

DISCUSSION PAPER **386**

The Political Economy of Governance Reforms in Uganda

Mark Robinson
May 2006

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Mark Robinson

Abstract

This paper presents three cases of successful governance reforms in Uganda, highlighting the political and institutional factors that explain the different trajectories of implementation, as well as features they share in common. Despite variations in content and focus, the governance reforms examined here were designed to promote structural changes in state institutions and change the incentives that shape the behaviour of state actors.

The three cases of governance reform – civil service reform, the creation of a semi-autonomous revenue authority and anti-corruption agencies – share a number of common features. First, they all followed a similar trajectory in their implementation, achieving a degree of initial success that was then gradually undermined. Second, the institutional features that appear to account for that initial success – strong political support to technocratic or bureaucratic elites with some degree of insulation from political and societal interests – also help explain why such reforms are susceptible to a process of unravelling. Third, the main explanation for the loss of reform momentum (or even reversal of gains made) lies in the imperative of preserving the institutional foundations of neo-patrimonial politics.

All three governance reforms considered here achieved a degree of initial success: civil service reform succeeded in downsizing and rationalising the bureaucracy; the revenue authority achieved increased tax revenues; and anti-corruption efforts led to the creation of a series of institutions charged with responsibility for identifying and prosecuting those engaging in corrupt practices. However, in each case, the momentum of reform has not been sustained.

The evidence presented here suggests that design flaws and the failure to anticipate political motivations have created opportunities for patrimonial behaviour that has in turn undermined the early success of Uganda's governance reforms. Failure to sustain the momentum of governance reforms may have an adverse impact on wider achievements in relation to economic recovery, poverty reduction and political stability, as the political prerogatives of regime maintenance prevail over pragmatic developmental goals.

Keywords: governance; reform; civil service; taxation; Uganda.

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Abbreviations

AG	Auditor general
ARS	Administrative Reforms Secretariat
CRC	Constitutional Review Commission
CSRP	Civil Service Reform Programme
DEI	Directorate of Ethics and Integrity
DPP	Department of Public Prosecutions
GDP	Gross domestic product
IG	Inspector general
IMF	International Monetary Fund
IoG	Inspectorate of Government
MOFPED	Ministry of Finance, Planning and Economic Development
MPS	Ministry of Public Service
MTEF	Medium-Term Expenditure Framework
NRM	National Resistance Movement
PAC	Public Accounts Committee
PEAP	Poverty Eradication Action Programme
PSRRC	Public Service Review and Reorganisation Commission
UPE	Universal Primary Education
URA	Uganda Revenue Authority

Executive summary

This paper presents a case study of successful governance reforms, highlighting the political and institutional factors that explain different trajectories of implementation as well as features that they share in common. Specific reform initiatives in Uganda are examined in the wider context of economic and governance reforms in the 1990s for illustrative and comparative purposes. Despite variations in content and focus, the governance reforms examined in this paper were designed to promote structural changes in state institutions and change the incentives that shape the behaviour of state actors.

The three cases of governance reforms in Uganda surveyed in this paper – civil service reform, the creation of a semi-autonomous revenue authority, and anti-corruption agencies – share a number of common features. First, they have all passed through a similar trajectory in their implementation, in which initial success in achieving a number of key objectives has been gradually undermined, resulting in a loss of momentum or reversals of gains. Second, the institutional features that appear to account for initial success also help to explain their susceptibility to a process of unravelling, namely strong political support to technocratic or bureaucratic elites with some degree of insulation from political and societal interests through the creation of specialised, semi-autonomous agencies responsible for reform implementation. Third, the principal explanation for stalled reform or reversals lies in the imperative of preserving the institutional foundations of neo-patrimonial politics.

Initial success was evident in a number of outcomes. Success in civil service reform resulted from downsizing and rationalizing the bureaucracy, reflected in a reduction in the number of civil servants and ministries. In the case of the revenue authority the key achievement was increased tax revenues. The main result of anti-corruption efforts has been the creation of a series of institutions charged with responsibility for various aspects of this work, but with modest success in prosecuting civil servants found guilty of corrupt practices. And yet in each case the momentum of reform has not been sustained. The objective of a minimum living wage for civil servants is far from being realised and the bureaucracy is once again expanding, increasing the budgetary share of public administration. The rate of growth in tax revenues has flattened out and corruption in the tax authority has sharply increased. The institutions responsible for coordinating the government's anti-corruption efforts lack resources and capacity, in turn undermining their effectiveness. The legitimacy of these institutions has come under question in the face of a low rate of level of prosecutions and the failure to check large-scale corruption by senior political figures. The evidence presented in this paper suggests that design flaws and the failure to anticipate political motivations have created opportunities for patrimonial behaviour that has in turn undermined the early success and promise of Uganda's governance reforms. The failure to sustain the momentum of governance reforms may impact adversely on Uganda's wider achievements in terms of economic recovery, poverty reduction and political stability, as the political prerogatives of regime maintenance prevail over pragmatic developmental objectives.

The lessons arising from the Ugandan experience may well have broader implications for the design and implementation of governance reforms in comparable political environments elsewhere, despite the uniqueness of Uganda's no-party Movement system. Political commitment and donor support were integral to the early success of governance reforms. High-level political commitment is clearly an essential pre-requisite for initiating reform, but this simultaneously presents a potent source of vulnerability in a political culture with a powerful legacy of authoritarianism and personal rule. When political priorities change and the politics of regime maintenance prevail over constructive state intervention, the sustainability of successful reforms becomes increasingly problematic. Operational autonomy for institutions responsible for implementing governance reforms is a sound design principle but it is susceptible to political manipulation. Excessive autonomy can lead to problems of agency compliance and create distortions in public sector pay and benefits. But current forms of operational autonomy for the revenue authority and anti-corruption bodies provide inadequate insulation from political predation. These bodies are insulated from societal

influence by virtue of their status and mandate, but this limits the oversight and accountability functions exercised by the legislature and civil society.

The Ugandan experience raises a key challenge for adherents of reform: what kinds of political institutions, incentive systems, and institutional design features sustain successful governance reforms? The personal commitment of a political leader like President Museveni cannot be assured over an extended time period, and governance reforms require a broader political constituency to ensure their sustainability. A more active and engaged civil society would help to engender greater accountability on the part of top bureaucrats and political leaders. In theory, a more competitive party system should provide opportunities for greater deliberation and oversight of reform implementation. But until recently, the narrowing of the regime's support base, ongoing controls on the activities of civil society organisations, and the limitations on competitive party politics ran counter to this possibility. It is also possible that multi-party democracy, which was endorsed by the pPresident following a favourable referendum outcome in July 2005, may deepen rather than erode patrimonial politics as newly mobilised constituencies seek to access the benefits that were formerly the exclusive preserve of politicians and officials associated with the Movement. Restoring the legitimacy and capacity of state institutions will be a major challenge under conditions of enhanced political competition, in which autonomy and insulation are balanced by effective accountability and oversight to prevent further loss of reform momentum.

1 Introduction

Uganda is widely acclaimed as an African success on account of achievements in macro-economic reforms, poverty reduction and political stability, following years of civil war, economic decline and worsening poverty. Progress on these fronts was accompanied by a succession of governance reforms, ranging from an ambitious programme of civil service restructuring, the creation of a series of semi-autonomous public agencies, reforms in public expenditure management, decentralisation, innovations in service delivery, and legal and institutional measures to combat corruption. These achievements are commonly attributed to the personal commitment of President Yoweri Museveni, a dedicated core of technocrats in the Ministry of Finance, and the Movement system of no-party politics.

Despite variations in content and direction, the management and implementation of governance reforms in Uganda are considered to be a function of political commitment, technocratic insulation and organisational autonomy. The personal commitment of President Museveni to improving governance in Uganda facilitated the introduction of reform initiatives; responsibility for designing the reforms was vested in the hands of a small technocratic elite in key government departments, while autonomy was vested in arms-length agencies and secretariats responsible for implementation. These mirror the institutional ingredients that account for the successful implementation of the economic reform agenda, centring on the Ministry of Finance, Planning and Economic Development (MOFPED), with strong presidential backing and high levels of capacity and insulation (Harvey and Robinson 1995). On a wider plane, they are also considered to be central institutional features of successful developmental states in East Asia, reflecting a deliberate attempt to cultivate comparable institutions in the Ugandan context (Piron and Norton 2003).

These institutional characteristics are commonly thought to explain the early success of governance reforms in the 1990s. But the technocratic assumptions underlying this interpretation are inadequate in explaining the subsequent slowing of reform momentum and the difficulty in sustaining positive outcomes. Uganda's trajectory of early success followed by steady decline cannot be explained by the design of formal institutions alone without reference to the underlying pattern of politics and informal institutional arrangements reflected in the changing character of the political regime, the influence of patrimonialism, and the nature of incentives for reform. The absence of durable connections between the state and society in the form of active political parties and an engaged civil society may be a factor in explaining both the initial success of the reforms and their failure to take root and persevere (Goetz 2005).

This paper forms part of a series of case studies of successful governance reforms, which highlight the political and institutional factors that serve to explain different trajectories of implementation as well as features that they share in common.¹ Specific reform initiatives in Uganda are examined in the wider context of economic and governance reforms in the 1990s for illustrative and comparative purposes.² Despite variations in content and focus, the governance reforms examined in this paper were designed to promote structural changes in state institutions and change the incentives that shape the behaviour of state actors in order to improve the quantity and quality of public goods and services (Campos and Pradhan 2004). These include civil service reform, reforms in tax administration, and anti-corruption agencies, and are among the most significant areas of reform in Uganda. These reforms share the common objective of strengthening the capacity of the state to

1 The overall study is commissioned by the Poverty Reduction and Economic Management (PREM) Network of the World Bank. The other case studies are of governance reforms in Brazil and the Indian states of Andhra Pradesh and Karnataka.

2 The data for this study derive from 40 interviews with government officials, donor representatives and academics in Uganda in March 2004, together with documentation on the three areas of reform addressed in the paper.

exercise authority and improving accountability in the acquisition and exercise of that authority. While these three areas of reform were central to the government's agenda, they also formed part of a standard package of governance reforms adopted by other countries in the 1990s, often with financial support from the World Bank.

