



**NATIONAL DEVELOPMENT PLAN
(2010/11 - 2014/15)**



ESID Briefing No. 2

Closing the gap between form and function: a new approach to institutional reform in Uganda

KEY FINDINGS:

- Uganda has successfully adopted most of the new institutional forms and laws proposed within the 'good governance' agenda. However, the impact to date has been limited in terms of how these institutions actually work
- There is a major gap between form and function: between what government in Uganda looks like and what it is capable of delivering in practice
- Rather than embark on a new set of reforms, Uganda could adopt a different approach, one which identifies and tackles specific problems or constraints, proposing solutions to the problem of delivering development which build on and further develop existing capacities
- Change is demanding, and this approach will require the authority and commitment of political and technical actors at multiple levels to develop coalitions for change

Uganda has been, and continues to be, a public sector reform leader in Africa. The country has pursued reforms actively and consistently for three decades, and has introduced many laws, processes and structures that are 'best in class' in Africa (and beyond). However, many of the reforms have produced new institutional forms that function poorly and yield limited impacts. International surveys show that laws are often not being implemented, processes are being poorly executed, and there is insufficient follow-up to make sure that new mechanisms work as intended. A striking example is

Uganda's anti-corruption reform: the laws score 98% on the Global Integrity Scale while implementation of these laws scores 51% – a gap of almost 50% (2008 and 2010 Global Integrity surveys available at: www.globalintegrity.org). As Table 1 shows, this gap is typical of Uganda's public sector in general.

The reforms undertaken in Uganda demonstrate the capability to make change happen. The next step is to re-frame the reform agenda to address the next set of challenges concerning policy implementation, and to close the gaps between what Uganda's system looks like and how it functions.

A BRIEF OVERVIEW OF PUBLIC SECTOR REFORMS SINCE THE 1980s

Faced with a largely dysfunctional public service, President Museveni's National Resistance Movement (NRM) promised Uganda's citizens a fundamental change in the management of public affairs, adopting a ten point reform programme soon after taking office in 1986.

Following the launch of a new Constitution in 1995, key milestones in public service, decentralisation and anti-corruption reforms in Uganda include the Decentralisation Statute No. 15 of 1995 and the Local Government Act of 1997. Universal Primary Education was introduced in 1997 and an Anti-Corruption Act passed in 2008. There have also been significant changes in public financial management and revenue management through the introduction of the Medium Term Expenditure Framework (MTEF) to integrate planning and budgeting, among other reforms.

Since 1990, Uganda has partnered with the World Bank on at least 20 projects focused on administrative and civil service reform, 14 projects addressing public financial management reform, 15 aiming to foster decentralisation, and 7 targeting improvements in tax policy and administration.

“PDIA builds on past reform activity rather than proposing a new set of solutions”

FINDINGS

Uganda's government looks better after all the reforms

A direct and positive gain from these reforms was the streamlining of the state during the 1990s. Employment in the public sector was reduced from about two-thirds of all formal sector jobs – a fiscally unsustainable position – to one third, which is a more balanced reality and enabled pay increases for remaining civil servants.

Uganda's government is not as functional as it now looks

In practice, the reforms in many areas have been limited to impressive appearance and do not yield the kind of action and effectiveness needed for a low income country with major problems getting basic services delivered, addressing significant poverty challenges and moving from high levels of economic growth towards deeper levels of structural transformation (see ESID Working Paper 30).

The limit of past reforms and the ineffective nature of the public administration are apparent when looking at performance management and implementation of the National Development Plan (NDP) in Uganda. 56% of NDP performance targets are not assessed; 22% of the targets that have been assessed have not been achieved.

So although the country was a continental leader in introducing different versions of results-based management and government-wide planning, it has proven less effective at producing results or implementing plans.

In short, the examples in Table 1 indicate a gap between the civil service and public management systems that exist in form and their functionality or impact. This gap is most evident when considering the expectations citizens have of service delivery by government.

A problem driven reform agenda is needed in Uganda

Research undertaken by ESID with its partners at Harvard University and in Uganda suggests an approach that builds on reform gains to date but also overcomes the limits of past reforms and closes the current gaps between form and function. Based on recent ways of

thinking about undertaking complex institutional change, and evidence-based reviews of what works in public sector reform, this new approach is called problem driven iterative adaptation (PDIA). A survey of 30 cases in Princeton University's

Innovations for Successful Societies (ISS) programme supports a PDIA explanation of public sector reform success (Andrews, 2013).

Problem Driven Iterative Adaptation (PDIA):

- It is problem driven.
- It emerges through step-by-step activities with rapid, results-oriented learning.
- It involves broad sets of agents from the outset.
- It builds on past reform activity rather than proposing a new set of solutions.

A focus on problems does three things:

1. A clearly defined problem helps to draw the kind of attention and introspection needed to make institutional reforms work.
2. Problems focus a search on solutions that will actually work in a given context (where success is measured as 'problem solved' rather than 'solution adopted')
3. Problems are the rallying point for creating effective coalitions commonly required for public sector change.

(Andrews *et al.*, 2012).

