

Draft

PAY, PROFESSIONALISM AND PRODUCTIVITY IN PUBLIC

SERVICES REVISITED: Tanzania and Uganda 1990-1997

A Report For UNDP

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I.

PROLEGOMENON: THE ADEDEJI REPORT AND AFTER

This report is a follow on from the joint UNDP/UNICEF 1994-95 Adedeji Report "Pay, Productivity and Public Service: Priorities for Recovery In Sub-Saharan Africa" by Adebayo Adedeji, Reginald Green and Abdou Janha. That report addressed the decline in quantity and quality of basic services per capita in sub-Saharan Africa since 1979 and review ways in which it might be reversed. The overall study was largely grounded on five country case studies - Mozambique, Tanzania, Rwanda, Ethiopia and Mali.

The present report addresses 1990-1997 and especially 1995-1997 civil service/public services provision reform and rehabilitation in Tanzania (one of the initial case study countries) and Uganda (an addition also marked by an extended public service and public services reform process). Before proceeding to 1997 position, trend and prospect presentation and analysis it is likely to be useful to summarise the 1979-1995 evolution - or rather retrogression - of public service provision and of public services in most of sub-Saharan Africa and also the main conclusions of the Adedeji Report.

The purpose of the exercise - and of its predecessor - is analytical, but quite overtly applied analytical. There is widespread agreement **that access to basic services in SSA is on average declining** and that this both **aggravates poverty and social deprivation now** and **reduces future potential for international competitiveness, growth and development**. To comprehend how the 1979-1995 reversal of 1960-1979 trends came about and what options for rereversal have been propounded and attempted with what degrees of success and probable sustainability a first step toward achieving a reversal. Renewed public service capacity and public services delivery are in turn crucial for the economic, social and political stability and development of the peoples and countries of SSA.

The dating is in a sense arbitrary in respect to any particular country representing as it does the post-independence advances and - for most countries - the weathering of the first 'oil shock' followed by inability to respond to the increased global economic environment of 1979-85 and only slightly less poor results over 1986-1995. In the case of Tanzania - whose highest level of per capita output and of per capita basic service delivery were in 1978 the

dating fits. In physical - national constant price - output terms Tanzanian per capita GDP probably regained 1978 per capita levels in 1996 with average personal consumption higher but with public consumption and savings markedly lower. However, Uganda's decline begins in 1971 with the Idi Amin Dada regimes' seizure of power. To say Uganda is approaching a return to 1970 is a compliment since in 1986 (the accession of President Museveni's regime) output per capita excluding household production for own use had fallen by the order of 40% and public services delivery probably by over 50% and perhaps 67%. This divergence in timing symbolises a more basic divergence. Tanzania's decline occurred in a context of domestic social and political stability and of coherent (if not necessarily sound) economic policies while Uganda's was in a context of domestic violence and political stability over a decade and a half, much of it marked by the near total absence of coherent economic policy.

II.

1979-1995: A SELECTIVE RESUME

It is convenient to divide the independent experience of sub-Saharan Africa into two periods 1960-1979 and 1979-1995. The first was overall one of **advances in output per capita, infrastructure and access to public services** as well as of moderate sized, moderately paid public services with rising capacity and a significant degree of professionalism. The second has overall been characterised by **decline or stagnation in respect to each characteristic**. Any such generalisation is too simple - two SSA countries' independence predates 1960 and that of another (even excluding South Africa's transition to majority rule) is as late as 1990. A number of economies - e.g. Ethiopia and Madagascar - had no pre 1980 period of sustained progress, others - e.g. Ghana - fell into decline as early as the 1960's and another group failed to recover from 1973-74 drought and terms of trade shocks. However, the general categorisation of 1960-79 as an era of development and of 1979-95 as one of regression is valid. The chronology fits Tanzania very well - except for a somewhat earlier bottoming out (1974-76) and moderate recovery (to near 1978's perk per capita output by 1996. Uganda's decline begins with the accession to power of the Amin regime in 1971 and ends with the installation of President Museveni in 1986. Because the 1971-1986 declines were deeper

than average, an above average pace of recovery still leaves Uganda output per capita significantly below 1980.

It is useful to **distinguish war afflicted and/or collapsed politics from others**. Since the mid 1980's it is arguable that both real output and domestic food production per capita have been stable or very slightly rising for politics at peace. 1970-1985 (but not from 1986 onward) Uganda was a polity at or near war and for part of the period a near collapsed one so far as civil administration and delivery of basic services were concerned whereas Tanzania has experienced neither any substantial period of war on its own territory, pathological level of social tensions nor collapse of civil governance.

