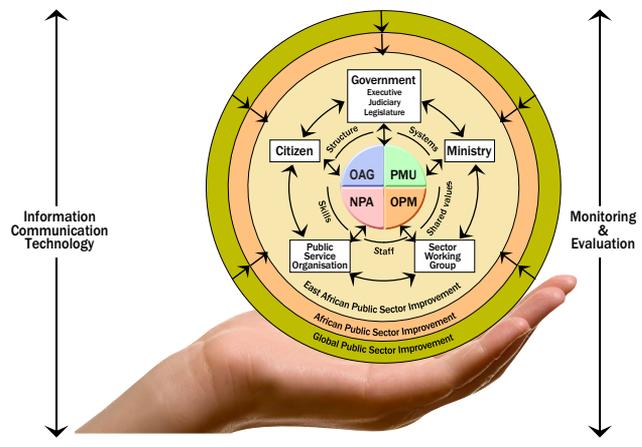




PERFORMANCE OF PUBLIC SECTOR ORGANISATIONS IN UGANDA

1. BACKGROUND



Government in Uganda remains the prime provider of public services in the eyes of the citizens. It should be noted that while public sector reforms have tended to favor the private sector in delivery of public goods and services, the government’s obligation to promote the public interest distinguishes public administration from private management. From the 1980s, government created autonomous agencies in forms

In the 2009 diagnostic study that was commissioned by government through the line ministry on the efficiency and effectiveness of PSOs in Uganda, the issues found to affect PSOs and related to legal, structural, organizational, financial and governance. The study recommended numerous short-term, medium and long-term changes that were needed to address the numerous challenges that stood on their way in attaining their objectives and those of government. By 2016, all the recommendations were never taken up by government and all efficiency gains that had been anticipated were lost. Meanwhile, government continued to be faced with questions from the citizens regarding deficiencies in public service delivery yet these are areas where executive agencies had been created and charged with clear mandates to improve efficiency and effectiveness.

of Authorities, Commissions and Agencies (ACAs) under the influence of development partners as a vehicle for better service delivery since such autonomous bodies were expected to be more efficient and effective.

It is reported that, since the 1960s, over 100 Public Sector Organisations (PSOs) have been established by the Government of Uganda and majority of these particularly authorities (13%) came after the 1980s due to the pressure to reform the public sector. The majority of PSOs were established by statute or Acts of Parliament, and a few were constitutionally established. These public sector institutions cover a wide range of Sectors of the economy, and serve a variety of functions.



2. OBJECTIVE OF THE STUDY

The Government of Uganda also set up in the Office of the Prime Minister (OPM) a Government Evaluation Facility (GEF) to design, conduct, commission, and disseminate evaluations on public policies and major public investments in Uganda. The GEF has, since the start of 2011, commissioned several evaluations aimed at contributing towards the desired enhancement of delivery of services and works in the public sector. In 2016, the OPM with the support

of the DFID, and the coordination of the International Initiative for Impact Evaluation (3IE) commissioned a Rapid assessment of 13 PSOs. The Rapid Assessment was designed as a “quick hit” tool to provide government with an analysis of performance of the PSOs in Uganda’s Context, understanding of the best practices in the performance of PSOs, and providing a roadmap for improvement.

Authors: Prof. Benon C. Basheka, Prof. Jude T. Lubega, Ass. Prof. Albert Byamugisha, Dr. Francis Rathinam and Timothy Lubanga

