SAP - SEASON TWO: Who is driving civil service reform in Uganda? The people or the IMF?

By Mary Serumaga

Two recent announcements made in Uganda recently create a sense of history repeating itself. The first, a plan to reduce the number of ministries, departments and agencies; 24 out of 29 agencies and authorities, regulating everything from road building to cotton and coffee development, will either be put back in parent ministries, merged with other authorities or abolished. Potential savings run to billions of shillings a year in salaries alone. The second edict followed a few weeks later; it was to freeze allowances payable to civil servants.

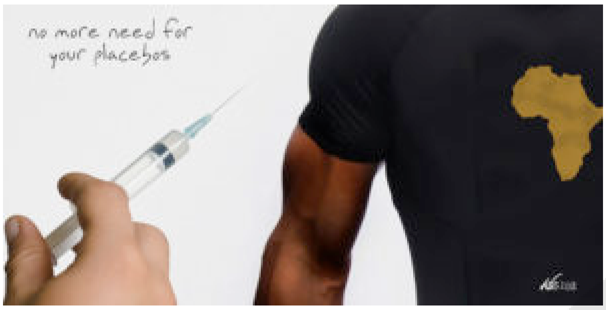
Both come against the background of broadening the tax base to increase revenue and are a repeat of similar measures under the Civil Service Reform Programme (CSRP) of 1992 to 1997. All three interventions are aimed at increasing resources available for loan servicing, service delivery and improving efficiency (in that order).

SAP II: Who are the drivers?

On the face of it, it looks as though the government is finally getting serious about improving service delivery. The president has been praised in offline and social media for these visionary interventions.

Unfortunately, none of it is new. If anything, Ugandans should be alarmed that issues settled in the 1990s are having to be revisited in 2018. In 2018, as in 1992, the government is in negotiations with the International Monetary Fund (IMF) for bailout loans and it is the IMF driving the reforms.

Reduction of expenditure on administration is simply one conditionality of the new Structural Adjustment Programme (SAP II) as it was in SAP I. This should not be necessary in 2018, particularly because in the 1990s, the programme included a component called “Developing Establishment Control Mechanisms” that intended to keep the size and structure (i.e. the establishment) of the civil service affordable. Had those been effectively put in place, there would have been no crisis in the cost of the administration today.



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In the first SAP programme, there was an attempt to bring the public on board. Programme components were made public, and privatization – the most controversial aspect of the programme – even had a strategic communications office that branded and shared information about the programme through mass media and drama.

In contrast, in 2018, when the National Resistance Movement (NRM) has exhausted the goodwill and patience of many, SAP II is being rolled out by stealth. A meeting on increasing the tax base was recently invaded by an activist demanding to know why she as a citizen was not privy to the decision-making.

Apart from the three interventions announced, the rest of SAP II remains a mystery. The nature and size of the financial package sought (new loan, rolled-over old loan or capitalisation of interest etc.) and the conditionalities Uganda has signed up for in order to qualify remain a secret. In other words, Ugandans don’t know how broke they are and how much more debt they are taking on and for how long.

Given the recent unprecedented but inevitable challenge to the NRM’s monopoly of political power by the People Power movement, what is certain is that Uganda’s development partners (DPs) will prepare for a successor regime willing to continue to carry illegitimate debt. Put another way, lenders will not accept a repudiation of loans wasted or stolen by the current regime, but will lend more money to cover the bad debts. The transition to this regime is known by a code called Rule of Law. The laws in question are those governing the enforcement of exploitative agreements with corrupt leaders.

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> nature and size of the financial package sought (new loan, rolled-over old loan or capitalisation of interest etc.) and the conditionalities Uganda has signed up for in order to qualify remain a secret. In other words, Ugandans don't know how broke they are and how much more debt they are taking on and for how long.

At the same time, opposition to the economic crimes of the NRM government and demands for structural change is called "hooliganism". The privileged few to whom the NRM regime has channeled economic opportunities are working overtime to project the violence of the state (all victims were either shot or bludgeoned) on unarmed demonstrators and innocent bystanders.

In their reluctant statements on the atrocities of August 2018, the UK and European Union called for the government and its victims – civil society – "to *cooperate* to ensure that the events that had caused suffering to Ugandan citizens and damaged the country's global image were addressed swiftly and transparently with full respect for the Rule of Law". The implication is that somehow the victims contributed to the attack.