The Adedeji Report schematised the characteristics of 1979-95 decline under fourteen heads:

1. **GDP per capita declined on average 25%** by 1990 (including war afflicted countries) and - on domestic constant price output data albeit not in dollar terms recovered modestly thereafter - to near previous peaks in at least half the non-war afflicted economies;
2. **food production per capita in non war afflicted countries on trend declined moderately to 1985** (an aggravation in West Africa, Ethiopia and Madagascar of trends going back to 1960) but was **in general constant or slowly rising thereafter**. However year to year hereon external balance and fiscal impacts were highly negative in drought years even in economies enjoying trend output growth of food at or above that of population;
3. **decline tended to be more rapid** - especially in output and ability to finance even minimum levels of required imports out of export earnings - **prior to Structural Adjustment Programmes**. However, SA did not in general lead even to consolidation of per capita public services delivery, capacity nor to substantial closing of pre transfer current account deficits;
4. **absolute poverty levels rose** from perhaps 25% in 1979 to 32% in 1990 and slightly higher in 1995. **The most dramatic increases were among the populations of war afflicted politics**;
5. **Tax and related revenue on a proportion of GDP declined** from somewhat over 20% in 1979 to 16% in 1985 with little recovery thereafter;

6. **The rising external balance and fiscal deficits led to much higher dependence on external assistance** and much higher levels of external (and in a number of cases) domestic debt. The latter resulted in higher proportions of debt service to government revenue;
7. As a result by 1995 a **relatively typical government recurrent budget** was 20% of GDP, with revenue 13% domestic and 7% external. Of this 40% went to debt service, 25% to 30% to public service payroll and related items, 30% to 35% all other versus perhaps 15%-35%-50% in 1979. War afflicted and Sahelian economies tended to have much higher external dependency ratios for recurrent spending throughout;
8. **Public service payroll fell** from perhaps 7% to 8% of GDP in 1979 to perhaps 4% in 1995 with reductions in real earnings typically one third to over one half;
9. **Public service employment grew slowly** on average after 1979 **until the mid 1980's after which it declined to levels near those of 1979 or 40% to 50% lower in per capita terms**;
10. The **expenditure and personnel data suggest a 40% to 50% decline in public service provision per capita** versus little change or some growth (after the mid 1980's reversing earlier declines) in average per capita personal consumption;
11. Public service provision in addition to per capita (though not on average absolute) declines in quantity was characterised by **falling certainty** (gaps and breakdowns) and **quality** in part related directly to fiscal constraints but even more to declines in the pay, professionalism and productivity of public servants;
12. **External assistance in per capita terms declined** by about a third from 1980-1995 - a decline which is continuing. The decline in non-technical assistance and non-emergency survival aid on a constant price per capita basis is over half and may be as high as two thirds;
13. The **international response to public service delivery and governance crises has focused primarily on technical assistance, emergency food aid and funding for external NGO (and to a much lesser degree domestic social sector operations**. The first in large part replaces domestic personnel driven out by low pay and/or provides

advice already available from domestic personal but frequently on operational because of fiscal and middle level personnel constraints. The third - concentrated in war afflicted and collapsed politics - further erodes domestic public services, fragments and raises the cost of service delivery and presents obstacles to the rehabilitation of both government and domestic social sector delivery.

14. **Civil service reform** - under donor and Treasury influence - **has tended to focus initially on cost cutting** by cutting payroll numbers and constraining pay increases (usually to negative real rates). More **fundamental review** of what numbers of what kinds of public servants are needed to deliver which public services on what time schedule have been a **subsequent** - and by no means universal - **evolution as has attention to what pay incentives and professional structure reforms would be necessary to restore public service morale, morals and productivity**. These processes have been extremely protracted when externally initiated and only subsequently internalised - e.g. 12 years and still counting in Ghana - but much less so when domestically instituted e.g. 3 years in Ethiopia and Eritrea.

Tanzania and Uganda - with varying degrees of divergence on specific points - correspond to this pattern.

1. GDP per capita in Tanzania fell about one sixth from its 1978 peak to 1975 then rose to approximate its 1978 level in 1996 in constant physical terms. The over 50% decline in constant price \$ per capita is at least in part an aberration from an unsound domestic deflator though in part it reflects real terms of trade deterioration. Uganda's constant price per capita GDP probably fell by at least a half (two thirds excluding household self provisioning in food and housing) between 1970 and 1985. It has now recovered perhaps to somewhat over three quarters of 1970 peak levels. The \$260 per capita GDP estimate may be roughly correct but if so Tanzanian's \$130 is 100% too low since other economic and social data and observation suggest comparable output per capita or moderately higher levels in Tanzania;
2. food production per capita in both Tanzania and Uganda appears to be rising on a 3% to 3.5% trend versus about 2.75% for population. However, in about half of all years Tanzania and in perhaps a fifth (including 1996) Uganda have substantial drought related

food deficits creating severe overall output, fiscal, external balance and human stresses. The position is not radically different from the 1960's on gaps but the fiscal and forex margins for meeting them without substantial emergency fiscal and food aid are substantially narrower;

