



ESID Briefing No. 23

Public sector reform in Uganda: behind the façade

KEY FINDINGS:

- The National Resistance Movement (NRM) government has an incredible record of introducing public sector reforms. However, this is matched by an equally poor record of complying with these reforms.
- While Uganda has strong upstream governance and accountability architecture, as well as legal mandates of international standards ideal for reform, in practice there is deliberate circumvention of these standards by the ruling elite.
- Political competition that has been intensifying over the last decade-and-a-half (both internally within the ruling party and between the NRM and other parties) de-incentivises the ruling elite from committing to public sector reforms. Reforms have been instrumentally deployed for the purposes of extending the tenure of the ruling elite.
- Donors agencies – the key architects and promoters of most public sector reforms in developing countries – are accomplices to Uganda's poor public sector reform record, as they rarely sanction the NRM government for non-compliance.

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)

INTRODUCTION

A series of public sector reforms (PSRs) have been implemented in Uganda since the 1980s. These began with structural adjustment programmes in the early 1980s and later reforms in all key government sectors, such as public service, public finance, public sector coordination, auditing, and anti-corruption, were implemented. Scores of successes were initially recorded in all reform areas of the 1990s, but these were followed by reversals. For instance, reforms on reducing the size of the public sector managed to reduce the number of civil servants by almost half – from 320,000 in 1992 to 160,000 by 1995.

While reforms in the 1980s and 1990s aimed at achieving public sector efficiency, those in the 2000s focused on achieving effectiveness through public financial management initiatives and modern management practices, such as Results Oriented Management (ROM). The latter PSRs have yielded limited fruits and the current study sought to investigate factors that account for this state of affairs.

“The threat of losing power distracted politicians at the national level from building a more effective public sector”

We argue that implementation of the recent PSRs coincided with a shift in the national political settlement in which competition within the ruling NRM party, and between the NRM and other parties, made the ruling elite vulnerable. The threat of losing power distracted politicians at the national level from building a more effective public sector that can deliver high-quality services to one that helps them to maintain power.

Conceptually the effectiveness of the public sector is a product of two functions, namely: management and compliance. While management is understood as the ability to guide and regulate the administrative conduct of the public sector, compliance relates to the ability to identify and sanction deviations from the norms regulating the administrative conduct of the public sector. The management-compliance distinction is made in consideration that they represent distinct policy domains with identifiable coalitions and governance arrangements.

In Uganda, each of these domains received specific PSRs. Three reform components can be discerned in the management domain:

public sector coordination; public finance management; and public/civil service management. On its part, the compliance domain has anti-corruption and auditing reforms. This study examined these five nodes, probing whether the dynamics in the two domains account for the results observed.

Public sector management

Public sector coordination

The reforms targeting the coordination function in the public sector are among the most recent in Uganda. It was only in 2003 that cabinet approved a coordination framework under the Office of the Prime Minister (OPM) to ensure that all government programmes are monitored and evaluated in a rational manner. In practice, however, this role is shared among three other institutions: the Office of the President; the Ministry of Finance, Planning and Economic Development (MoFPED) and the National Planning Authority (NPA). This creates a state of 'uncoordinated coordination' that is functional to the members of the ruling inner circle.

In Uganda, challenges around harmonising roles for coordination are not caused by lack of legal and policy frameworks, but rather a result of the political strategy of the inner circle elite to assign multiple agencies responsibility for the same function as a means of keeping tabs on the dealings within government. In an environment where government officials and politicians are not fully trusted, this acts as an insurance policy for the elite that one agency can take over the functions of another if required. Therefore, whereas the function of coordination is legally under the mandate of OPM, in practice it is dispersed among several other institutions in case the former proves too powerful for the presidency to control.

Public service management

Public service management reforms are captured in the Public Sector Reform Programme (PSRP) of 2005/06–2010/11, which sought to address several public sector challenges in Uganda,; skills gaps and weak management; weak performance and accountability; inefficient and over-extended public organisations; a disabling work environment; poor pay; and sustainable support for reform among political and technocratic leadership.