All of this is underpinned by militarising public order. Repressive public order laws were first used to try and suffocate the independence movements of the 1940s and 50s. In the 21st century they are being implemented by a military trained and equipped to maim and kill supporters of the People Power movement. It seems civil disobedience as a means of political expression is not a privilege to be enjoyed by dollar-a-day people whose immunisation and ARVs are gifts from foreign governments.

This will be denied, of course. It will be pointed out that the United States withdrew support from the deadly Special Forces Command (SFC). But they didn't uninstall the capacity for state terror. They withdrew after having created a killing machine.

The huge amounts spent on immunisation and ARVs will be given as evidence of goodwill. However, most people understand that the primary purpose of immunisation of livestock is not to change the outcome for the livestock (it will still be butchered) but to ensure that the farmer gets maximum economic benefit from it.

Nevertheless, the fall of the regime is a real possibility and its attempts to cling to power by increasing repression makes even tacit support by development partners increasingly untenable. Because repudiation of illegitimate debt is more likely to be successful following a Compaoré–style exit, all hands are on deck to frustrate the People Power movement that has the potential to bring it about sooner rather than later.

Alternative candidates to People Power are already positioning themselves for nomination as the leaders most likely to maintain the economic *status quo*. Their language of "conciliation" between the government and its victims and calls for Yoweri Museveni to casually apologise and announce a retirement plan minimise the latter's culpability and indicate that should they take office, Museveni and his regime would not be held accountable for either economic crimes or the latest sustained wave of assaults, wounding and murder. They are playing for time while the new formation is crafted.

The risk is that by enabling Museveni's government to continue the pretence of being in control of the economy, DPs are keeping Uganda in a holding pattern until they are ready to airdrop their preferred candidate in time for the 2021 elections. Those negotiations will be happening in background mode around about now.

Recent evidence of a concrete policy of impunity in exchange for continuity can be found in the DPs' selective application of the law governing the type of international corruption that has brought Uganda's economy to its knees. The decision not to charge Cheikh Gadio under the Foreign Corrupt Practices Act is, according to defence lawyer Robert Precht, "in part a political move – the US government wants to maintain good diplomatic relations with [its ally] Senegal." The United States also wants to maintain diplomatic relations with Uganda, one of the two countries involved, and has declined to charge the Ugandan recipients of the bribes either.

The international media can be expected to continue doing its part by pitching for candidates on the basis of their "sophistication", work and travel experience and general dining-at-Davos capabilities.

Meanwhile, SAP edition II announcements are being disguised as the head of state's own initiatives. In a letter instructing his cabinet to reduce the number of agencies, Museveni asked, "Why have an agency when you have a department of government dealing with the same area of responsibility?" He conveniently forgot that these agencies were entities of his own creation in his system of patronage.

Agencies critical to Uganda's economic health have suffered from the appointment of unqualified personnel, such as Jolly Kaguhangire, who with a certificate in secretarial work became an Assistant Commissioner in the Uganda Revenue Authority before moving up to be Executive Director of the Uganda Investment Authority. She was ousted only after staff, smothered by her relatives, petitioned the Ombudsman regarding her alleged "high level tribalism, mismanagement, corruption, favouritism [....]" In another example, Jolly Sabune, the permanent managing director of the Cotton Development Organisation, who failed in her mandate to add value to raw cotton, donated UGX500 million ($130,000) to political supporters of the regime and another UGX20 million (over $5,000 at today's lower rates) of state funds to her brother's wedding fund.

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The proposed removal of over 100 government ministries and agencies is a re-run of the "downsizing" of the civil service in 1991/2. It was part of the SAP component called "Optimising the Size and the Structure of the Civil Service" that resulted in merged ministries, retrenchment and voluntary retirement. Mergers between ministries reduced the number of ministries from 38 to 22, and the staff complement was reduced by about half.

The new rightsized civil service was to benefit from pay rises on the smaller, more affordable payroll. Salary surveys of the private sector were done and comparable jobs in the civil service measured against them. It was decided that the gap would be closed by gradual salary enhancement. In preparation, allowances were to be monetised, i.e. allowances were to be abolished and replaced with a cash equivalent. Instead of a house, a public servant was entitled to a house allowance that he or she could use to rent a house or buy one on mortgage. Government houses were sold, with the sitting public servants given priority.

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Other allowances, such as cars, were meant to be withdrawn and public servants' salaries increased to a level allowing them to buy and insure their own personal vehicles on easy credit terms. Credit agencies supplied the numbers necessary to calculate a new pay scale.