Table 1. Illustrating the gap between form and function in key reform areas in Uganda

Reform area	Public financial management (PFM) reform – budget transparency	PFM reform – public expenditure and financial accountability (PEFA)	Procurement reform	Anti-corruption reform
Form	Transparency of budget preparation 73% in Open Budget Index	Laws comply 70% with PEFA's 'good international practices'	Laws comply 99% with OECD requirements	Laws score 98% on Global Integrity Scale
Function	Transparency of budget execution 48%	Implementation complies 50% with PEFA's 'good international practices'	Capacity, operations and transparency score 66%	Implementation scores 51%
Gap	Gap between transparency of formulation and execution: 25%	PEFA gap: 20%	33% gap with capacity and even larger gap with implementation	Implementation gap: 47%

Source: adapted from Andrews and Bategeka (2012)

Note: see Data Sources Section for references

Figure 1. Significant reform space: Can fill space

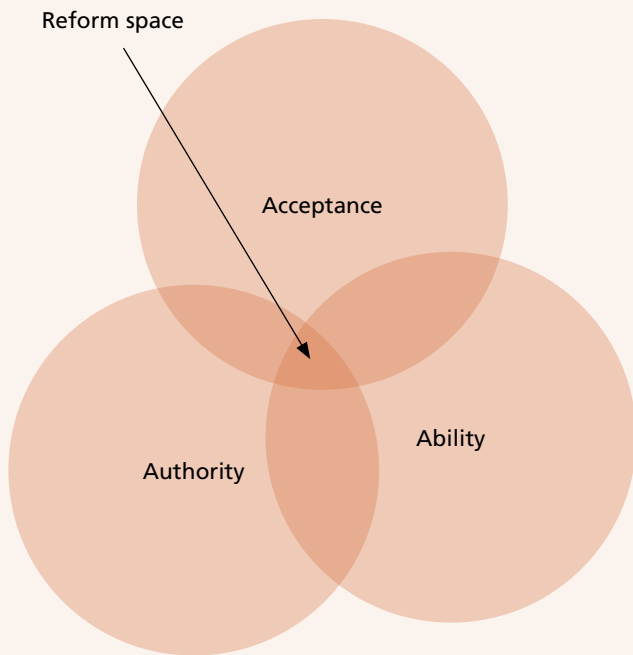
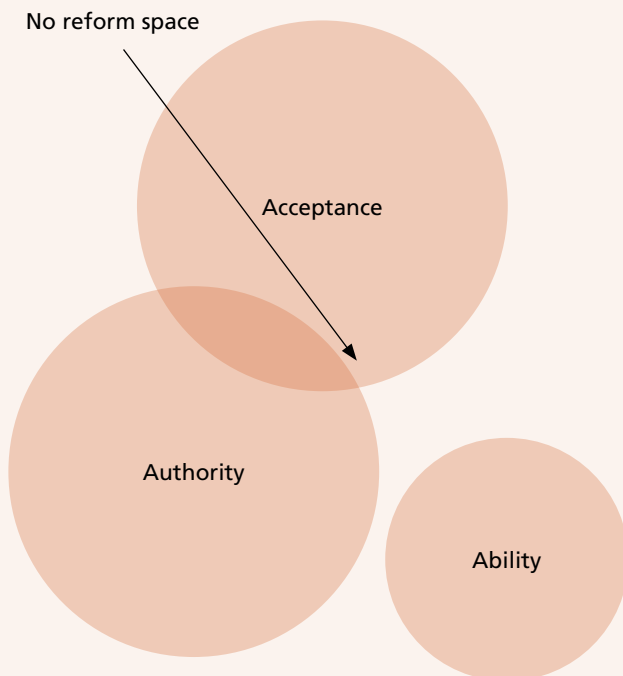


Figure 2. Limited reform space: need to build space



Source: Andrews and Bategeka (2012)

Note: Reform sometimes starts with introducing new ideas into an existing space (as in Figure 1) but often needs to start with creating the space itself (as in Figure 2).

A potential example of PDIA in action in Uganda

There are many ways to think about operationalising this approach in Uganda, and ESID is working with colleagues at the National Planning Authority and Ministry of Finance, Planning and Economic Development to advance the PDIA approach and help ensure that the next NDP has a much stronger focus on implementation.

One promising starting point, given Uganda's ambition of increasing domestic revenue mobilisation, could be to set a goal of garnering the authority required to address corruption in the Uganda Revenue Authority (URA) from the President, Minister of Finance and URA head within six months, as this authority is needed to foster full-fledged reform. Simultaneously, the goal of reducing tax breaks by 50% in a year's time could be identified, with the idea that revenue collection would increase a year later. Active multi-agent reform teams agree what success would look like and when this could be meaningfully achieved in each area of reform. They then identify steps that they think would be needed to achieve such success, working backwards from the end goal to the present in three-month increments.

In this case, the last step in one 'pathway' towards the identified goal would be 'passing legislation that reduces specific tax breaks'. The step before this might be drafting a formal bill for the legislature after agreeing the precise tax breaks to eliminate, in a formal document approved by key decision-makers in the executive. The step prior to this would require carrying out a careful analysis of all tax breaks and proposing which ones to eliminate, based on clear criteria.