3. Tanzania's actual output declines were over 1979-1982 relating to interaction of war (following Amin's invasion), drought and terms of trade and export volume declines with delayed policy response. Slow output growth resumed in 1973 and has since built up to a 4% trend but with substantial annual swings. Uganda's output falls - with a brief recovery interlude early in the 1980's - were longer as well as deeper and comprised most years of 1971-1985. Recovery growth subsequently built up to a 7% trend albeit 1995-1996 experience may suggest a 4% to 5% future performance as the pure recovery phase is now largely completed;
4. absolute poverty in Tanzania was estimated at 40% in the mid 1970's and again in the late 1980's - early 1990's. This - taken with overall output and food data suggests a dive to 45-50% in 1985 and a subsequent revival. The Ugandan position has been less studied but was generally believed to be somewhat less severe - perhaps 30% to 35% - in 1971. By 1985 it may well have been over 50% and as of 1996 it is probably comparable to Tanzania at about 40%;
5. Tanzania tax and analogous revenue declined from the 20% to 25% of GDP range in the early 1970's to about 18-20% in the early 1990's subsequently falling to under 14% by 1994 before stabilising or recovering modestly in 1995-97. Ugandan revenue was perhaps a sixth of 1970 GDP declining to under 6% by 1985 and then recovering to about 14% in the early 1990's but apparently threatening to plateau at that level;
6. External assistance (excluding technical and emergency assistance) played a marginal role in recurrent expenditure priority to 1979 (on both Tanzania and Uganda). It rose to over a third in both cases but by 1996 had declined to perhaps a sixth in each case. External debt has risen to over \$6,000 million in each country and is recognised to be a substantial degree unserviceable albeit writedowns will not begin on a substantial scale until 1998 for Uganda and the new millennium for Tanzania;

7. The 1970 division of recurrent budgets in Uganda and Tanzania appears to have been approximately 10% debt service (external and domestic), 35% civil payrolls and related items, 55% other. By 1995 this had shifted to 40% debt service, 30 to 35% (Uganda/Tanzania) civil payroll and related elements and 25% to 30% other. (Other includes both defence, including armed forces pay, and subventions - e.g. to universities and joint public/private hospitals which are substantially for wages.);
8. In the 1970's it would appear that public servant remuneration was about 7% to 8% of GDP in each country and in 1996 under 4% in Uganda and under 5% in Tanzania;
9. Tanzanian public service employment peaked at 360,000 in 1974/75, fluctuated around a falling trend to about 330,000 in 1990 and has since been cut to (285,000) in 1996. Of these cuts perhaps 20,000 represent "ghosts", 25,000 transfers to autonomous institutions whose employees are now treated as outside the public service (e.g. universities and some other educational institutions, Dar es Salaam water corporation) and 45,000 actual cuts (dominantly cleaners, messengers, petty clerks, and other junior supporting staff. In Uganda the number of public servants at least on paper rose until the late 1980's reaching about (280,000) since cut to 150,000 (90,000 real forced or induced retirements, 20,000 ghosts, 20,000 transfers to autonomous agencies e.g. Tax Authority, Universities).
10. Expenditure and personnel data - and less coherent output data - in suggest that as of 1995 output of basic services (health, education, water, agricultural extension, law and order) and on infrastructural maintenance was at least 40% below the late 1970's for Tanzania and somewhat more below 1970 levels for Uganda. In general education and maintenance had fared worse - basic health services in Tanzania were probably within a fifth of 1979 per capita levels i.e. a third higher in absolute terms;
11. Quality deterioration - while hard to measure - was widely asserted and criticised in both countries. In Tanzania it was conspicuously less in health than in other services while in Uganda a similar judgement might be made, but subject to the caveat that much more pervasive privatised, generalised, unauthorised user charges presumably limit access relative to Tanzania. In education the effective curriculum was diminished by 'tuition' (key elements available only at after hours, fee charging classes) and 'enhanced applied

agricultural training' (i.e. digging on teacher's shamba). Water and road maintenance fell sharply (and consequential outages rose equally sharply).

12. In respect to operating inputs (e.g. texts and other teaching materials, drugs and other medical supplies, water spares and road maintenance inputs and equipment real availability per capita fell. As a result **staff could not have been as effective as in 1970 or 1979. Staff morale, attendance at and attention to work and professional commitment declined as - given the collapse of in service and refresher training for most cadres - did ability to perform. Coping took time away from public work and spawned privatised, unauthorised user charges, theft and other aspects of the corruption of need - necessarily given the collapse of real emoluments, especially in Uganda.**
13. External assistance in real per capita terms peaked in 1974-75 for Tanzania, albeit that level may have been regained in 1986 if emergency food aid and technical assistance are included, but had - excluding technical assistance, debt adjustments and food aid - declined by two thirds by 1995-97. The Uganda pattern was different with a late 1980's peak of somewhat under \$30 per capita fluctuating around \$30-35 by 1995-97 vs. slightly over \$30 and \$15 respectively for Tanzania.
14. Civil service reform began under donor pressure in the late 1980's focused on pruning numbers and constraining payrolls. In each country the process took several years to achieve what were ultimately substantial cuts - but far less substantial than originally envisaged by donors. The cuts in Uganda did include substantial numbers of professionals, which was not the case in Tanzania, but in both the bulk of actual retirements were in low pay supporting service personnel. Payroll constraint had a very uneven record because as of 1985 some Uganda 'salaries' (excluding benefits in kind) were under \$10 per month and in Tanzania nurses, teachers, constables and field level agricultural extension officers and water technicians (about 60% of employees) were in the \$25-35 per month range and Uganda insisted on raising its levels to ones similar to Tanzania's and Tanzania to more or less (in practice less) maintaining them in real terms. By 1989 in Uganda and 1991 in Tanzania deeper and broader analysis was launched on national initiative albeit with a plethora of external advisors. This sought to identify needed numbers and types of personnel and to propose professional and disciplinary