Government pool cars were auctioned. (Pool cars were those available to a group of entitled staff for work purposes but which were usually monopolised by senior civil servants. In addition to those assigned to them, they commandeered the rest to ferry their children around and take relatives to and from hospital etc.)

Difficulties in implementation surfaced early on. There was a lack of commitment to the efficiency principle on which CSRP was built. The size of the government began to balloon. The number of ministries rose from 22 in 1997 to 75 today, plus the 29 agencies. The Ministry of Finance was detached from the Ministry of Planning and Economic Development before being merged again. Several of the statutory bodies slated for reabsorption in parent ministries have been cited for financial mismanagement in a number of Auditor General reports, meaning the expected efficiencies did not materialise.

There were two types of allowances: duty facilitating (needed to carry out the work e.g. transport for school inspectors) and remunerative (perks that went with the status of the job). The push-back against abolishing duty facilitating allowances was justified and successful but other allowances began to be reinstated. Ministers who had benefitted from the car purchase scheme became entitled to each subsequent scheme. The car ownership schemes themselves were very generous to the beneficiaries and a burden to the taxpayer.

Pool cars made a comeback and budget item 1010 (transport) reaffirmed its position as one of the most used and most frequently over-spent budget items. The unintended consequence of CSRP on transport was that civil servants at the top of the pay scale received higher salaries and subsidised vehicles yet continued to have access to pool cars fuelled and maintained by the state.

Salary enhancement did materialise for the most senior public servants as well as specialist staff. Doctors and the judiciary received considerable increases although their pay still remained well below private sector levels.

More specialised agencies and authorities were set up over the years with salaries at par with, if not greater than, private sector salary structures. While the agencies with their private-sector level salaries drained the Treasury, corruption in them outstripped levels in the traditional civil service. The Uganda National Roads Authority, the Uganda Revenue Authority, the Cotton Development Organisation, the National Environment Management Authority, and the new National Identification and Registration Authority are cases in point.

Teachers, on the other hand, are so numerous that salary enhancement for them was deemed impossible at the time. Years later, secondary school teachers were given a boost while primary school teachers' pay remained below what is considered a living wage. However, the removal of ghost teachers from the payroll gave hope that genuine teachers would eventually receive meaningful salaries from the savings. The number of teachers' strikes since then indicates that this has not been the case. At the time of writing, teachers in one district are on strike after a seven-month delay in their pay.

What went wrong? A number of things. First, the divestment procedure itself featured in numerous financial scandals. The accounts of the privatisation programme have never been published.

Privatisation was expected to reduce the amount the government was paying in subsidies to inefficient parastatals, such as the Uganda Electricity Board (UEB), thus freeing up revenue for service delivery. Since UEB was divested, however, subsidies to the electricity distribution company, Umeme, have been described as astronomical in Parliament and in fact exceed pre-privatisation levels in this sector.

The sale of other assets, such as government houses and vehicles, was similarly disappointing. In the meantime, health units, such as Kalisizo Hospital, are only able to attract 20 percent of the staff required. A mandatory transfer to such places is seen as equivalent to being homeless, there being no accommodation considered suitable by qualified personnel. For this reason, many newly refurbished rural health centres remained unused for lack of personnel.

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There are insufficient funds for salary enhancement and service delivery generally. Cash management on such a tight budget requires a degree of fiscal discipline that is impossible to maintain in a system of patronage.

Concluding his assessment of the CSRP of 1989–2001, Dr. Yasin Olum states:

"very little has so far been achieved due to the socio-economic and political state in which the country is in today. Issues such as public accountability, competence, and corruption are still high on the agenda. These and issues related to physical infrastructure have equally to be addressed."

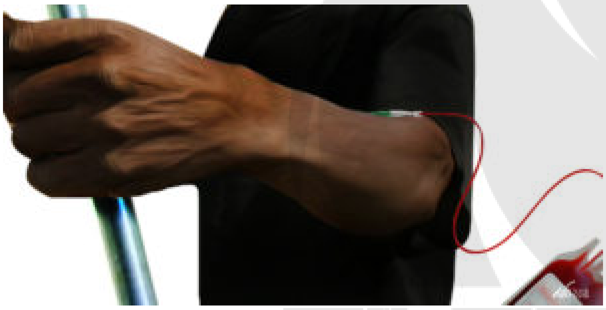
Since then, as documented by this writer in 2016, unsuccessful parts of the programme were re-done with poor results and high price tags. It is unfortunate, but World Bank internal assessments have falsified some reports to disguise failures and justify further lending.