“The ruling elite have substituted professional development of civil servants with ideological building”

Despite these PSRP initiatives, performance crises, incompetency, poor accountability and declining service standards have continued to bedevil Uganda's public service. The management systems that have allowed the NRM government to thrive in an environment of heightened competition are contra to the Weberian ideals of a meritocratic public service. Many ruling-party cadres, including army officers and politicians, have been recruited into sensitive public offices, often without interviews – suggesting the primacy of political affiliation in public sector employment. The ruling elite have also substituted professional development of civil servants with ideological building. These strategies have allowed the ruling elite to deploy trusted cadres in strategic positions that allows control of ministries, departments and agencies (MDAs) in its own interest and not necessarily public interest.

Public financial management

Public financial management (PFM) reforms pursued by Uganda since 2000 have had four major components: economic planning; modern budgeting systems; financial management systems that meet international standards; and building the oversight function of government including capacity of parliamentary financial accountability committees. Uganda enacted strong laws to support the implementation of PFM reforms and comply with international standards.

In spite of their good intentions, there are many challenges that have undermined the full implementation of PFM reforms. There has been deterioration in budget credibility and predictability over the past years, indicating inadequate fiscal discipline. Potential suppliers align themselves to politically powerful elites to influence the contract awarding process. The ruling elite is forced to look into the public purse to obtain the necessary resources to run campaigns and fund activities aimed at maintaining the regime – actions that strongly undermine PSR. This finding is supported by evidence suggesting that the main beneficiaries from activities that are not compliant with PFM reforms, e.g. supplementary budgets, are structures associated with regime maintenance, especially the State House and Ministry of Defence.

Public sector compliance

Control of corruption

Uganda has a story of contradiction in the area of fighting corruption. On the one hand, the country has a wide range of comprehensive anti-corruption institutions and extensive legislation, even by international standards; and on the other, weak enforcement of the laws, with evidence that corruption in Uganda has been increasing since the mid-2000s. One of the main agencies mandated by the Constitution to fight corruption is the Inspectorate of Government (IG). Its powers include investigation, arrest and prosecution of the corrupt. Other institutions mandated by law to curb corruption include the police, judiciary, Directorate of Public Prosecutions (DPP) and Parliament.

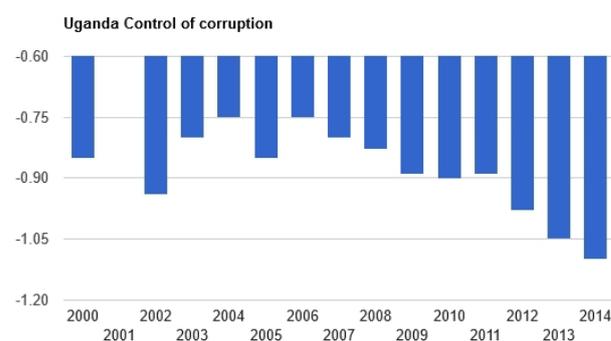
“Increasing political competition has made corruption a strategy for political survival”

While the number of convictions in corruption-related cases has gone up, largely as a result of the creation of the Anti-Corruption Court in 2010, the number of corruption cases closed due to lack of sufficient evidence has similarly risen, pointing to the weak investigative capacity of anti-corruption agencies. Research reports and various media outlets in Uganda are also awash with reports of corruption in the public sector. Important to note is that in almost all the high profile cases, the ruling elite are mentioned.

A critical analysis of the reasons behind the lukewarm performance of anti-corruption agencies reveals two related factors. Firstly, Uganda's top political leaders have influenced, manipulated and pressured anti-corruption institutions in ways that have constrained their effectiveness in checking high-level state misappropriation of resources. In other words, the ruling elite has too much power to influence anti-corruption agencies to operate to its advantage. Secondly, the increasing political competition in the country has made corruption a strategy for political survival, particularly through resource mobilisation.

Figure 1: Control of corruption in Uganda (-2.5 weak; 2.5 strong)

Control of Corruption: assesses the likelihood of countering red tape, corrupt officials, and other groups. The indicator is based on a list of individual indicators.