Most successful examples of governance reform indicate that positive outcomes are achieved when committed political leaders are supported by capable technocrats who act with considerable autonomy from organised interest groups. Variations in the pace and sequence of governance reforms are explained by: the pattern of formal and informal political institutions that shape incentives and determine the level of risk facing political actors; the nature of connections between state and society through which compliance is secured; and the ways in which institutions and networks create incentives to support or resist reform (Goetz 2005).

Success is understood in terms of achieving and sustaining the objectives of reform initiatives, whether through building administrative capacity, improving managerial efficiency or strengthening public accountability. Successful outcomes cannot easily be captured by robust macro-level indicators of performance, and it is difficult to attribute governance reforms to clear and unambiguous evidence of impact. It is possible, however, to distinguish between reforms that result in the creation, abolition or restructuring of formal institutions (such as an independent tax authority and anti-corruption agencies, the closure of parastatal agencies, and mergers of line ministries), and the more immediate outputs of governance reforms, using indicators such as improvements in tax revenues, number of indictments and prosecutions of civil servants, and the size and cost of the civil service establishment.

Success would also be evident in efficiency gains resulting from institutional reforms that seek to improve administrative and managerial practices, reflected in improved service delivery or tax collection, but it is difficult to measure such outcomes and attribute these to particular reform initiatives using available data. Hence, the emphasis in each of the reform cases surveyed in this review is on institutional innovation, effectiveness in terms of achieving reform objectives, more immediate outputs, and their sustainability over time. Overall impact in terms of improvements in government performance, accountability and probity can be ascertained with reference to some available data, but these do not provide firm and unambiguous evidence of success in each of the reform areas under review.

While the main focus is on domestic political factors, a discussion of governance reforms in Uganda would not be complete without reference to the considerable influence exerted by aid donors. Foreign aid accounts for 52 per cent of the government's budget, and all three reform initiatives under review received significant infusions of donor assistance. Policy initiatives are usually instigated with the technical and financial support of donors, who exert considerable influence over the content and speed of reform. Early success is strongly associated with the depth and persistence of donor support. The sustained support of foreign aid donors also finds reflection in the political domain, with the majority evincing strong and consistent diplomatic support for President Museveni, but with increasing reservations over the pace of political reform. The government's success on the macro-economic front and in poverty reduction have made donors wary of adopting a more critical stance over its record on democracy, human rights and corruption.

2 Politics and governance reforms in the 1990s

The National Resistance Movement (NRM) constructed a broad-based alliance on coming to power in January 1986. The government brought together a range of representatives from different political parties and members of different ethnic and religious groups in an effort to overcome the historic divisions that served as the root cause of endemic conflict.

Many prominent Ugandan exiles were invited back to serve the country in advisory positions. Political parties were constrained from operating freely in the no-party system of Movement politics on the grounds that they had contributed to the problems that had wracked the country under previous governments. The constitution was created through an extended process of consultation that lasted over two years, and was formally endorsed in 1995 by an elected national assembly. Under the constitution, all Ugandans are members of the Movement and as such, elected politicians serve as individuals and not as representatives of political parties in the country's legislature. Electoral competition is permitted, with candidates standing as individuals rather than as party representatives. Decentralisation provides opportunities for contestation at lower levels of the political system.

Despite ostensible commitment to democratic politics, the Movement did not retain its broad-based and inclusive character. Over time, the Movement has gradually consolidated its power around a group of former resistance army 'historicals' with personal, ideological or family ties to President Museveni. The political base of the NRM has narrowed as key members of the government have resigned in protest over the increasingly personalised style of politics and flagrant corruption in ruling circles. Ugandans with strong kinship roots in the west of the country account for a disproportionate share of top political positions and civil service appointments. Having come to power with the intention of eliminating ethnic and religious considerations from political life, kinship, family and regional affiliations increasingly predominate over the ideological posture that motivated the Movement at its inception. These features of the contemporary Ugandan political landscape, combining personalised rule, patronage and clientelism, increasingly resemble those associated with the neo-patrimonial politics that is common in other African states (Hickey 2003: 32–7).³

Tendencies towards the re-emergence of patrimonial politics as the Movement's support base has contracted have been accompanied by growing demands for the restoration of multi-party democracy, both from the opposition and from reformists within the Movement. A national referendum held on the question of multi-party democracy in July 2005 produced a strong majority in favour of opening up political competition, which was accepted by the president. Prior to the referendum, the Ugandan Parliament approved the lifting of presidential term limits, allowing President Museveni to run as a candidate in the 2006 elections.

Despite controls on political party activity, the Movement has repeatedly stated its commitment to good governance since its inception. Governance reform featured as a major element in the Ten-Point Programme developed by Museveni during the struggle against the Obote II regime. In particular, the programme singled out the elimination of corruption, decentralisation of power, and democracy as key objectives for a future government. While other aspects of the programme relating to the management of the economy were watered down or abandoned following the decision to opt for wholesale economic liberalisation from the late 1980s, governance reform continued to inform President Museveni's political agenda.

Political commitment to reform was evident in the early move towards decentralisation in the late 1980s, when the resistance councils created in the areas under the liberation forces became the cornerstone for the five-tier system of local councils. Local councils were established from the village to the district level on the basis of an elaborate system of direct and indirect elections, and provided with an increasingly significant share of the national budget (Francis and James 2003).⁴ Government spending on primary health and education is now routed through district governments, which have taken on the responsibility for recruiting and paying the salaries of medical staff and teachers. One-third of the budget is

3 A detailed exploration of the politics of the Movement and neo-patrimonialism is beyond the scope of this paper. For references, see Mamdani (1996); Chabal and Daloz (1999).

4 Fiscal transfers to local governments accounted for 27 per cent of the national budget in 2002/03, and 52 per cent of the recurrent budget. Approximately 10 per cent is in the form of unconditional grants, the rest for earmarked purposes. (Data supplied by the Decentralisation Secretariat, Government of Uganda, March 2004.)

now administered by district administration, leading some commentators to conclude that this is a clear case of success in that it confers developmental benefits while advancing the Movement's political project (Kjaer 2004).

Another important area of governance reform is public expenditure management, in which a series of institutional arrangements have been put in place with donor support to manage the budget process and monitor public spending commitments under the aegis of the Ministry of Finance, Planning and Economic Development. These centre on the Medium-Term Expenditure Framework (MTEF) to maintain public expenditure commitments within manageable limits, and the government's Poverty Eradication Action Programme (PEAP), which sets out expenditure priorities in line with policy commitment to poverty reduction and public services.

Three governance reform initiatives are singled out for particular attention in this review: the restructuring of public administration, the creation of the Uganda Revenue Authority, and a range of anti-corruption initiatives. In each case there is well over a decade of experience of implementation from which lessons can be derived, and there is a considerable amount of documentation available on each initiative. They also offer insights on different institutional arrangements for governance reform, ranging from structural reforms in public administration, the creation of a semi-autonomous agency for tax collection, and institutional and legal measures to combat corruption.⁵

3 Civil service reform: the politics of bureaucratic restructuring

3.1 The reform context

Civil service reform is one of the most visible and protracted areas of governance reform in Uganda. The Civil Service Reform Programme began soon after the NRM government came to power in 1986 and has continued under various guises to the present. The most radical initiatives were implemented in the late 1980s and early 1990s as part of the structural adjustment package, with an emphasis on cutting costs through downsizing and rationalising the bureaucracy. This was accompanied by the monetisation of benefits and improving incentives through pay reform, along with measures to improve the efficiency of the civil service through functional reviews and ministerial mergers. In the latest phase of reform, the emphasis has shifted to enhancing performance through results-oriented management with consolidation of pay and pension reforms. This provides a canvas for more than 16 years' of civil service reforms that offers important insights for understanding the political and institutional factors that shape successful implementation.

Uganda's civil service in 1986 was bloated, highly corrupt and inefficient. It was incapable of performing basic service delivery or policy implementation functions. Many civil servants did not turn up for work as rates of pay were nominal and most had other sources of income to meet basic needs.⁶ There were a large number of 'ghost workers' on the government payroll who either did not exist or were deceased. Bribery was rampant. The disastrous state of the civil service was the product of years of political strife and civil war, which contributed to economic chaos (Langseth 1995).

5 There is also some degree of complementarity with case studies of governance reforms in Brazil and India, which would allow for some measure of comparative insight, especially with regard to reforms in tax administration (Brazil) and institutions to strengthen government accountability (Karnataka and Andhra Pradesh in India).

6 The pay for civil servants in the late 1980s averaged US\$10 per month, with teachers receiving just US\$3 (Kiragu and Mukandala 2005).

The most pressing challenge facing the NRM government was to re-establish the foundations of a functioning civil service. The recognition of the need for stabilisation and structural reforms in the economy focused policy attention on budgetary outlays, and by extension the size, composition and functions of the civil service. The president gave his personal backing to the formation of a Public Service Review and Reorganisation Commission (PSRRC) in early 1989, which was charged with reviewing the structure and functions of the civil service.⁷ The report, which was completed in September 1990, provided the blueprint for the government's civil service reform agenda over the course of the ensuing decade. Its wide-ranging remit covered the performance of the civil service, work methods and probity, accountability, value for money, corruption and its relationship to the NRM (Langseth 1995). The government deliberated the report over a two-year period, finally endorsing its recommendations through the National Resistance Council in 1992.

The key recommendations of the PSRRC were as follows: restructuring and downsizing of ministries and agencies; retrenchment and voluntary redundancies of civil servants; progressive salary enhancements and monetisation of benefits; introduction of improved personnel management systems; and strengthening government capacity to implement the reforms. The Uganda Civil Service Reform Programme (CSRPF) received political approval in May 1993 and was launched with World Bank loan support. Its overall goals were to improve the efficiency, accountability and performance of the public service through an interlocking series of reforms. A semi-autonomous Civil Service Reform Secretariat was formed to manage the change process, staffed by expatriate advisers and government technocrats who received salary increments by way of performance incentives.