structures, pay (and other incentive) levels and less articulatedly to address overall structure and productivity levels. **“Living wage” became an official Uganda goal in 1990** (then estimated at \$85 per capita. However, even partial implementation (to \$40) did not begin on a substantial scale until 1996. In **Tanzania the decision to increase (restore) pay radically came in 1995** (with a set of choices on minima from \$40 to \$70) and partial implementation (to \$67.5) begun in 1996. For the sake of comparison the absolute poverty line budget for a household of five is of the order of \$85 in Dar es Salaam and - less clearly - \$125 in Kampala. (The Uganda trade union and public servant view that Kampala cost levels are about 50% above those of Dar es Salaam may be exaggerated, but the gap is unlikely to be less than 25%.)

III.

1995 REVISITED: PAY, PROFESSIONALISM, PRODUCTIVITY

The Adedeji Report addressed the history of public service and public services rise and deterioration in SSA. It concluded that the **most serious human, social and economic loss over 1979-1995 was in respect to public consumption per capita and, more particularly access to basic services** - primary health, primary education, pure water, agricultural extension, local infrastructure - especially transport and communications.

While the data on which that conclusion was based were not contentious and the damage from collapsing services was not denied by the IFI's there was - and is - a tendency to stress falls either in overall output or in personal consumption. The **failure to lay more emphasis on service declines apparently is a side effect of seeking to prune government spending** (at least verbally), sharply **increase** the degree of **servicing of domestic and external debt** and to **reduce fiscal deficits** during a period in which average per capita concessional finance per capita to SSA fell radically and declining per capita output and often weakening revenue collection systems limited revenue growth.

The decline in service provision resulted in severe cost categories:

1. humanly poorer access to water, health, and - in some cases - nutrition safety nets reduced both **present welfare of poor people** and **both present and future ability to enhance productivity** to reposition household incomes above the absolute poverty line;
2. weakening (qualitatively and quantitatively) basic **education** (including agricultural extension) as well as preventative and educational **health services** not only reduced present productivity - and competitiveness - but even more **decreased future potential for productivity growth** increasing the absolute, relative and trend **competitiveness deficit** between Africa and Asian/Latin American as well as industrialised countries, while;
3. having similar present, trend and future negative impact on **human development indicators** including life expectancy, literacy, nutrition and infant/maternal mortality;
4. reduced perceived **legitimacy** (and **self confidence**) of states in which broad and broadening access to basic services had been a strategic priority, a reality and a basic public expectation - with increased social tensions and decreased willingness to pay taxes (substituting external debt service for domestic education as the leading recurrent budget component being difficult to 'sell' to tax payers as a positive 'development');
5. and **increasing inequality of access by area** - with rural and peri urban (especially recently established) areas the worst losers - and by **income distribution** - the most affected are largely made up of poor households and both higher opportunity costs and user fees hamper access to remaining services for poor households.

The Report stresses two other basic services not usually classified as such:

1. **peace and stability** (or law and order) in the sense of ordinary people being able to go about their normal activities with limited fear of violent intervention by anyone (bandits, insurgents, hired thugs or state troops - police - officials) and with reason to believe that effective action will be taken to control, prosecute and reverse such violence;
2. **revenue collection** adequate to finance at least the recurrent budget - a condition for service sustainability and expansion.

These additions to the basic service list imply that constables, magistrates and tax collectors are as essential to an enabling state as primary school teachers, nurses, extension officers, water technicians and other basic infrastructure related artisans and technicians.

The basic causes of the 1979-1995 decline in service provision flow from fiscal weakening:

1. decline in domestic revenue relative to GDP which, in turn, rose less rapidly than population;
2. increases in budget proportion (and absolute level) of domestic and external debt service;
3. decline of at least 50% in per capita net external aid (stripping out technical assistance and emergency survival assistance);
4. increases - moderate to massive - especially in military budgets both in civil war afflicted and in their neighbours.

However, the decline in service provision - absolutely, relative to population and in quality - also turns on the deterioration of the governments' main formulation design and delivery institute - public (or civil) services. The decline was identified as having (four) major aspects;

1. **numbers of public servants declined relative to population** not least in respect to health, education, water transport and communication and law and order;
2. **public service real remuneration fell** (often by 50% or more/forcing coping tactics reducing work done and increasing 'side' charges to users and overt theft and corruption);
3. as a direct result **productivity per worker declined**, a result enhanced by cost cutting reducing training and (especially) re and refresher training, allotments of operating inputs (e.g. books, drugs, water spares) and mobility (vehicles, spares, fuel);
4. **professionalism** eroded in several aspects: enforcement of discipline (not least attendance at and to work but also to honesty), updating and use of regulations and procedures to assure the efficient carrying out of government business, monitoring and forward planning (indeed anything beyond crisis coping), civil service management - appointment, promotion, training, structuring.