Source: www.theglobaleconomy.com/Uganda/wb_corruption

Auditing

Another strategy for improving compliance in government has been in the area of strengthening the external and internal audit functions within government. Auditing reforms have involved the enactment of Audit Act 2008, and recruitment and professionalisation of human resources, both in the Office of the Auditor General (OAG) and within the internal audit directorate in MoFPED. These improvements have led to timely audits and production of audit reports for Parliament's scrutiny and discussion. Uganda was the winner of the African Organisation of Supreme Audit Institutions (AFROSAI) prize of 2011 and 2013, and the country's OAG is rated among the best supreme audit institutions in Africa.

Outcomes from auditing initiatives are poor, however, as the OAG is a reporting office to Parliament, with limited powers to enforce its recommendations. Findings indicate that reports submitted by OAG to parliament take a long time to be debated and not many of the recommendations are implemented by the executive. In addition, parliamentary committees turn to audit reports to fight political wars, leading to the prioritisation of reports in which politicians see an opportunity to score political points. In return, cabinet often ignores reports that come from parliament.

Donors as accomplices to political manipulation

The current wave of public sector reforms by and large did not originate internally from the vision of a political leader or set of leaders whose personal decision to sponsor reform resonates throughout cabinet and the executive branch. Instead, the reforms originated externally as a result of donor interests. Donors have been the driving force behind the major PSRs, with the NRM government only rallying behind those that support its continuity, while those that threaten its grip on power are either frustrated or manipulated to serve the regime's interests. By continuing to provide aid to a government that has publicly refused to confront corruption, donors are to some extent accomplices in aiding political leaders to abuse their state power.

POLICY IMPLICATIONS

- Prospects for effective reform are complicated by the delicate settlement of a broad-based government, with officials appointed by the President on the basis of ethnic, religious and regional balancing. If one of the factional leaders is a non-performer, or is implicated in a corruption case, the President feels constrained to take action, fearing this could be interpreted as attack against the faction that the official represents.
- The rise in political competition, coupled with the absence of tight restrictions on party spending on soliciting votes, has made elections an expensive venture in Uganda. Many of the high-profile corruption scandals can be interpreted as a deliberate strategy by the ruling party to mobilise resources to fund election expenses.
- Uganda's poor PSR record is the result of a weak pro-reform coalition vis-à-vis a powerful anti-reform coalition in government, which exploits reforms to protect the presidency from potential or imaginary rivals, and mobilises resources to invest in the ruling party and/or to amass resources for self-enrichment.
- PSRs require a high degree of coordination and collaboration between sectors and MDAs. However, few states in developing countries have developed the necessary bureaucratic and infrastructural capabilities and MDAs frequently report problems of inadequate funding and staffing.
- PSRs are most likely to be effective in a few public sector 'islands of effectiveness' in areas that the ruling elite find to be central to its survival.

FURTHER READING

Bukenya, B. and Muhumuza, W. 'The Politics of Core Public Sector Reform in Uganda: Behind the Façade.' *ESID Working Paper*. Manchester: The University of Manchester.

Government of Uganda (2014). *The Accountability Sector Strategic Investment Plan 2014–2019*. Government of Uganda: Kampala.

Kjær, A.M. and Katusiime, M. (2012). 'Growing but not transforming: Fragmented ruling coalitions and economic developments in Uganda'. *DIIS Working Paper 2012:07*. Copenhagen: Danish Institute for International Studies.

ABOUT THIS BRIEFING

This briefing was produced from an ESID comparative research project on public sector effectiveness in Ghana, Malawi, Rwanda and Uganda. The research was conducted by Badru Bukenya and William Muhumuza (Makerere University), coordinated by Pablo Yanguas (University of Manchester). The briefing was drafted by Pablo Yanguas, adapted from a forthcoming ESID working paper, with inputs from Badru Bukenya and Kate Pruce.

DW3185.10.16



The **Effective States and Inclusive Development Research Centre** (ESID) is an international partnership of research and policy institutes led from the Global Development Institute (GDI) at The University of Manchester. ESID is funded by the UK Government.

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.

www.effective-states.org

Effective States and Inclusive Development Research Centre

Global Development Institute
School of Environment, Education and Development
The University of Manchester
Oxford Road
Manchester
M13 9PL
UK

email: esid@manchester.ac.uk

[#effectivestates](https://twitter.com/effectivestates)

October 2016.