The implementation of the reform agenda began with the merger of the Ministries of Finance and Planning and Economic Development. The number of ministries was reduced from 38 to 21 in 1992 through a series of mergers and closures. A radical downsizing plan was prepared with the objective of reducing the total public service to 150,000 by 1995 through elimination of 'ghost workers', the abolition of the group employee scheme (for temporary, non-pensionable casual staff), a voluntary retrenchment scheme and a selective freeze on recruitment (Langseth 1995). These measures were accompanied by large-scale military demobilisation. Non-salary benefits for most civil servants in the form of vehicles and housing were monetised, though allowances were retained for top officials. There was a series of across-the-board salary enhancements in the early 1990s, followed by selective increases for particular categories of staff thereafter with the intention of achieving the objective of a minimum living wage by 1996.⁸ Substantial donor funding was provided for technical assistance and voluntary severance packages for civil servants and soldiers.

From the mid-1990s, policy attention focused principally on pay reform with the ultimate goal of paying public servants living wages, with further voluntary retirement schemes for civil servants. A new Public Service Reform Programme was launched in 1997 with the aim of reviving reform momentum. In July 1998, pay reform was designated as one of five national priority programme areas. The recruitment freeze was lifted in December 1998, largely to accommodate the need for large-scale recruitment of teachers for the Universal Primary Education (UPE) programme launched the previous year, and to hire in new staff where shortfalls had emerged.

7 The critical role of the president in providing the political impetus for reform is confirmed in an official document published by the Ministry of Public Service in 1997, which states: 'Uganda has made considerable progress in its move towards a more efficient public service. This has been largely due to the strong political support for the [Civil Service Reform Programme] from the President and the highest levels of government. Political support has been essential to implement some potentially very unpopular, but necessary, reforms, particularly the downsizing of the civil service.' (Cited in Harrison 2001: 667).

8 For an exhaustive listing of the various reforms enacted between 1989 and 2001, see Kiragu and Mukandala (2005: 257–64).

Current reform efforts centre on results-oriented management as a means of generating efficiency reforms and payroll and pensions reform. A payroll cleaning exercise was initiated to regularise and improve the efficiency of salary payments for public servants, along with the creation of an integrated personnel and payroll system. This was designed to reduce salary delays and prevent unauthorised payments and irregularities through computerisation of the payroll. Pension reform centres on the introduction of a new contributory system in which public servants are expected to invest 10 per cent of their salaries. The latest initiative is a Capacity and Performance Enhancement Programme, envisaged as a demand-driven approach in which individual departments can submit bids for capacity-building initiatives that are funded on a competitive basis.

In many respects the Ugandan Civil Service Reform Programme shared many of the standard features of similar initiatives in other parts of Africa. But what distinguished the Ugandan programme from most of its comparators was sustained political commitment at the highest level. This commitment was evident in the creation of the presidential commission to investigate the reforms, followed by a period of extensive deliberation before the reform programme was officially launched. The decision to initiate the reforms was the product of a careful political calculus in which the potential efficiency gains were balanced against the risk of potential opposition from vested interests within the civil service. President Museveni was strongly supportive of a reform agenda for both technical and political reasons: the pressing need to rebuild the state apparatus in pursuit of the NRM's political project, and to weed out civil servants appointed under the Amin and Obote regimes who could serve as a potent source of opposition to reform and thus undermine progress on other fronts.

3.2 Impact of the reforms

Uganda's Civil Service Reform Programme in the 1990s was widely regarded as being among the most successful in sub-Saharan Africa. Following continued expansion of the public service sector from 298,000 in January 1988 to 320,000 in August 1992, the government succeeded in halving this number to 160,000 by 1995. The size of the military was reduced from 90,000 to 50,000. The number of ministries was almost halved from 38 to 21, with ten permanent secretaries retrenched or absorbed into merged ministries. There was some progress in pay reform with three successive salary increases amounting to 43 per cent in 1991/92, 85 per cent in 1992/93 and further increments in 1993/94 (Langseth 1995; Kiragu and Mukandala 2005: 266).

Most of the successes in civil service reform were registered in the five-year period from 1992 to 1997. Halving the size of the civil service proved relatively easy, since it was possible to achieve significant reductions through elimination of non-existent staff and those who had reached retirement age, and offering incentives through a generous voluntary retirement scheme largely financed by aid donors and higher salaries. The trade unions were unable to prevent large-scale redundancies of group employees in the downsizing initiative of the early 1990s, largely because this category of casual staff was not unionised. Resistance to government efforts to reduce the numbers of public servants was undermined by attractive severance packages (Harvey and Robinson 1995: 15). Many of those retrenched from the civil service already had access to other sources of income. Moreover, there was little public support for the pay demands of civil servants on account of perceptions that they were a corrupt and self-serving elite. Decentralisation has steadily reduced the number of civil servants in the core line ministries, which further reduces their visibility and political significance.

Since the late 1990s, the momentum of the reform process has slowed. Compared to the early success in downsizing the civil service, the results in terms of pay reforms and efficiency gains were much less impressive. The presidential commission's target of achieving a minimum living wage for civil servants by 1996 was not achieved.⁹ Public sector

salaries remain well below the private sector despite progressive salary increases, averaging 42 per cent of comparable jobs in the market. These differentials are even higher for specialised technical and professional cadres such as accountants, lawyers and doctors, and contribute to growing problems of recruitment. The government wage bill currently stands at 4.9 per cent of gross domestic product (GDP), well below the average for sub-Saharan Africa of 6.5 per cent of GDP (Kiragu and Mukandala 2005: 281).

Consultants were engaged by the government to advise on a pay reform project in 1998. They recommended benchmarking of salaries at 75 per cent of comparable private sector levels, a reduction in the compression ratio between the highest and lowest-paid civil servants from 34:1 to 20:1, reduction of public service employment to affordable levels, and the introduction of a unified service-wide salary structure. The recommendations were subject to disagreements between MOFPED and the Ministry of Public Service (MPS), with the former arguing for marginal increases in the wage bill in the medium term to adhere to the terms of the Medium-Term Expenditure Framework, and the latter arguing for large annual increases in line with the objective of achieving a minimum living wage over a six-year period. In the event, the government opted for selective rather than comprehensive increases for specific categories of staff, largely for political reasons. Threatened strike action by lecturers and doctors prompted the government to award these categories of staff significant increases, along with top-level civil servants, Members of Parliament (MPs) and ministers, whose salaries were de-linked from civil service pay scales. Lower grades of the civil service were also granted pay increases from 1998/99 to 2000/01. But the salaries of middle-ranking civil servants in the technical and professional grades increased least over this period (Kiragu and Mukandala 2005).

A new pay reform strategy received cabinet approval in 2001, with plans phased over a ten-year period on account of resource constraints. Increases in total budget outlays for the public service largely reflect substantial increases in the hiring of teachers and health workers rather than any significant increases in salaries for most public servants. In practice, the government continued to resist pay increases on the grounds that more pressing political objectives assumed precedence over the pay of public sector employees, notably the UPE programme and increases in defence expenditure on account of the ongoing war in the north.

As noted by Kiragu and Mukandala (2005: 268) the lack of progress towards a minimum living wage for public servants indicates there is 'no serious commitment to the stated objectives of pay reform'. The emphasis is on recruitment of teachers and health workers to fulfil service delivery targets rather than on the pay and conditions of the service as a whole. Public servants with political influence – such as top civil servants, the judiciary, university lecturers, and officials in charge of special commissions and semi-autonomous agencies – are granted large selective increases, while the bulk of employees continue to receive modest remuneration. Public sector trade unions have not proved effective in lobbying for pay increases by virtue of their limited strength and lack of cohesiveness.

Another indication of the slowing momentum of reform is the growth in the overall number of public servants, which may have mitigated the scope for further pay increases. The overall size of the civil service has steadily increased from a low of 155,000 in 1996 to a present figure of around 218,000. Most of this growth has been in the form of large-scale recruitment of teachers for the UPE programme under the jurisdiction of district governments, which has seen enrolment levels more than double since its introduction in 1997.¹⁰ But there has also been selective growth in parts of the bureaucracy that carry political influence, combined with increases in the number of officials working in central secretariats, commissions and semi-autonomous agencies, which has contributed to a steady increase in the civil service wage bill.

9 For example, teachers' salaries rose from US\$3 in 1990, to \$12 in 1993 and \$69 in 1996, but then stagnated at this level (Kiragu and Mukandala 2005: 253).

10 According to the Permanent Secretary of the Ministry of Public Service, 3,000–5,000 new teachers are being recruited each year to meet UPE commitments.

There has been marked growth in recent years in what might be termed the political bureaucracy, comprising officials and advisers in State House (Office of the President), the Office of the Prime Minister (OPM), the Movement Secretariat, central government ministers and district resident commissioners. Several hundred officials are employed in State House, the OPM and the Movement Secretariat, performing political and administrative functions. Numerous development programmes are managed in these organs at the heart of the Movement system of no-party government. There has been a large expansion in the number of presidential advisers, currently estimated to be 72. There has also been a considerable increase in the number of autonomous and semi-autonomous agencies, secretariats and commissions, which are headed by senior-level appointees, again with allowances and support staff. Finally, the number of diplomatic missions has increased, with commensurate increases in staff and establishment costs.

The number of ministers has also grown considerably from 21 in 1995 to a current complement of 60, each commanding generous allowances and an expensive office support structure. The number of MPs has grown to 305, up from the 284 seats provided for in the constitution, partly reflecting growth in the number of districts, with the result that Uganda has the largest number of MPs per head of population in Africa. Remuneration for ministers and MPs was de-linked from civil service pay scales after the last election, resulting in substantial increases. While the total number of political appointees is not large in relation to the total size of the civil service, many are appointed at senior levels with salaries commensurate with seniority and political status. They also receive expensive vehicles and fuel allowances for official use, and employ large numbers of support staff.¹¹

There has also been a steady increase in the number of districts, from 39 in 1995 to 52 in 2002, each of which has elected and appointed officials, including the elected district chairman and a resident district commissioner appointed by the government to exercise political oversight. Each district also has a service commission and a land board in line with constitutional provisions, together with a tender board and a public accounts committee, all of which carry significant operational expenses (Van Arkadie 2003).¹²

The aggregate impact of the growth in the political bureaucracy is significant in budgetary terms, since public administration has claimed an increasing share of GDP, rising from 2.7 per cent in 1998/99 to 3.2 per cent in 2000/01. The total budgetary share of public administration (central administrative and public service ministries, departments and commissions) accounted for 20.2 per cent of the budget out-turn by 2000/01, which was greater than health (7.3 per cent) and security (14 per cent) and only exceeded by education. While the political bureaucracy accounts for only a small proportion of the public service in numerical terms, pay scales and allowances are very generous, and are striking when compared to foregone expenditure on public services.¹³ The growth in the public administration budget was a major concern to MOFPED officials who drew this to the attention of the president.

