship training and capacity building.



Mr Daniel Kaggwa, the Country Manager of Business Partners International stresses a point during the panel conversation as the moderator Maggie Kigozi looks on.

Closing Session

The main afternoon session at the 2016 LÉO Africa Economic Forum was moderated by **Lucy Mbabazi**, the country manager at Visa Rwanda. Ms. Mbabazi was joined on the panel by **Hon Amelia Kyambadde**, the Ugandan cabinet minister for Trade and Cooperatives, **Anne Kabagambe**, former chief of staff at the African Development Bank, **Jean Bosco Nzeyimana**, the founder and CEO of Habona Ltd and **Hashim Mulangwa**, an Economist.

The session reflected on the outcomes of the discussions in both the morning and break-away sessions and sought to offer critical insights into the issues raised and suggest a way forward.

Ms Mbabazi emphasized that communication was a key problem eating away at the progress of the East African region's economies. She stated that most of the news coming out of most East African member countries is negative, yet there is a great deal of positivity to be shared, especially success stories of youth entrepreneurs as a motivational and inspirational tool.

On his part, Hashim Mulangwa noted that Uganda seems to be locked up in the stabilization stage. "What are the institutional mechanisms you are putting in place to ensure that you can actually create change? Are the policies we are implementing going to create the change we want?" he inquired. Fellow panellist, **Jean Bosco** agreed with Hashim and further stated that the only way to create change is to get younger people actively involved in the formulation of policies and as players in the institutions tasked with implementing these very policies. The afternoon session was closed by a reassuring speech from the UNFPA deputy country representative, Ms. Miranda Tabifor.

In her closing remarks **Ms Tabifor** noted that if the 'youth bulge' is not supported to gain access to employment, they may pose a risk to the country's economic development. However, she said that based on the day's deliberations, there is hope: "Uganda's young age structure can be turned into a valuable asset for promoting inclusive economic growth and decent employment for all by 2030 and achieving socioeconomic transformation envisaged in Vision 2040 by harnessing the demographic dividend," she said



Ms Miranda Tabifor gives the concluding remarks at the forum



The closing panel; Moderator Lucy Mbabazi, Hashim Mulangwa, Jean Bosco Nzeyimana, Anne Kabagambe and Hon Amelia Kyambadde

Key recommendations From the 2016 Forum

The following were the key recommendations made by participants at the third Léo Africa Economic Forum. The recommendations were shared with stakeholders in both the public and private sectors in Uganda and Rwanda.

- Governments should create dedicated youth funds so that the youth can have access to affordable financing for business start-ups.
- Governments should facilitate youth policy engagement dialogues within the communities to ensure the youths and other affected persons take part in informing policy development.
- The national budgets must facilitate job creation by creating and tracking employment. Government must also focus on better incentives for youth employment.
- Improve labour standards to ensure that all employees get a living wage and work in decent conditions with access to labour and dispute arbitration.
- Create synergies and platforms for channeling Government interventions and information.

Key Take Aways

At the end of the forum there was near unanimity that;

- East Africa's young people are a demographic resource for their governments' transformative agenda and that governments must create initiatives to engage them productively.
- There's need for a policy shift towards supporting innovation and enterprise which promises immense potential to extend opportunity and absorb the vast numbers of the region's unemployed,
- Young people disapprove of government interventions that target them as mere beneficiaries of government charity and instead demand to be actively involvement in policy processes and discussions aimed at improving their societies' wellbeing.
- There's urgent need to confront the institutional gridlock that is stalling change and reform in public agencies that's necessary for transformation.
- A deliberate, sustained public –private sector partnership was necessary to re-align development initiatives towards making them job-creating

The Forum in Numbers



200

Participants



25

Speakers



38%

Increase in number of
participants



5

Sessions