All four erosions were greatest in three overlapping clusters of states:

1. Those in which **civil governance collapsed** e.g. Somalia (well before Barre's Fall), Liberia, Sierra Leone, Zaire (pre Congo) and for extended periods Equatorial Guinea, Chad and the Central African Empire/Republic; and/or
2. bled dry by **massive systemic corruption** (for this purpose loss by non-collection or diversion of over half of domestic revenue and over a quarter of import capacity) e.g. Zaire, Equatorial Guinea, Central African Empire, mid 1970's mid 1980's Uganda to take extreme cases; and/or
3. afflicted by **protracted, generalised civil war** (with or without external instigation, manipulation, aggravation) e.g. Sudan, Ethiopia/Eritrea, Somalia, Uganda, Rwanda, Burundi, Zaire, Mozambique, Angola, Chad, Sierra Leone, Liberia.

However, the **pay-productivity professionalism malaise** has affected almost all SSA states. Uganda until 1986 was characterised by systemic corruption and civil war. However, Tanzania has had very low levels of extreme social or political tensions - let alone civil war - and, like Uganda, except perhaps in 1985), has had functioning (even if weakened) civil governance and has never been characterised by massive systemic corruption though 1992-94 trends were in grave danger of leading to it. Nevertheless collapse of pay and morale, the rise of coping, erosion of professionalism and falling public servant productivity do characterise 1979-1995 with some years of sharp decline, some of stagnation and few with overall (as opposed to some major initiatives e.g. in health and nutrition) positive reversals.

The Adedeji Report focused on the pay-productivity-professionalism nexus. Finance was addressed in respect to attainability and sustainability of reforms. Peace in the sense of ending armed conflict at generalised civil war level was set out as a parallel necessary condition (which appeared to be in the course of being met in Mozambique and Ethiopia but much less clearly in Rwanda) and one to which restored basic service delivery could contribute but

ANNEX 3

COPING, CORRUPTION, CONFLICT OF INTEREST: Some Broader Concerns

1. Coping and the corruption of need have been addressed at some length in the main text because a key purpose of higher pay is to remove the necessity of coping behaviour. Parallel disciplinary and administrative reforms to root out or to transform into socially acceptable modalities generalised, privatised, unauthorised user fees are needed to ensure the potential gains from pay reform are harvested. The precondition for overcoming coping is a living wage - monitoring and punishing rule violations is not practicable without better pay even though it is crucial to rooting out acquired bad habits after pay reform has begun.
2. Coping and the corruption of need are not simple absolute poverty line phenomena. Presumably few societies - Tanzania and Uganda are not among the exceptions - would expect all public servants e.g. clinic cleaners, nurses, technicians and doctors to have identical incomes nor believe that an absolute poverty line income is adequate to secure commitment and competence from doctors. The belief that professionals need some amenities to do their jobs properly - for technical and/or morale reasons - is deeply and widely held, including among poorer people. However, unlike the case of the nurse charging patients on her own account or pocketing drug fees so her children can be fed, clothed and schooled, the case of the doctor operating a private clinic hiring government personnel (not always outside official hours) and using diverted hospital drugs to secure some amenities (perhaps including a used car, petrol, a sewing machine, a TV) is both less cosy to condone and is inherently relative. It is by this continuum that the corruption of need slips into that of greed and of corrupting of others (e.g. the nurse hired to work overlapping government/clinic hours and to divert hospital drugs to the clinic so her household can have a living income).
3. Thus, the corruption of need:
 - a. is a step into practices which carried further and to higher levels becomes the corruption of greed;

- b. involves junior and senior officials into a broadening, interactive system of corruption.

These negative results are enhanced by two further factors:

- a. many coping practices are highly socially harmful, e.g. the tax officer taking - say - 10% of the tax due, collecting 20%, allowing the (non) tax payer to keep 70% or the teacher who abstracts key elements of the syllabus to be provided - at a price - via private “tuition”;
- b. intelligent practitioners of the corruption of greed - official, political and private sector - see the creation of a broad, deep hierarchy of corruption as highly useful to themselves because it creates a sea of tilapia in which the sharks can hide; a process which turns all public administration and service delivery into a corrupt and corrupting system.