A committee was established in 2002 to advise the president on the budgetary consequences of the growth in public administration with a view to identifying possible savings.¹⁴ The committee's conclusion was that real growth in spending on public administration should be held in line with population growth in order to maintain spending on public services and

11 The number of parliamentary support staff had increased to 205 posts, almost a threefold increase since independence (Van Arkadie 2003).

12 A number of districts have appointed deputy and assistant commissioners, bringing the total of such positions to 86 in 2002.

13 For example, it is estimated that the cost of a single presidential adviser (salary plus benefits) of Ush48 million per year is equivalent to the construction of running a healthcare centre providing services to 5,000 people, while the annual costs of a minister of state would pay the construction costs of 10 primary classrooms (Mugasha, Kassami, Van Arkadie and Berger 2002).

14 Mugasha *et al.* (2002).

to reduce budgetary pressures. It was also evident that the expansion in the political bureaucracy, specialised agencies and foreign missions was largely at the expense of the policy objective of increasing the salaries of civil servants to a minimum living wage, and that large disparities were emerging between the pay and conditions of the bureaucratic and technocratic elite (top management and professionals in agencies and line departments) and ordinary public servants, creating a palpable source of resentment. However, there is little sign that the commission's findings have been heeded, with continued expansion in parts of the political bureaucracy and no evidence of reductions in the numbers of agencies, commissions or presidential advisers.¹⁵ The number of ministers and MPs remains unchanged.

The slowing down of progress in pay reforms and the untrammelled growth in the political bureaucracy since the late 1990s is the product of a deliberate political strategy. Many of the appointees to statutory and *ad hoc* commissions and autonomous agencies are known supporters of the Movement with strong kinship ties to the president's family, and were placed in positions of authority with approval at the highest political level. Such positions can thus be considered as sinecures for loyal followers, as a form of patronage dispensed in return for political support. This is especially marked in the case of presidential advisers who have a direct line of communication to State House and authority over senior civil servants but with little credibility beyond their political affiliation. The political imperative of retaining power through patronage drives the formation of new institutions and new positions in government. This serves to explain the creation of new ministerial posts to reward supporters as the political base of the Movement narrows. It also drives the trend towards political interference in recruitment in agencies with semi-autonomous status, such as the Uganda Revenue Authority (URA), with political appointees returning favours and building loyalty through their institutional connections and positions of power and influence.

Observers note that the political enthusiasm for civil service reform has diminished considerably since the late 1990s.¹⁶ Presidential support provided the impetus for reform in the late 1980s with the formation of the special commission, in sharp contrast to evident weariness with the reform process in recent years. There is a marked contrast between active presidential engagement in the reform process in the 1990s and the current situation in which the president is openly critical of the civil service. The president's intense personal involvement in decision-making was evident in the regularity of interaction with the former permanent secretary of MOFPED, in the form of several meetings and telephone calls every week, whereas contact is now much more sporadic and at arms length. This reflects a number of factors, principally the twin political imperatives of preserving the Movement system of government and finding a military solution to the civil war in the north.

Another factor shaping reform outcomes is the relative weight and influence of different ministries and agencies. The MPS plays a secondary role to MOFPED, which is very much the driving force in the reform process from the point of view of budgetary considerations. The Administrative Reforms Secretariat (ARS) was initially responsible for implementing the recommendations of the presidential commission, but now plays an increasingly marginal role in shaping the content and sustaining the momentum of the reforms. It is short of staff and resources and has little purchase in government budget priorities and consequently has no funds to pursue new strategic reform initiatives, aside from modest infusions of donor project and technical assistance funding.¹⁷ Budget and capacity constraints further limit its ability to publicise administrative reforms within the government machinery, further reinforcing its growing isolation.

15 For example, there are now an estimated 72 presidential advisers compared to 32 in 2002 when the committee's report was submitted.

16 This development was repeatedly highlighted by interview respondents in very senior positions in the bureaucracy and specialised agencies.

17 According to a senior official in the secretariat, the Ministry's submission to the PEAP did not manage to relay the strategic value of results-oriented management and pay reforms and their potential contribution to improved governance and performance.

Civil service issues are also marginalised politically. The Minister for Public Service is one of three deputy prime ministers but this does not provide leverage in an enlarged cabinet in which other political issues receive greater priority. While the head of the secretariat is located in State House, the ARS is politically marginalised. The permanent secretary of the MPS did not have a lead role in the PEAP sector working group and was not in a position to voice the priorities of the secretariat in this forum.

3.3 Implications

Civil service reform initiatives registered a significant level of success in the mid-1990s. These had strong presidential backing and produced visible results in the form of sharp reductions in the civil service payroll, improved salaries and ministerial restructuring. But it has proved difficult to sustain the momentum of the reforms for several reasons. Political attention has focused on other, more pressing issues, such as political transition and the war in the north of the country. There is greater interest in service delivery outcomes in education and health than on the structure and conditions of the civil service. Presidential enthusiasm has waned and there is less patience in attending to the demands of the civil service, reflected in the limited progress towards the minimum living wage and public statements denigrating the bureaucracy. Lack of visible and sustained progress in education and health delivery has further weakened presidential commitment.

The responsibility for driving the Civil Service Reform Programme was granted to the ARS as a semi-autonomous agency with some degree of operational independence from its parent ministry. The secretariat could also stand aside from pressures exerted by civil servants opposed to the reforms by virtue of its relative insulation from day-to-day departmental concerns. But in practice, MOFPED exercises considerable influence over reform implementation and provides the secretariat with staff and financial resources within the parameters of the Medium-Term Expenditure Framework, over which the ARS has little purchase. Organisational autonomy is in practice undermined by financial dependence and the lack of visibility at the political level.

Not only has the momentum of reform not been sustained but political compulsions have undermined some of the early achievements. In particular, the increasing share of government expenditure allocated to public administration reflects growth in the political bureaucracy and various arms-length agencies and commissions. This contradicts the government's policy objective of maintaining civil service budget outlays at current levels in real terms, and undermines the scope for increasing civil service pay in line with the minimum living wage. Aid donors have not managed to cultivate sustained commitment to reforms and have responded with *ad hoc* technical assistance to the secretariat, but this has had little effect in view of its relative isolation and lack of influence.

Failure to make progress on pay reform for the vast majority of public servants contributes to declining motivation. Large differentials between administrative grades and top civil servants, along with special treatment for senior officials in the political bureaucracy and semi-autonomous bodies like the URA, fuel resentment, undermine morale and provide a stimulus to corruption. The lack of incentives for public servants who have to cope with continuous reform initiatives and future uncertainty further runs counter to a key objective of the reform programme as set out by the 1991 presidential commission, namely the creation of a committed, responsible and results-oriented civil service, which would be better paid, more efficient, and have more effective staff (Langseth 1995). The failure to adequately incentivise the public service could undermine reform implementation across a range of government programmes and run counter to many of its wider developmental objectives. But the political commitment required to fulfil the original objectives of the Civil Service Reform Programme is very much in abeyance in the face of political compulsions with institutional manifestations that run counter to and ultimately undermine these objectives.

4 The Uganda Revenue Authority: the politics of institutional autonomy

4.1 Nature of the reform

The Uganda Revenue Authority was established in 1991 as a semi-autonomous agency responsible for tax administration. It is a governance reform in which a new institution was created to carry out a set of core functions that critically impact on the legitimacy, credibility and performance of the state. The URA case offers insights into the political determinants of institutional design and performance, demonstrating how autonomy can contribute to short-run success in terms of revenue growth but also foster vulnerability to political influence. This in turn undermines the effectiveness and sustainability of the reform process by encouraging the resurfacing of corruption and predatory behaviour.

Tax revenues were extremely low when the NRM came to power in 1986, estimated at around 2 per cent of GDP. This was the cumulative result of several factors: economic crisis, very low rates of investment, and endemic levels of corruption and inefficiency in the civil service. The decision to create a tax body separate from the Ministry of Finance was not mooted until 1990 when consultants were commissioned by the Government of Uganda with British financial support to develop a detailed proposal, which was subsequently accepted by the Ministry of Finance with the strong endorsement of the president. These formed the basis for legislation approved by parliament.

The URA's remit included tax assessment, collection and enforcement, using the legal instruments codified in Ugandan law.¹⁸ It was established with a view to improving the efficiency of tax collection as a means of increasing government revenue. By extension, increased revenue would help to reduce the fiscal debt and dependence on foreign aid resources to meet government expenditure requirements. The intention was to reduce systemic corruption resulting from collusion between taxpayers and government tax collectors, through improved incentives and administration. The model pursued for the URA was similar in form to tax agencies created in other parts of Africa, notably in Ghana and South Africa, and was heavily reliant on technical advice supplied by the International Monetary Fund (IMF) (Devas, Delay and Hubbard 2001).

The URA took over responsibility for tax collection from the Ministry of Finance, which had previously hosted various revenue departments. It brought together these various units under a single agency, providing an opportunity for greater organisational coherence and efficiency gains. It was granted operational autonomy for day-to-day affairs in return for agreed targets set by the ministry. Its semi-autonomous status meant that it was exempt from civil service rules concerning recruitment, retention, pay and conditions, and that operations could be informed by business principles. There was also an expectation that increased autonomy would reduce the scope for political interference (Therkildsen 2004).

The URA is headed by an externally recruited commissioner general (CG) who acts as the chief executive of the authority with responsibility for day-to-day management and operations. The CG is supported by two deputy commissioner generals, with responsibility for administration and revenue. The first CG was a Ghanaian expatriate with experience of revenue administration who remained in place until 1997. He was assisted by a number of other expatriate staff who in 1992 occupied six out of eight high-level positions. He was

18 Details are provided on the URA website at www.ugrevenue.com/profile.htm.

replaced by a Ugandan national favoured by the president for a four-year term. His successor was a Swedish national who assumed office in 2001. The hiring of expatriates to fill the top position in the URA was defended on the grounds that a foreigner would be relatively inured to political pressure and patronage and thus able to ensure high standards of integrity and professionalism. This was certainly the justification during the transition period and was strongly promoted by the aid donors, but its continuation in the present has come under growing critical scrutiny from the Ugandan media and parliamentarians.