Reform teams are encouraged to present two or three pathways in this exercise, where they propose different sets of ideas for reform. In this example, an alternative pathway could focus less on an analysis of tax breaks and rather stress enforcement of tax audits that currently find companies abusing existing tax breaks.

Space for change

Figures 1 and 2 illustrate the idea that reform and change are possible only where there is sufficient authority, acceptance and ability – combining to create 'space for change'. In such situations one can actively experiment with new ideas. Where there is no overlap between the three building blocks, one cannot immediately start with introducing new ideas and instead one should work to establish and grow the 'space for change', before working on the actual reform.

A broad range of agents is required because change is demanding

Research shows that reforms often fail because distributed agents are not involved in the reform design process. Addressing this requires having multi-agent groups involved in reform from the start, working together in step-by-step experimentation. Teams of technicians and coalitions of political supporters are needed – not small groups of technocrats in single agencies and singular political champions. Seven different roles, some of which can be played by the same actor/s, must be satisfied when thinking of the teams and coalitions needed to take this approach forward in Uganda. These are authorisers; motivators and inspirational agents; connectors and conveners; resource providers and funders; problem identifiers and communicators; ideas people; and implementers.

POLICY IMPLICATIONS

Uganda has undertaken an impressive range of institutional reforms over the past three decades, but these have not significantly increased its capacity to deliver development. Implementation is the new frontier for reform in Uganda, and our research suggests that the Government can usefully re-frame its reform agenda in terms of closing the gaps between form and function using a problem driven iterative adaptation (PDIA) approach.

“Implementation is the new frontier for reform in Uganda”

PDIA will require Ugandan politicians and bureaucrats, and also researchers, to work together and own their reform processes more actively than ever before, coming to terms with the problems they face and working iteratively – in broad groups – to find and fit local solutions to these problems.

DATA SOURCES

2012 Open Budget Index assessment:
www.internationalbudget.org

2006, 2009, 2012 Public Expenditure and Financial Accountability (PEFA) assessments:
www.pefa.org

2007 OECD baseline procurement assessment of Uganda's system:
www.oecd.org/development/effectiveness/39256199.pdf

2008 and 2010 Global Integrity surveys:
www.globalintegrity.org

FURTHER READING

ESID Working Paper 20: Investigating the links between political settlements and inclusive development in Uganda: towards a research agenda, by Frederick Golooba-Mutebi and Sam Hickey.

ESID Working Paper 27: Overcoming the limits of institutional reform in Uganda, by Matt Andrews and Lawrence Bategeka.

ESID Working Paper 30: How should Uganda grow? By Ricardo Hausmann, Brad Cunningham, John Matovu, Rosie Osire and Kelly Wyatt (also summarised in ESID Briefing No. 3).

Andrews, M. (2013). 'Explaining Positive Deviance in Public Sector Reforms', *Center for International Development Working Paper No. 267*. Cambridge MA, USA: Harvard Kennedy School.

Andrews, M., Pritchett, L. and Woolcock, M. (2012). 'Escaping Capability Traps through Problem-Driven Iterative Adaptation'. *HKS Faculty Research Working Paper Series RWP12-036*. Cambridge MA, USA: Harvard Kennedy School.

ESID Working Papers and Briefings Papers are available at www.effective-states.org

ABOUT THIS BRIEFING

This briefing was produced from an ESID project examining institutional reform in Uganda. The resulting paper intends to contribute to the ongoing institutional reform discussion in Uganda, and to the literature on institutional reform in developing countries beyond Uganda. The briefing was drafted by Kate Pruce, adapted from ESID Working Paper 27 with input from Professor Sam Hickey (ESID Research Director, The University of Manchester). The research was conducted by Professor Matt Andrews (the Harvard Kennedy School) and Dr Lawrence Bategeka (Economic Policy Research Center, Kampala, Uganda), coordinated by ESID Research Director Professor Sam Hickey. The Economic and Policy Research Center in Uganda provided much appreciated logistical support for this research.

The **Effective States and Inclusive Development Research Centre** (ESID) is an international partnership of research and policy institutes led from the Institute for Development Policy and Management (IDPM) and Brooks World Poverty Institute (BWPI) at the University of Manchester. ESID is funded by the UK Department for International Development (DFID).

ESID researchers are based in Bangladesh, Cambodia, Ghana, India, Malawi, Peru, Rwanda, South Africa, Uganda, UK, USA, Zambia and elsewhere.

ESID is led by David Hulme, Chief Executive Officer; Samuel Hickey and Kunal Sen are Research Directors; Julia Brunt is the Programme Manager; and Pablo Yanguas is Research Associate.

DFID funds four Research Programme Consortia (RPCs) on governance and development, of which ESID is one. The others are the International Centre for Tax and Development (ICTD) at IDS, the Justice and Security Research Programme (JSRP) at LSE and the Secure Livelihoods Research Consortium (SLRC) at ODI.

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