- 4. As suggested earlier at the coping/corruption of need level, parallel steps are needed:
 - a. substantial initial real pay increases and a credible commitment to move to or near household absolute poverty line payments at minimum wage level and perhaps ten times the minimum for the top normal grade (e.g. Permanent Secretary);
 - b. parallel reinforcement of rules to attendance at workplace and to public duties;
 - c. punishing all non-trivial theft (e.g. a nurse selling drugs but perhaps with some leniency for one taking a dose or two for her sick child);
 - d. prohibiting the most damaging private user fees - e.g. “tuition” and complicity in tax evasion - and acting on information pointing to perpetrators;
 - e. specifying which practices are allowed - e.g. private evening or weekend tutoring so long as the whole syllabus is taught in regular classes;
 - f. exploring community “buyouts” - e.g. community provision of labour or food assistance to supplement rural teacher income to replace “additional applied agricultural training” (i.e. growing teacher’s food);

- g. monitoring and reviewing to keep abreast of evasatory tactics and to tighten restrictions parallel to progress toward a truly living basic wage and a ten to one decompressed public servant pay range.
5. These measures can deal with the corruption of need and - probably - the border area between it and that of greed. However grey border areas remain e.g. the hospital doctor's private clinic which at present probably can be tolerated subject to not employing public personnel - including the doctor - for periods they are supposed to be working for the ministry and not 'procuring' hospital drugs, supplies and equipment by occult or non-transparent means. They do not address the corruption of greed directly, except by removing the tilapia hiding the sharks and creating a climate in which whistle blowing is more likely and - perhaps - more likely to be effective. By themselves, they cannot end high level - official, political or private - corruption. Without a high level political and official leadership commitment not simply to be honest themselves and to speak out against corruption but also to be careful to be seen to be honest, to create structures and transparency rules (e.g. publishing all special tax concessions in the official Gazette) making corruption harder to hide and to give priority to seeking out and prosecuting cases of corruption cannot be uprooted. In practice to be credible when the initial popular perception is that corruption is endemic at all, or almost all, levels and in all, or almost all, branches of government requires at the least demoting or transferring those who in the balance of probability (civil or administrative law test) but not beyond reasonable doubt (criminal law test) are guilty as well as those who have behaved in ways giving the appearance of corruption even if the reality is more one of foolishness than of venality.
6. Effective control of corruption and of pilferage/theft requires transparent, audited and properly recorded accounting, purchasing and stock systems. The primary problem in most of SSA - including Uganda and Tanzania - is neither lack of legislation nor of systems which would produce control if recording, analysing auditing, investigation and disciplining were adequate. The key barriers to greater control are will (at differing levels) and personnel competence, training, equipment and - in some cases - numbers. They first factor related to Uganda over 1971-86 and to Tanzania over 1990-95 but neither is a basic obstacle to control today except in geographic or institutional pockets. The problem of inadequately paid motivated trained equipped staff - and at professional levels too few of them - is and has been endemic in both countries.

7. This bad record keeping, analysing and reviewing has costs other than hiding corruption. It obscures honest error and makes it harder to chart ways to reduce it and results in nugatory or inefficient expenditure. In addition - even when neither corruption nor serious substantive inefficiency is present - it delays or reduces donor payment approvals.
8. The donor proposed cure of new systems provided by donors is a dead end road or worse (except perhaps for particular donors) because it exacerbates the personnel problem by fragmenting systems. Simplified, consolidated uniform accounting, purchasing, stock control and audit systems are needed not a plethora of different ones depending on source(s) of funds.
9. A more serviceable approach would involve:
 - a. review of present accounting, purchasing, stock control and auditing systems and procedures to simplify, build in automatic checks, yield somewhat more data;
 - b. negotiation with donors to accept a common report format including their key data needs which they could translate to their own format;
 - c. seek donor assistance in respect to:
 - i. personnel to advise the review, perhaps to strengthen audit staffing;
 - ii. substantially enhanced accounting, auditing and financial analysis training (for both public and private sectors);
 - iii. if necessary financing a mixed Audit General's Office/Donor writ to translate national system data to donor accounting system formats to avoid the disaster of fragmenting the basic bookkeeping, accounting system.
10. Conflict of interest poses even more practical problems. The old public service rule (of British origin) forbidding paid outside employment and the parallel former Tanzanian rule for political leaders are not now viewed as acceptable or practical in either Tanzania or Uganda. At lower and middle level public service and local political levels most small business or professional incomes earned outside government hours, premises and channels do not pose severe problems. At senior official level the problems are greater because consultancy, applied research and commercial operations often can benefit from

the special knowledge and/or influence over decisions of the officer in his public capacity, either directly or via his influence on other decision takers. To cite an extreme example it is hard to think of any income source beyond university lecturing or small scale farming or commercial activity that could not plausibly give rise to real potential for conflicts of interest and/or the appearance of impropriety in the case of a Permanent Secretary to a Presidency or a Ministry of Finance.