Ministry staffing levels for revenue administration in 1991 numbered around 1,700. The consultants recommended a 20 per cent reduction in staffing, with retrenchment for lower level staff. This recommendation, along with the proposal that all staff above a certain level of seniority would be rehired on the basis of re-application and interviews, was not implemented, with the result that the majority of recruits to the new authority (with the exception of a number of senior appointments) were former civil servants from the Ministry of Finance. All staff were transferred to the URA on probation with a subsequent screening process which resulted in several hundred redundancies. The existing civil service nomenclature for staff positions was inherited from the parent ministry.

Salaries were radically enhanced to provide an incentives regime that would be conducive to hard work and curb rent-seeking behaviour. Aid donors provided salary top-ups that were permissible under the semi-autonomous status of the URA. In 1993, URA staff salaries were reported to be between eight and nine times higher than for other civil servants, though they were no longer eligible for the state pension scheme and lost other benefits available to civil servants. Bonuses as a percentage of salary were a potential lure when the URA exceeded tax collection targets, but this only occurred once, with a 10 per cent bonus in 1998/99. De-linking the URA from civil service pay and the desire to recruit highly motivated professional senior managers were reflected in significant differentials between the top and bottom grades, with a compression ratio of 34 in 2000 (Therkildsen 2004: 9; Fjeldstad, Kolstad and Lange 2003: 25).

The URA was therefore a very attractive place for former civil servants to be located on account of vastly superior pay and conditions, especially for senior staff who were paid at levels comparable to the private sector, despite the uncertainty of tenure on account of their contract status. While creating strong incentives for senior managers, disparities on this scale were a probable cause of discontent at lower levels and a factor in the subsequent growth of corruption in the organisation. They also provoked resentment from officials in the Ministry of Finance who received inferior pay and conditions, especially those who were not hired by the URA, who have since risen to positions of seniority in the ministry.

By 2000, the salary gap with the civil service had reduced to a differential of four to five times on account of inflation, with a further reduction of salaries since then (Fjeldstad *et al.* 2004: 25). Graduate entry-level salaries are comparable with other semi-autonomous authorities and it is only at the top level that there are significant disparities. Steady erosion of remuneration is perceived by some to reflect a deliberate policy on the part of the Ministry of Finance, provoked by jealousy occasioned by the special status accorded to URA staff.¹⁹ There is also a perception that URA salaries should not increase further until the rest of the civil service has caught up. Whatever the cause of diminishing differentials, this aspect of autonomy has become less significant over time as pay and conditions move more closely in line with civil service norms.

Commensurate with its semi-autonomous status, a relatively independent board of directors was established, chaired by the commissioner general, with representation from top officials from the Ministries of Finance, Commerce and Industry, the Governor of the Bank of Uganda, and three members appointed by the Ministry of Finance. It was charged with formulating and implementing policy for the URA and complying with directives issued by

19 Interview with former Head of IMF Mission, Kampala.

the Ministry of Finance. These conflicting responsibilities gave rise to a situation in which the board became actively involved in operational concerns of a more routine nature.

A legislative amendment to the URA statute in 1997 sought to redress this problem by making it more policy oriented and supervisory, and placing it under the direct control of the Ministry of Finance, which was granted three positions on the board. The membership was expanded to accommodate a representative of the Uganda Manufacturers Association. The role of the board shifted from an emphasis on policy direction to monitoring revenue performance, recruitment and procurement. Despite these provisions, the board remains actively involved in day-to-day operational issues, including decisions relating to the appointment of senior staff. The Ministry of Finance exercises a dominant role in board affairs and supervises the commissioner general, at times making policy decisions concerning tax administration with little consultation (Fjeldstad *et al.* 2003; Therkildsen 2004). The CG now reports to the president through a commissioner rather than the Minister of Finance, even though she is more senior in civil service status. These changes have important implications for the autonomy of the organisation.

4.2 Politics of reform implementation

The initial impact of the creation of the URA on levels of tax collection was impressive. Revenues increased from a low base of 2 per cent of GDP in 1986 to 7 per cent by the year of the URA's inception in 1991, peaking at 12.3 per cent in 1996 (Fjeldstad *et al.* 2003: 9). The subsequent share of tax to GDP ratio hovered around the 12 per cent level in the late 1990s with no current growth currently forecast.²⁰ Despite early success, the URA has consistently failed to meet annual revenue targets set by the Ministry of Finance. This pattern of initial increases followed by stagnation or decline mirrors the experience of other sub-Saharan African countries that have adopted a similar institutional model (Devas *et al.* 2001).

The slowing of revenue growth is partly explained by the erosion of institutional autonomy on account of political interference and deficiencies in the URA's governance and management structures. This was most strikingly evident in politically motivated appointments and transfers that contributed to the resurfacing of corruption and organisational inefficiency (Therkildsen 2004: 2).

One of the expected benefits of the URA's semi-autonomous status was insulation from political interests. Hiving off responsibility for tax administration from the parent ministry was seen as a device to limit politicians' direct involvement in tax affairs, as well as limiting their means of seeking preferential treatment for clients (family and kin members, friends, and supporters) in tax assessment and payment, and their ability to exert influence over appointments.

But experience over the past 13 years demonstrates that political interference has not been moderated by the URA's semi-autonomous status. There is evidence of systematic political involvement in URA affairs, especially in the form of influence over the recruitment, promotion and transfer of staff. Ministers, family members with political connections, and political advisers in State House (Office of the President) have all sought to exert influence in this manner. According to one anonymous source, 72 appointments were made for political reasons to a variety of positions in the organisation from the mid-1990s, in which influence rather than merit dictated the terms of the appointment. Many of these appointments were individuals from the west of the country, provoking allegations of ethnic bias.

²⁰ The rate of increase achieved in other African countries has been more impressive, though the prospect for further growth in revenues in Uganda is debatable. Ghana's tax revenues, for example, increased from 4.6 per cent of GDP in 1983 to 17 per cent in 1994, while in South Africa it rose from 26.8 per cent to 30.4 per cent from 1994 to 1998 (Devas *et al.* 2001: 213). Patterns of revenue growth are, of course, affected by a number of factors, including economic growth trends and changes in tax policy rather than the creation of special revenue authorities alone. Taxes were simplified through a series of legislative reforms in the 1990s, easing the task of collection (Therkildsen 2004: 6).

Recruitment procedures such as formal applications and interviews were flouted and skill requirements waived for certain appointments. Some of these were relatively junior positions for fresh graduates. Political influence was also used to favour particular candidates in transfer and promotion decisions. Other appointments were more strategic and at more senior levels; the customs and excise department was particularly favoured in view of its critical role in determining levies on imports. Politically appointed staff would be in a position to waive or reduce duty requirements or undervalue shipping consignments for patrons with influence and leverage. Officials who did not comply with political expectations were vulnerable to transfer or failed to secure promotion. Such influence was not limited to routine appointments. There was strong political lobbying for the appointment of a Ugandan as the second commissioner general. The successful candidate was the former chairman of the state-owned Uganda Commercial Bank and reportedly had good political connections and close family ties with the president. He was not recruited through an open search and interview process. On his appointment, he reported directly to State House rather than Ministry of Finance officials (Therkildsen 2004: 15).

In many ways, influence in appointments is to be expected in government agencies when patronage prevails in the political system. Insistence on a basic set of qualifications and a rigorous and transparent interview process can moderate such influence. But when appointees lack the requisite qualifications and technical skills there is an inevitable loss of efficiency. Politically motivated promotions and transfers erode incentives for regularly appointed staff and create rivalry in the organisation. The scope for corruption intensifies as jobs are treated as opportunities for rent seeking.²¹ In many ways, the form of autonomy granted to the URA appears to have enhanced the problem: 'Paradoxically, the more autonomy a revenue service has, the more it seems to attract political attention, which in turn may threaten revenue autonomy' (Therkildsen 2004: 2).

Strong political support is often claimed to be a critical factor in the initiation and successful implementation of governance reforms. President Museveni was personally very supportive of the proposal to create an autonomous revenue body and used his authority to counter ministerial and political resistance. But the president became increasingly hostile to the URA from the mid-1990s, reflected in critical comments and speeches that were reported in the media. He publicly railed against corruption in the authority and blamed URA officials for failing to defend the introduction of value added tax (VAT) in the face of strikes and protests. There was increasing recourse to the special revenue protection services under the Office of the President to enforce tax collection, who used heavy-handed methods in the form of raids on traders and confiscation of goods. The reasons for the president's increasing antipathy to the URA are not well established, but its failure to sustain increased revenues and evidence of growing corruption were undoubtedly motivating factors. These developments served to undermine the URA's credibility and sap the motivation of senior staff (Therkildsen 2004: 15). The erosion of high-level political support weakened its ability to withstand political interference from other quarters and undermined the momentum of reform.

Another ingredient of successful institutional reform is the design of management and internal governance structures. The URA's semi-autonomous status was intended to provide its management with authority and independence in decision-making as a basis for determining an appropriate mix of structures and incentives for achieving stated organisational objectives, in this case optimisation of tax collection. But senior management did not wield sufficient independence from the Ministry of Finance officials who dominated the board of governors and sought to exert influence over routine decisions concerning staffing, remuneration and administration. A highly interventionist board undermined the authority of the commissioner general and detracted attention from larger policy issues.

21 Interviewees claimed a close correspondence between politically appointed staff and propensity for corruption.

A major source of organisational inefficiency lay in the process of recruitment at the outset. The wholesale transfer of ministry staff to the newly-created URA followed by selective weeding out of non-performers ensured that the majority of staff were civil servants and that a bureaucratic mindset continued to pervade the organisation. Many unproductive staff remained in the organisation by virtue of capacity constraints.²² In particular, the scope for hiring new technical and managerial specialists was constrained by a shortage of suitably qualified graduates with finance and accountancy training. Accordingly, the new agency was created with a dearth of leadership and management skills, which contrasted markedly with the new technocratic elite being groomed in the Ministry of Finance. Recruitment of expatriates and foreign technical experts proved to be a temporary palliative, since few remained in post for extended periods of time. By the late 1990s, trained graduates with appropriate qualifications were no longer attracted by URA pay and conditions and preferred to join the private sector with its expanding opportunities. Moreover, there has been considerable turnover of staff in senior positions on account of dismissals, resignations, politically motivated transfers and, most recently, a recruitment freeze pending the results of an ongoing corruption enquiry. Consequently 8 out of 14 departmental heads are acting, often lacking the management skills and authority to effectively discharge their responsibilities. Frequent changes in organisational structures (the most recent being in 2002 with the creation of four core departments structured around the major tax heads) have weakened institutional memory and team building. Aid donors have sought to rectify capacity constraints through technical assistance amounting to an estimated \$70 million, but with mixed results.