The saga continues in 2018 with a new programme to repeat financial management capacity – building in local government, UgIFT (Uganda Intergovernmental Fiscal Transfers Programme), has been approved at a total cost of US$787.59 million in 2017. So far the World Bank has approved US$200 million. No wonder SAP must now go undercover.

The People Power movement gaining momentum in Uganda to fight the impact of these injustices is being vigorously fought by the NRM and its beneficiaries. The government is undermining resistance with a two-pronged approach. On the one hand, urban artisans, drivers and other workers and "ghetto youths" (of whom between 60 and 80 per cent are unemployed) who are the prime movers in the movement are being appeased with cash handouts. For instance, the first batch of traders along Entebbe Highway received a total of UGX180 million ($47,000) and a truck. Youths in Kamwokya, in the constituency of R. Kyagulanyi, the leader of the People Power movement, were given UGX100 million (over $26,000) to share. The following week, taxi operators and market vendors in the central business district received or were promised UGX3 billion ($800,000). During the six stops he made in the CBD, the president chided the traders for voting against the NRM in three mayoral elections and promised to take care of their financial needs from then on. Naturally, Ugandans outside central urban areas are beginning to demand a share in the bonanza.

The second prong is the militarisation of public order in anticipation of resistance to further economic outrages. A fourth announcement launched the ongoing nationwide recruitment drive of 24,000 youths for local defence units (LDUs). To understand the magnitude of this militia, compare it to the traditional Uganda Police Force establishment of 30,000.

LDUs are normally civilian patrols recruited by their neighbourhoods to carry out neighbourhood watch type tasks. However, the current drive has been launched and is being carried out by the military. According to Dr Kizza Besigye, the recruitment is a covert reinforcement of the Special Forces Command to be used to quell growing civil unrest. A creation of the NRM and the US government, the SFC has been responsible for most of the state brutality seen in recent years. It was established in the colonial era when Zanzibaris and Sudanese were used to subdue what became Uganda, that atrocities are more effectively carried out by people foreign to the area in which they are committed.



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Dr Besigye's suspicion is borne out by the fact that it is the military carrying out the recruitment exercise and not civilian local councils. It was the army commander who announced the arrangements. New LDU members will be paid UGX200,000 per month as compared to the UGX10,000 per month their civilian bosses, the chairmen of local defence councils, are entitled to. The new LDUs will cost a total of US$20 million a year.

Note also that the military, parliament and some agencies have not been paid for two months although the funds were released by the Ministry of Finance. Like the cash handouts to urban dwellers, expenditure on the new militia was not provided for in the budget.

Public planning, public audits and People Power

Looking forward, the Ugandan public can avoid repeating the errors of the past by demystifying public finance altogether. The people of Uganda can and must take charge of decisions on whether or not to enter into further debt. And it must be the people who decide what is an acceptable level of service delivery.

The service delivery cycle – budget planning-implemention-audit – can only be diligently overseen by those it is meant to serve. What the public is unaware of is that an Auditor General can only cover so much ground and so audits are done selectively. Targets for audits are picked according to the materiality (relative size) of the budget item in question, meaning that average-sized accounts can be plundered or wasted in a serial fashion as long as they are not caught by the auditor's net. The relatively new value-for-money audits are separate from annual audits and occur as and when the Auditor General deems them fit or when ordered by parliament.

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Parliament (to which the Auditor General reports) has been so compromised that it is no longer feasible to leave public financial management oversight exclusively to it. Elected representatives are becoming clients of the Executive as was seen when they received cash for votes, most recently to defeat opposition to the mobile money tax. Furthermore, some recently-dropped members of Parliament's Public Accounts Committee were alleged to have sat on reports implicating officials in major financial scandals for the benefit of the perpetrators.

Monitoring the quality and quantity (value-for-money) of services also needs to be devolved. For example, Service Delivery Surveys (SDSs) introduced in the late 1990s were an intervention that seemed to have promise. The idea was that government departments would survey public perception of their service delivery and respond appropriately. Not being overly enthusiastic about monitoring themselves, it is no surprise that allowances for the survey personnel and other logistics are often not available. SDSs have not caught on as a regular part of the budget cycle.

Legislation for public audits would allow end-users of public services, citizens who have intimate knowledge of a particular government entity, to carry out their own audits where they suspect they are receiving inadequate value for money. It is such people-driven initiatives that will bring fundamental change to the quality of life of ordinary Ugandans.

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