11. Similar considerations apply to second tier politicians, while major ministers and executive urban managers or provincial governors are in a still more conflictual position. This is not to argue that all business enterprises by such persons are corrupt or do involve wilful massaging of decisions. While a senior economic minister and official respectively Mwai Kibaki and Philip Ndegwa built up a business group. There is no reason to suppose they leaned on financiers, suppliers or purchasers nor that when they sold to the government they either overcharged or underdelivered. *Au contraire*. But it is all too easy to cite many other cases of political enterprises in Kenya which are widely believed to have at best involved conflict of interest and at worst gross corruption. Even in the Kibaki-Ndegwa case one is forced to wonder whether a bank manger or a government catering contract awarder would really act precisely the same in respect to a venture whose owners/managers included the Minister and Principal Secretary of Finance even if they neither directly nor indirectly sought to use their public role status. The appearance, and to a degree the reality, of conflict of interest result from positions and relationships not personal intent or integrity.

12. Neither the corruption of greed nor conflict of interest are in any way unique to Tanzania and Uganda, nor for that matter to SSA. Nor can they be treated in depth as a footnote to a public sector pay, professionalism and productivity study largely focused on quite different aspects. However, the credibility of good governance campaigns to public servants turns to a substantial extent on the perceived probity - or otherwise - of senior public servants and of politicians. A senior official or politician perceived as corrupt or gravely implicated in conflict of interest involving use of public office or influence to promote private interests apparently inconsistent with public:

a. has no moral authority when calling for honesty and professionalism;

b. is unlikely to be supported strongly by honest civil servants - especially as to turning in those they know or suspect to be corrupt.

Similarly, public support for government programmes - financial aspects of user participation - is unlikely to be high or sustained if high level corruption or conflict of interest are believed to drain off contributions to resources directly or indirectly even if they are initially posted to local unit budgets. Therefore civil service reform and enhanced community support for public service provision (or for that matter acceptance of improved tax collection for service provision) are closely linked to radical reduction in and high profile condemnation of/action against the corruption of greed and to both transparency of and limits to the private transactions of public servants and politicians.

13. Both Tanzania and Uganda have serious real and publicly perceived problems in respect to the corruption of need and of greed and to conflict of interest and substantial material assembly and press pursuit of believed (not always accurately) examples. They have come to these similar positions by rather different roads:

a. Uganda has always been marked by severe conflicts of interest by political leaders with frequent suspicions or clear cases of overt corruption and greed corruption became deep-rooted during the declining income/declining state legitimacy eras of 1971-85. In 1978-81 and to a significant extent subsequently magendo (parallel market quasi monopolist, force using, state buying) businesspersons dominated the economy and brought up or scared off state functionaries. By 1985 the typical government transaction was believed to involve substantial to total purchases of "air" - the Ugandan name for corrupt payments by the state presumptively backed by a kickback bribe to the air procuring officer.

b. Tanzania to the end of the 1970s had a more honest public service with real but limited in extent and degree corruption of semi need (or petty greed). Corruption at high levels was usually trivial (unwise acceptance of gifts) or isolated. Bars on private business activities by public servants and politicians - while never watertight - limited conflict of interest. Both President Nyerere and the public were very anti-corruption and transfers/demotions/droppings related to evidence of corruption and a more limited number of prosecutions gave credibility to the public pronouncements.

However, with the erosion of real emoluments in the 1980s coping based petty corruption became endemic and instances of high level corruption and of (then illegal) conflict of interest business ventures by leaders became more frequent. Over 1990-1994 high level corruption was perceived to become systematically dominant. The public, substantial numbers of institutions and publications and both government party and opposition political leaders raised an outcry against it which in a sense dominated the presidential election of 1995.

14. Both Uganda and Tanzania have strong public animosity to types of coping viewed as anti social and a certain resigned tolerance of ones viewed as resulting from need and 'necessary' if services are to be delivered at all. Thus 'tuition' is vehemently attacked whereas tutoring is not because the former involves denial of access to the full syllabus to children of poor families while the latter provides genuinely extra revision and exercises for those of rich families. Similarly in Uganda (as in Tanzania) charging of 'fees' by nurses, often related to their perceptions of patients' economic status is not strongly condemned but public service doctors' private clinics believed to be stocked with government provided drugs and staffed with public medical service personnel during their supposed public service time are targets of more criticism. Tanzanian private practice is on the whole viewed less critically because it is usually perceived as being additional to and not dependent on siphoning resources from the public system which does in fact appear to have more effective clinic and district hospital official channel delivery of drugs to patients than pertains at District level in Uganda.

15. Higher emoluments provide an opportunity to reinstitute discipline:

- a. on attendance at workplace
- b. on attendance to work
- c. on proper accounting for user fees
- d. on use - abuse - loss of government property.

To succeed these efforts need to be systemic - backed and kicked off at the top political level, preplanned by the Public Service Department, set in motion and carried out on a sustained basis by all government employment units. Backing by updated standing orders and ministry/department/district procedural guidelines could also play a substantial role.