These three problems – the erosion of autonomy, the loss of political momentum and the failure to build a technocratic cadre – are the mirror image of the factors often believed to be essential for successful reform implementation. These ingredients were present at the inception of the URA and helped to explain its early success. But these very factors result from failures in political and institutional design and expose the limits of this approach in a political context shaped by informal institutional imperatives of retaining power through patronage and personal rule. These issues are taken up in more detail in the concluding section of this paper. In the case of the URA, these problems contributed to increasing organisational atrophy and loss of reform momentum.

A chronic manifestation of this growing institutional malaise was the growth and deepening of corruption, one of the very problems that a semi-autonomous tax authority was intended to redress.²³ Although the problem was already evident by the mid-1990s, a decade later it had become chronic, pervasive and well organised (Therkildsen 2004: 10–11). There are several explanatory factors. One study of corruption in the URA found that political interference in tax administration was ranked above all other causes of corruption by staff. Inadequate pay was also a significant factor, especially for junior support and collection staff who identified this as the dominant motivation (Mwanje 2003: 99).²⁴ Political intrusion in recruitment and transfers provided opportunities for staff to solicit kickbacks for tax evasion and discretionary treatment in assessment in the knowledge that they had political protection in the event of an enquiry. Such behaviour provoked similar responses from among regularly appointed staff who often came under pressure from family members to indulge in malfeasance in return for a share of the benefits.

Pay and conditions were another contributory factor to declining performance. The falling real value of URA salaries and substantial differentials between junior and senior officials

22 One informant estimated that there would be scope for making 500 redundancies out of a staff complement of 1,800, without any loss of efficiency.

23 A detailed analysis of the problem can be found in Fjeldstad *et al.* (2003) and the survey conducted by Mwanje (2003).

24 The study was based on a sample of 159 respondents from all categories of staff. At best, the results provide an indication of perceptions, since the variations in rankings among the top four categories (political interference, inadequate pay, offers of bribes and personal greed) were not statistically significant.

were a source of resentment, leading staff to indulge in corrupt practices to maintain the lifestyle to which they had become accustomed or simply to supplement low salaries. Weaknesses in systems of surveillance and sanctions were also a contributory factor, reflected in the relatively small number of officials who were sanctioned or dismissed as a consequence of investigations. Growing concern in the media and from foreign donors over the magnitude and extent of corruption in the URA prompted the government to appoint an independent enquiry headed by Justice Sebutinde in 2002, but the report submitted in early 2004 has not yet been made public.

The main lesson of the URA experience is that autonomy *per se* does not guarantee independence or increase efficiency, confirming a growing recognition of the limitations of the enclave approach to reform (Devas *et al.* 2001). Autonomy in the absence of effective mechanisms for ensuring accountability and in a political context characterised by the dominance of patrimonial compulsions provides an inauspicious context for reform. Generous salaries can generate perverse incentives without contributing to enhanced motivation and performance on a sustained basis. Autonomy in the absence of accountability provides opportunities for political influence over appointments and transfers in response to the lure of enhanced status and superior conditions. Political influence over staffing decisions has proved to be a source of growing corruption and inefficiency, in turn undermining the early achievements of the URA experiment and threatening the fragile revenue base of the state over the longer term.

5 Anti-corruption measures: the politics of accountability

The elimination of corruption was one of the objectives of the NRM's Ten-Point Programme developed in the mid-1980s during the struggle against the Obote II regime. The problem had become endemic in the public service on account of very poor salaries and conditions and the lack of effective accountability and oversight mechanisms. The prevalence of corruption was a key consideration in the government's Civil Service Reform Programme and the creation of the URA and other semi-autonomous agencies. The aim of these reforms was to create a living wage and an ethos of efficient and transparent government, and to devolve implementation to executive agencies that could establish systems and build incentives as a means of discouraging corrupt practices.

As an integral part of the effort to combat corruption, the government strengthened existing institutional mechanisms and created a series of new institutions that were responsible for ensuring probity and integrity in the public service. Existing institutions included the Office of the Auditor General, the Department of Public Prosecutions (DPP), and the Criminal Investigation Department (CID). Years of neglect and underfunding had weakened their effectiveness and their legitimacy had become compromised by corruption and inefficiency. The NRM government sought to reinvigorate these institutions through infusion of financial resources and capacity building, largely funded by aid donors. Many legal measures were introduced in the 1990s to strengthen the mandate and powers of these existing institutions.

The auditor general's (AG) office is charged with auditing public accounts and submitting reports to parliament for scrutiny and deliberation through the Public Accounts Committee (PAC). Its reports are shared with the DPP and the Inspectorate of Government (IoG) for follow-up action and investigations. The Office of the Auditor General is a semi-autonomous body established under the constitution. The AG is appointed by the president, who has the power to remove the postholder on the grounds of misconduct or incompetence. Unlike the Uganda Human Rights Commission, there is no independent board that makes or ratifies appointment decisions. The AG has some

degree of independence in formulating a programme of work, but only to a limited extent in staff recruitment and appointments, which are largely determined by the Public Service Commission in line with other government departments. The AG's budget is submitted to MOFPED, which then proposes an allocation that is endorsed by the cabinet, subject to the constraints imposed by the Medium-Term Expenditure Framework. This is distinct from the practice adopted in other countries where the AG is funded through a direct parliamentary appropriation that does not require executive endorsement.

In the late 1980s, there were significant delays in reporting to parliament with backlogs of several years, which circumscribed the scope for identifying and acting on corrupt practices. The AG lacked qualified staff and used out-of-date methods for collecting and analysing public expenditure data. Over time, the AG was able to recruit more capable staff with accountancy qualifications and to modernise systems through computerisation and the development of modern auditing methods. The backlog of reports covering the ten-year period 1986–1996 was not tackled until the creation of a new PAC in the sixth parliament after the 1996 elections. While gradual progress was made, the PAC did not hold sessions in the run-up to the 2001 elections when parliamentary business was suspended, and this was a cause of renewed backlog. The AG reports are now produced on time (by the end of March each year) but the PAC has yet to catch up on a backlog of reports, even though it is presently reviewing two reports per year. The backlog reduces the effectiveness of parliamentary oversight, as it becomes more difficult for the PAC to recommend action and call public officials to account when the reports refer to expenditures committed in past financial years.²⁵ The PAC is also compromised by the no-party system of government, since all MPs are technically members of the Movement and the scope for detailed cross-examination of government accounts is limited.²⁶

The work of the Office of the Auditor General is hampered by a number of limitations. Despite its constitutional status, the independence of the AG is compromised both by the power of the president in appointing and removing the auditor general, and the lack of budgetary autonomy.²⁷ This provides a degree of political sanction and oversight that could be used to limit the powers of the AG. Its work is further impeded by a lack of suitably qualified staff, especially experienced accountants, and its inability to make decisions on staff recruitment and retention.²⁸ Management practices are derived from civil service norms and are incompatible with the demands of a modern and efficient audit body. The work of the AG is also held back by inadequate financial resources, on account of the strictures imposed by the MTEF and the fact that funds have not been provided for value for money audits. All these factors serve to limit the effectiveness of the Office of the Auditor General and to prevent breaches of financial regulations and ensure compliance with accounting instructions with regard to utilisation of government funds and procurement of goods and services.

25 For instance, parliament only initiated debate on the PAC's report relating to the financial year ending June 2000 nearly four years later, in April 2004.

26 It is customary for public accounts committees in most parliamentary systems to be chaired by the opposition, but in the Ugandan system this does not apply.

27 These problems were noted by the PAC chairperson in the presentation of its latest report to parliament, with strongly worded concerns about the lack of independence and insufficient resources. A draft bill submitted by the AG to the cabinet proposing changes along these lines was rejected. The Constitutional Review Commission proposed clearer and more transparent procedures for presidential action to remove the auditor general as a means of strengthening the postholder's independence and security of tenure, but without recommending the status as an independent commission as the auditor general had requested. Interview with Justice Ssempebwa, Kampala.

28 The Office of the Auditor General is able to attract young accountancy graduates as the private sector opportunities are very competitive and larger numbers are receiving professional training, but it is difficult to retain such recruits, which creates gaps in the middle level of the organisation. Interview with Auditor General, Kampala.

The PAC has made some progress in addressing the backlog of reports but there are concerns that the timetable will again be adversely affected by the run-up to the presidential elections in 2005. While it has called for action against certain accounting officers (usually permanent secretaries) by the loG and DPP, the follow-up has been slow and intermittent, with few prosecutions and limited recovery of funds.²⁹ The PAC lacks office support and clerical staff, which further reduces its potential effectiveness and ability to catch up on the backlog of reports. A further problem is that of supplementary budgets, where special appropriations are made for additional expenditures on items such as defence and public administration (including State House and other parts of the political bureaucracy) without effective parliamentary scrutiny.³⁰ It is widely recognised that the PAC is ill-equipped to deal with the scale of the problem and that it lacks political support at the highest level.

One of the key institutions created by the NRM government to address problems of corruption was the Inspectorate of Government. It was established in 1986 as an independent institution charged with promoting adherence to the rule of law in public administration and responsibility for eliminating corruption and abuse of authority and public office, reporting directly to the president. The 1995 Constitution strengthened its powers of investigation, arrest and prosecution, and increased its autonomy, requiring it to report directly to parliament rather than any individual or authority. The inspector general (IG) can only be removed from office for gross violation of power by the president on the recommendation of a special parliamentary tribunal. The IG is also responsible for implementing the Leadership Code of Conduct which was initially promulgated in 1992 and affirmed in the constitution, requiring government officials and MPs to declare their income, assets and liabilities on a yearly basis. This provision provides the IG with the powers to enforce the code and prosecute officials found guilty of corruption and abuse of public office, though legislation was not introduced until 2002. A new Inspectorate of Government Act in 2002 clarified and strengthened the powers of the IG in accordance with the provisions of the constitution. It is funded directly through a parliamentary vote from the consolidated fund.

The loG was restructured in 2001 to strengthen its work and improve its effectiveness in discharging its constitutionally mandated duties. This reorganisation took place in response to public and donor criticism of its poor record in prosecuting corruption cases and inefficiencies in its management structure. Information technology has been employed to improve its speed and efficiency in handling cases.

But the reorganisation of the loG and the strengthening of its powers through new legislation have not markedly improved the performance of the institution. Its record in identifying and prosecuting corruption cases remains poor and its legitimacy and effectiveness open to question. Judicial action on cases furnished by the loG is marked by delays and many case reports are returned as they lack essential pieces of information and evidence. It suffers from resource constraints in terms of budget, skilled staff and vehicles and office support, which impact adversely on its ability to carry out its full range of responsibilities. It has proved difficult to recruit and retain staff with appropriate skills and expertise, especially lawyers. Professional staff are employed on contract status with no pension rights, with the result that conditions are perceived to be inferior to those of regular civil servants. This feeds into a vicious circle of inadequate resources, poor staffing calibre, reduced efficiency and effectiveness, low rates of prosecution and diminishing credibility. The loG has sought to supplement its limited budget with donor funds for information technology, capacity building and strategic planning, but to limited effect.

29 One leading committee member believes that as the work of the PAC gears up and becomes increasingly up to date, accounting officers recognise that there is a real possibility that they could be embarrassed or removed from their position with the threat of prosecution.

30 Van Arkadie (2003).

Political support for the IG has also ebbed. The present incumbent is reportedly a close relative of the first lady, but this has not prevented erosion in the political status of the institution. The president no longer provides strong public support for the work of the loG. Parliament does not debate the six-monthly reports it submits. Government hostility to the loG was evident from its submission to the Constitutional Review Commission (CRC) in 2003, in which it proposed amendments designed to curb the power and autonomy of the IG. It proposed *inter alia* amendments which would: prevent the loG from investigating any matter pending before a court of judicial tribunal; remove its powers of suspension and prosecution in cases involving corruption; remove its powers to interfere with decision-making of a government department or institution; and prevent it dealing with complaints concerning the official tendering process.³¹ It also proposed to merge the Human Rights Commission with the loG. Such proposals were not heeded by the CRC, which instead called for increased powers for the loG.³² There have also been calls from senior political figures and presidential advisers for the removal of the loG's power to ensure implementation of the Leadership Code, and even for the annulment of the code, following its decision to take action against influential politicians who have refused to submit their declaration, among them a senior government adviser. The most plausible reason for diminishing political support is that the political imperative of maintaining a core support base for the Movement detracts from a willingness to tackle high-level corruption by empowering the loG and other institutions of restraint. The work of the loG is therefore undermined by a combination of capacity and resource constraints and a lack of sustained political support, which severely compromises its ability to perform its designated functions with any degree of effectiveness.

Aid donors grew increasingly restive in the late 1990s over the government's poor performance in countering corruption and pressed for a more concerted response. Concern was also prompted by several high-profile corruption cases involving close relatives of the president (Tangri and Mwenda 2001). The president reappointed two ministers who had been censured by parliament for corrupt practices, further eroding confidence in the sincerity of his ostensible commitment to tackling the growing scale and magnitude of the phenomenon. The problems encountered by institutions responsible for ensuring administrative probity and transparency, and the government's poor record on addressing corruption, came in for particular criticism from aid donors but these were largely attributed by the government to a lack of effective coordination rather than deficiencies in administrative capacity and political will. It was argued that the government was well-served by a panoply of institutions with an anti-corruption remit, but that these had overlapping responsibilities and jurisdictions and did not have effective means of working together.

The Directorate of Ethics and Integrity (DEI) was created in 1998 following a review led by the vice-president (on the recommendation of the president) to look into the functioning of existing anti-corruption bodies. The review found that there was a lack of effective coordination, which undermined the effectiveness of anti-corruption initiatives. The DEI is charged with responsibility for setting policy and standards, capacity building, monitoring and coordination across the 'accountability sector'. The creation of a central coordinating body that would report to the president was envisaged to increase its political clout and raise the profile of anti-corruption efforts in the government. Recruitment to the new body was intended to be at a high level so that it could exercise authority and engage effectively with senior government officials and politicians. It was a small organisation with just seven professional staff positions, headed by an official holding the rank of permanent secretary. It is represented in cabinet by a minister of state.

The DEI presides over monthly meetings of the key anti-corruption institutions that serve as a platform for sharing information, reporting and planning. Increasingly, it plays a

31 *Proposals of the Government of the Republic of Uganda for Amendment of the Constitution*, Kampala, 2003, September, pp. 58–63.

32 Interview with Justice Ssempebwa, Chairman, Constitutional Review Commission.

proactive role in formulating new legislation through its legal cell, which helped to draft the 2002 Leadership Code and a new Anti-Corruption Bill that received cabinet approval in December 2003.

Despite the lofty ambitions of the DEI, it has suffered from similar problems to the more specialist anti-corruption bodies. Recruitment has been very problematic with only two out of six professional positions filled, with just a single lawyer in the legal unit. No permanent secretary has been in post for over two years. Many of the problems of recruitment emanate from poor public service pay and conditions, and the disincentives arising from short-term contracts with no pension entitlement. It has also proved difficult to retain graduate lawyers who are attracted by superior pay and conditions in the private sector. The DEI also has severe resource constraints, reflecting its marginal political status and inability to attract budget commitments commensurate with its role. Budget shortfalls have been partially augmented by donor technical assistance and financial support for office infrastructure.

While officials point to some success in coordination and in preventing appointments of corrupt officials, the work of the DEI is also hampered by the poor performance of the agencies responsible for investigation and prosecution of corruption. The CID of the Ugandan police is responsible for investigation of criminal cases, while the DPP is responsible for preparing prosecution cases on behalf of the government. These agencies face similar problems to those experienced by the loG and the DEI, and the effectiveness of their work is compromised by many institutional and capacity constraints. The CID is not computerised, suffers from poor record-keeping, has limited transport facilities and lacks personnel with the appropriate forensic and legal skills. The DPP also suffers from resource constraints in the form of poor remuneration and benefits, and chronic understaffing. The problems faced by the agencies responsible for investigation and prosecution of criminal cases further undermine the government's anti-corruption efforts and are compounded in high-profile corruption cases where there is witness intimidation and lack of effective enforcement.

All these initiatives have had only a limited impact on levels of corruption. Uganda is rated among the most corrupt countries in the world by Transparency International, ranked 117 out of 133 countries surveyed for the Corruption Perceptions Index in 2003, up eight places on the previous year. Various developments have served to perpetuate and further deepen the problem. Privatisation in the early 1990s was a source of illicit gain among highly-placed government functionaries who used their connections in securing bids for state-owned enterprises (Tangri and Mwenda 2001). No-party elections fuel corrupt practices by encouraging politicians to invest considerable amounts of money in the expectation of being able to cover these outlays through returns from corruption.³³

Public perceptions testify to the scale and intensity of the problem and the relatively marginal status of anti-corruption initiatives. The 1998 National Integrity Survey, commissioned by the loG, found very high levels of corruption in agencies responsible for delivering public services, especially in the police and judiciary. The majority of respondents thought that low salaries and delays in payment were the principal causes of corruption, as well as outright greed (Ruzindana, Langseth and Gakwandi 1998).³⁴ Similar results were produced in a follow-up survey in early 2003. Two-thirds of respondents in Kampala claimed to have heard of the loG and knew about its work, but only 0.4 per cent had actually made a complaint. There is widespread knowledge of high-profile commissions of enquiry, notably the Sebutinde Commission appointed to investigate corruption in the URA, but also considerable cynicism that their findings will result in effective follow-up action. Press allegations of the corrupt business activities of senior ministers and close family members of the president further erode public confidence that the government is serious about honouring its public commitment to combating corruption.

33 'Corruption and Political Finance in Uganda', unpublished ms.

34 *Uganda National Integrity Survey 1998: Final Report*, submitted by CIET International to the Inspectorate of Government, Kampala, August.

The central problem in Uganda's anti-corruption efforts lies not in the absence of institutions for tackling the problem, but rather their systematic marginalisation and consequent inability to investigate and prosecute officials and politicians at the highest level of government. In narrow institutional terms, Uganda's anti-corruption effort might be interpreted as a success, reflected in an impressive array of organisations with power and responsibility for investigation, prosecution and punishment. However, evidence on their performance in curbing the level of corruption measured through the number of successful prosecutions and dismissals points to a consistent record of underachievement.

Corruption has a high political profile and the president has publicly associated himself with anti-corruption efforts. The more cynical commentators allege that the government's high-profile anti-corruption efforts are designed to assuage donor criticism of its failure to address the root causes of the problem rather than emanating from conviction and political will (Flanary and Watt 1999). The problem of political will is compounded by the shortage of material and human resources facing all the agencies engaged in anti-corruption work. All face staff shortages and budgetary constraints and are poorly equipped, which undermines their effectiveness (Watt, Flanary and Theobald 1999).³⁵ The lack or fragility of constitutional safeguards weakens their autonomy and independence, rendering them vulnerable to political influence. Corruption is a manifestation of the political compulsions of patrimonialism, taking the form of a reward for political loyalty and a division of spoils that maintains the support base of the Movement. In view of the evident reluctance of the government to tackle the problem with conviction, the scope for curbing corruption and fostering accountability through under-resourced and politically marginalised institutions, especially at the highest levels, will remain extremely limited.

6 Conclusions

The three cases of governance reforms in Uganda surveyed in this paper – civil service reform, the creation of a semi-autonomous revenue authority and anti-corruption agencies – share a number of common features. First, they have all passed through a similar trajectory in their implementation; initial success in achieving a number of key objectives has been gradually undermined, resulting in a loss of momentum or reversals. Second, the institutional features that appear to account for initial success also help to explain their susceptibility to a process of unravelling, namely strong political support to technocratic or bureaucratic elites with some degree of insulation from political and societal interests through the creation of specialised, semi-autonomous agencies responsible for reform implementation. Third, the principal explanation for stalled reform or reversals lies in the imperative of preserving the institutional foundations of neo-patrimonial politics.