16. Egregiously socially damaging privatised user charges - e.g. 'tuition' - should be banned and penalised at once. For low pay public servants, at least until true living wages can be paid, less damaging or neutral ones should perhaps be substituted for by organised user supplements to public service income, e.g. labour time toward crop growing and housing repair provision of rental housing in villages, contributions of household maintenance, materials and food - particularly in rural areas - for nurses and primary school teachers.
17. Additional income earning activities which are not socially harmful, are outside working hours and off workplace should - at least for the time being - be allowed but should be compulsorily registered to provide both data and the opportunity to block cases in which conflict of interest (not very likely at sub-professional level) exist.
18. Because the coping/corruption of need nexus this level is over 25 years old in Uganda and over 15 in Tanzania, the correction process will take time. That is a reason to start promptly. To date, Tanzania has done more planning and - perhaps - initial enforcement in this field but without an overall strategic plan or detailed guidance to employment units and also with low publicity. The failure of a high profile 1994 campaign - before substantial pay increases and at the point at which public belief in there being generalised high level corruption was at peak levels - has perhaps deterred trying again but with real pay boosts and a much cleaner political image a renewed campaign could well be much more successful.
19. High level corruption has aroused intense public fury in both countries. The perceived peaks of such corruption in Uganda were in 1979-80 and the mid 1980's and in Tanzania over 1992-1994 or 5. Judging from the independent press and non official observers both frequency and perceptions of such corruption have declined but are still viewed as unacceptably high by the public and by the governments. Tanzania's is perhaps more vocal, more ready to discipline political leaders for the appearance of corruption and more concerned with enhancing the effectiveness of a - to date - neither very effective nor

highly regarded - specialised anti corruption unit. The public accounts and special tax concessions (published in the Gazette) are also rather more transparent. In Uganda at least some of the attempts to expose what are said the cases of corruption - both largely proven and alleged - appear to be the result of political rivalry which is perhaps not a satisfactory overall vehicle for the purpose.

20. Elements toward a strategic corruption reduction and penalisation could include:

- a. much greater transparency of public accounts at all levels;
- b. stronger Audit Officers and parliamentary Public Accounts Committees;
- c. criminal prosecutions in at least a number of cases at all levels if (and only if) adequate evidence for conviction exists with the corrupted and the corrupter normally being jointly charged and tried;
- d. made practicable by strengthening investigatory and prosecutorial capacity whether within the policy force, the Attorney General's Chambers or an autonomous agency;
- e. creation of civil offences in the corruption area which would allow collection of restitutions and forfeitures and demotion or loss of office but not imprisonment with the advantage that the lower (balance of probabilities) civil law burden of proof would be adequate. For corrupters the penalty of banning from government contracts for a period might be useful as might "compounding" (paying restitution and a penalty but avoiding criminal prosecution) analogous to that in respect to underpaid or evaded customs duty.

21. However, neither laws nor institutional structures will be adequate unless both the core of the political establishment and a large fraction of the public give it high priority and believe progress is possible. The priority condition is met in both countries; there may be dangerously high levels of cynicism as to practicability.

22. Conflict of interest poses the most intractable problems - especially in Uganda where substantial businesspersons in politics or substantial investment links between senior politicians and major business groups or tycoons are apparently more frequent. What is striking is that neither country has conflict of interest rules or procedures for either

politicians or public servants. At political level independent Uganda has never had these while those for public servants eroded - especially from 1971 - from the no outside income rubric of the colonial service. Tanzania has - to some extent - kept the rules on limited outside economic activity by public servants e.g. a Permanent Secretary of Health who invested in and participated in the management of a for profit clinic or hospital (however honestly) would be required to relinquish one or the other. In the case of politicians, however, a vacuum has been created by the revocation of the Arusha Declaration ban on private economic activity (with fairly limited exceptions) by leaders. The currently relevant issue is not whether politicians (especially office holders) should be allowed to have business interests, but within what guidelines, disclosure requirements and monitoring frame. Certainly most OECD member policies do have such frames. The role of conflict of interest "crony capitalism" cases in the 1997 economic implosions in Thailand, Indonesia, South Korea and Japan suggests such frames are prudent to avoid quite real policy and resource allocation distortions.

23. Setting out principles for guidelines - e.g. avoiding the reality or appearance of public policy advocacy or decision being influenced by personal economic interests - is simple. Articulation - including by context, e.g. the rules for an unpaid, limited influence District Council member and a (central government) Minister presumably should differ - is much less so. None of the existing national systems of guidelines, regulations and enforcements in SSA or globally appears to be wholly satisfactory, but many appear do have useful elements. A possible first step would be **Presidentially appointed Commissions** (with a minority of politicians and public servants) to review the present position and alternatives practised elsewhere. On this basis it could submit a report for public and parliamentary hearings.
24. As noted initially the point is not that political corruption and serious conflict of interest problems have been caused (or can be cured) by public service pay levels. Rather it is argued:
 - a. persons suspected of corruption/conflict of interest have little credibility in calling for or enforcing probity in the public service;

- b. governments suspected of substantial corruption or conflict of interest are likely to face more resistance to and/or evasion of taxation;
- c. while by no means 1:1 correlated there are relationships from corruption/conflict of interest to:
 - i. social and political tensions and disorder eroding political legitimacy and economic performance, as well as
 - ii. lowering the allocational efficiency and value for payment levels of public expenditure.

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