Initial success was evident in a number of outcomes. Success in civil service reform resulted from downsizing and rationalising the bureaucracy, reflected in a reduction in the number of civil servants and ministries. In the case of the URA, the key achievement was increased tax revenues. The main result of anti-corruption efforts has been the creation of a series of institutions charged with responsibility for various aspects of this work, but with modest success in prosecuting civil servants found guilty of corrupt practices. And yet in each case the momentum of reform has not been sustained. The objective of a minimum living wage for civil servants is far from being realised and the bureaucracy is once again expanding, increasing the budgetary share of public administration. The rate of growth in tax revenues has flattened out and corruption in the URA has sharply increased. The institutions responsible for coordinating the government's anti-corruption efforts lack resources and capacity, in turn undermining their effectiveness. The legitimacy

35 It is estimated that the anti-corruption institutions account for only 1.3 per cent of total government spending.

of these institutions has come under question in the face of a low rate of prosecutions and the failure to check large-scale corruption by senior political figures connected to the Movement.

The strong political support from the president that gave rise to all three reform initiatives proved to be short-lived. Once the initial, more visible, objectives had been achieved, presidential attention turned to other priorities, such as service delivery outcomes and the war in the north. Ostensible commitment to and interest in governance reform is offset by public pronouncements that bear witness to presidential dissatisfaction with the slow pace of reform, the weakness of institutions established to spearhead the reform effort, and the perceived intransigence of civil servants.

There are several possible explanations for this behaviour. One is the perception that governance reforms do not generate political dividends. Rather, successful implementation of structural reforms in the civil service and anti-corruption agencies have the potential to alienate civil servants, by reducing their access to rents and the fruits of office, even though the opportunity to curb bureaucratic power was politically attractive in the short term. While certain types of governance reforms generate some amount of public goodwill, they do not provide an assured means of galvanising political support. Second, it has been argued that presidential support for reforms was a response to the expectations of aid donors who increasingly demanded evidence of regime commitment to governance reforms, especially with regard to anti-corruption measures, having provided funding for many of the reform initiatives. Third, presidential support can be seen as an outcome of a shrewd political calculus in which political self-preservation was a dominant consideration.

Although the three sets of governance reforms under review share a number of common features in terms of political vulnerability and weaknesses in institutional design, there are also some perceptible differences. The first concerns variations in the political incentives for reform. The incentive for sustaining reform momentum will remain strong if there are continued political pay-offs, and when there is confidence that the potential benefits will exceed perceived risks. The political incentive was greatest in the case of civil service reform, which was governed by the twin imperatives of building state capacity and curbing the influence of bureaucrats appointed under previous regimes, which offset the risk of potential resistance to reform. Similarly, the creation of a new tax agency elicited high-level political commitment, in which a key motivation was an increase in government revenues and a potential reduction in dependence on foreign aid. Political resistance would be marginal in view of the small number of officials adversely affected by the reform. It could also be argued that the URA's ambiguous autonomy increased the opportunities for rent seeking and patronage conferred by access to employment and corruption, thereby creating a perverse political incentive for reform.

In contrast, anti-corruption initiatives are not motivated by strong political incentives, as successful implementation could potentially undermine support for the regime from highly placed officials and politicians who are susceptible to detection and prosecution. Aid donors have been at the forefront of demands for vigorous implementation of anti-corruption initiatives. The government has responded by creating new institutions but these are marginalised politically and deprived of resources, thus neutralising their potential impact.

A second, closely related variation across the three types of governance reforms is the incentives governing the motivation and behaviour of individual civil servants. All three reforms herald various types of threat to civil servants, creating an implicit disincentive to actively engage in reform implementation. Civil service reform is associated with the highest level of disincentive, since job security and pay is at stake. Pay reforms hold the promise of increased remuneration, but at the expense of increased insecurity and loss of pension rights for those on contracts rather than permanent salaried status. Slow progress towards a minimum living wage countered any potential incentive heralded by pay reform. In the event, resistance from civil servants was not the primary explanation for the loss of reform momentum or the failure to achieve the minimum living wage objective, but rather the lack of sustained political commitment. Anti-corruption initiatives have the highest level of

disincentive for individual bureaucrats, as opportunities for rent seeking would diminish if these were successfully implemented. Political influence can be marshalled to stall effective implementation of the reform and prosecution of high-profile cases. The URA offers a contrasting case, where the incentives for reform were very high, largely on account of significant increases in salaries and the kudos attached to a more high-profile role for civil servants transferred to the authority. However, commitment waned in the face of the diminishing value of salaries and public vilification over the growing prevalence of corruption and heavy-handed tax enforcement.

The third distinction between the three types of reform lies in differing degrees of public engagement in the reform process. Institutional innovations to combat corruption potentially offer the greatest scope for galvanising public support, since corruption affects most Ugandan citizens who are forced to pay bribes for services at all levels of government, whereas the creation of a new taxation agency has only limited scope for mobilising such support since the number of taxpayers is small. Civil service reform does not galvanise public support when it is directed primarily at structural reforms and incentives for civil servants. Citizens stand to benefit when there are perceptible results in the form of improvements in service delivery, but this link is difficult to establish and publicise. None of the governance reform initiatives in this review galvanised public involvement on any scale due to the relative weakness of civil society, though the media has performed an effective watchdog role in monitoring lack of progress in the government's anti-corruption efforts. Tax reforms have actually had the opposite effect, with corruption and patronage undermining the legitimacy of the URA as an institution, the introduction of VAT provoking widespread public opposition, and militarised tax raids undermining the confidence of business taxpayers. For these reasons, the Ugandan case does not provide firm support for the proposition that the diversity and depth of civil society is integral to successful implementation of governance reforms, but its very absence may help to explain the difficulty of sustaining early achievements.

The most compelling explanation for the slowing of reform momentum and weakening of the institutions responsible for implementing reforms lies in the politics of patrimonialism. A review of governance reforms in three key areas highlights the critical importance of political compulsions and informal institutions in shaping the design and implementation of reform initiatives, and the importance of incentives in determining the response of political and bureaucratic actors, thus confirming the central premise of the conceptual framework (Goetz 2005). Political commitment was undoubtedly a motivating factor in the decision to pursue a governance reform agenda at a time when the Movement was broad based in character and committed to a state-led project of rehabilitation, growth and poverty reduction. The evidence surveyed in this review leads to the conclusion that the institutional architecture of governance reforms was shaped by political considerations, and took the form of autonomy and insulation both from civil society and bureaucratic self-interest, and that these were vulnerable to capture by dominant political constituencies within the Movement. These constituencies emerge from the neo-patrimonial character of Ugandan political culture in which personalised rule and patronage relations founded on kinship, family and community constitute key ingredients. The design and trajectory of governance reforms directly reflects the shifting basis of neo-patrimonialism, as the compulsions of preserving political power increasingly take precedence over benign presidential interventionism motivated by the core ideological project at the heart of the Movement system.

The impact of neo-patrimonial politics in the governance domain is manifest in the use of state machinery to reward supporters (through appointments and positions in semi-autonomous agencies and commissions), the expansion of the political bureaucracy, and the systematic under-resourcing of anti-corruption agencies and official commissions of enquiry. Political incentives for reform do not emanate from the potential attractiveness of improved governance per se, but from fresh opportunities for exercising power, influence and remuneration emanating from new institutional configurations governed by patronage considerations. The no-party Movement system offered few checks and balances and

facilitated the re-emergence of a new form of patrimonial politics with perverse implications for the sustainability of governance reforms, though this may change with the reintroduction of multi-party politics.

It would be too strong to claim that the institutional design of governance reforms intentionally embodied these underlying political imperatives. But the evidence presented in this paper suggests that design flaws and the failure to anticipate political motivations have created opportunities for patrimonial behaviour that has in turn undermined the early success and promise of Uganda's governance reforms. The failure to sustain the momentum of governance reforms may impact adversely on Uganda's wider achievements in terms of economic recovery, poverty reduction and political stability, as the political prerogatives of regime maintenance prevail over pragmatic developmental objectives.

The lessons arising from the Ugandan experience may well have broader implications for the design and implementation of governance reforms in comparable political environments elsewhere, despite the uniqueness of the Movement system. Political commitment and donor support were integral to the early success of governance reforms. High-level political commitment is clearly an essential prerequisite for initiating reform, but this simultaneously presents a potent source of vulnerability in a political culture with a powerful legacy of authoritarianism and personal rule. When political priorities change and the politics of regime maintenance prevail over constructive intervention, the sustainability of successful reforms becomes increasingly problematic. The Ugandan experience highlights the difficulty of sustaining successful reform initiatives over a long period of time in a context of patrimonialism and personal rule in which benign intentions can be compromised by other political prerogatives.

Operational autonomy for institutions responsible for implementing governance reforms is a sound design principle but it is susceptible to political manipulation. Excessive autonomy can lead to problems of agency compliance and create distortions in public sector pay and benefits. But current forms of operational autonomy for the URA and anti-corruption bodies provide inadequate insulation from political predation. These bodies are insulated from societal influence by virtue of their status and mandate, but this limits the oversight and accountability functions exercised by the legislature and civil society.

The Ugandan experience raises a key challenge for adherents of reform: what kinds of political institutions, incentive systems and institutional design features sustain successful governance reforms? The personal commitment of a political leader like President Museveni cannot be assured over an extended time period, and governance reforms require a broader political constituency to ensure their sustainability. A more active and engaged civil society would help to engender greater accountability on the part of top bureaucrats and political leaders. In theory, a more competitive party system should provide opportunities for greater deliberation and oversight of reform implementation. But until recently the narrowing of the Movement's support base, ongoing controls on the activities of civil society organisations, and the limitations on competitive party politics ran counter to this possibility. Multi-party democracy might deepen rather than erode patrimonial politics as newly mobilised constituencies seek to access the benefits that were formerly the exclusive preserve of politicians and officials associated with the Movement. Restoring the legitimacy and capacity of state institutions will be a major challenge under conditions of enhanced political competition, in which autonomy and insulation are balanced by effective accountability and oversight to prevent further loss of reform momentum.

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