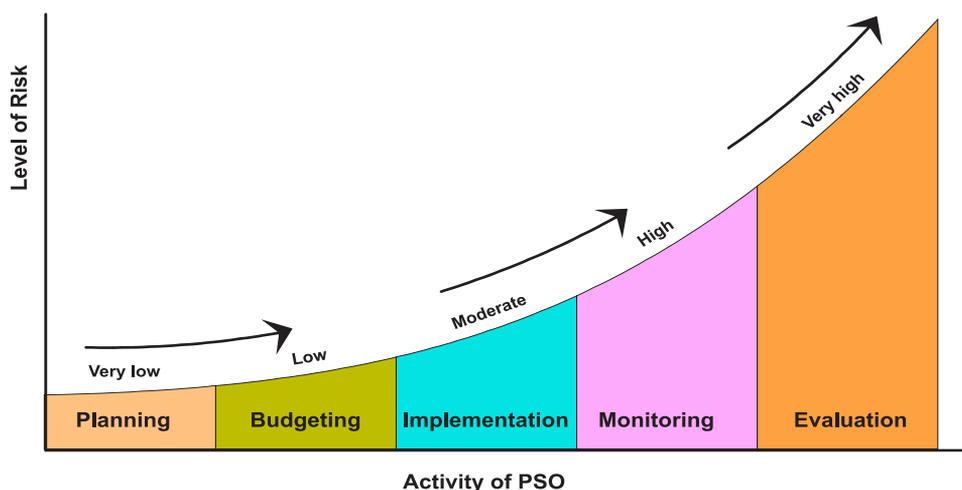


Key Findings

- 1 27% of the respondents to a great extent agreed that there were linkages between levels of results from national down to operational levels compared to 58% who only moderately agreed and 16% who only agreed to a less extent. The study found that 71% of the respondents had uncertainty as to whether strategic planning in PSOs and related activities were aligned to NDP II.
- 2 90% of respondents believed that PSOs were consistent and supportive of the policy framework of the sector and parent ministries and 89% believed that PSOs were performing functions in accordance with the assigned mandate functions since they were established.
- 3 86% of the PSOs blamed change in funding priority as the compelling reason for deviating from original budgeted activities and strategic plans but 71% of the PSOs respondents blamed low awareness among PSOs of the linkages between the respective PSO objectives and NDP II & Vision 2040 and a similar number of 71% believed that Participation in sector-wide activities by PSO had an implication on accurately setting and measuring targets
- 4 51% of the PSOs blamed Limited application of the Sector Wide Approach to planning, budgeting and implementation as responsible for difficulties in setting and measuring targets.
- 5 83% of the respondents regarded use of Board performance appraisals and reports as a key performance management tool and 57% of the PSOs regard Risk management reports as a key performance management tool.
- 6 91% of the respondents believed that organizational priorities of assessed PSOs were aligned to budget deliverables and still 90% believed that policies and processes were oriented to deliver intended results although most of them did not demonstrate strategic leadership in as far as their capacity to diversify their financial base since only 50% had financial resource mobilization strategy.
- 7 88% of the PSOs had a human resource manual, 75% a financial management manual, 87% had a procurement manual but only 62% of the assessed PSOs had a corporate governance board manual, internal audit and a sector investment plan.
- 8 All the PSOs assessed had audited financial statements as compared to only 27% of the total PSOs that had submitted audited accounts up to 2006 during the 2009 study and 55% that had submitted up to 2005 as per the findings of 2009 Diagnostic study.
- 9 89% of the assessed PSOs had quarterly internal audit reports and 66% had management accounts and financial risk plans. All the assessed PSOs used annual audited accounts as a key performance management tool which showed some improvement based from the 2009 study which found that 60% of the PSOs did not

	Public Sector Organisation	SECTOR PERFORMANCE (%)						PSO PERFORMANCE (%)						BASELINE	Variation (Bn)
		SECTOR APPROVED	SECTOR RELEASED	SECTOR SPENT	% OF BUDGET RELEASE	% OF RELEASE SPENT	% OF BUDGET	SECTOR APPROVED	SECTOR RELEASED	SECTOR SPENT	% OF BUDGET RELEASE	% OF RELEASE SPENT	% OF BUDGET	Average funding (2003-2007) Bn	
1	NEMA	494.870	333.170	332.010	67.3	67.1	99.7	9.046	6.828	6.701	75.5	74.1	98.1	7,543	-1
2	NARO	460.5	406.99	400.091	88.2	87.1	98.7	98.24	71.11	67.8	72.4	69.0	95.4	27,237	44
3	UNBS	158.12	150.95	141.699	95.5	89.6	93.9	20.73	18.61	18.59	89.8	89.7	99.9	2,216	16
4	UTB	158.12	150.95	141.699	95.5	89.6	93.9	12.02	11.29	10.34	94	86	99.1	3,55	8
5	LGFC	690.278	469.714	457.341	68	97	66.3	5.183	4.704	4.669	91	99	90.1	1,360	3
6	ESC	625.21	577.95	572.76	92	99	92	6.49	5.996	5.331	92	89	82.1	2,427	4
7	NMS	818.86	821.2	821.2	105	93.1	82.8	218.61	216.61	218.61	99	100	100	2,972	216
8	ERA	2,826	2,826.00	2,826.00	2,826	2,826	2,826	2,826.00	2,826	2,826	2,826	2,826	2,826		
9	AMNES TY	13.383	14.059	13.818	105	103.2	98.3	2.73	2.6	2.57	95.3	94.4	99.1	3,303	-1
10	UWA	158.12	150.95	141	95.5	89.6	93.9	62.95	57.92	51.51	92.01	88.9	81.8		0
11	UCC	17.009	14.936	14.952	88	100	88	97.28	86.1	88.51					0
12	UIA	158.12	150.95	141.699	95.5	89.6	93.9	12.284	10.24	83.36					0
13	URF	928.02	191.75	190.39	20.7	20.5	99.3	417.93	358.08	375.589	85.7	85.6	99.9		358

The overall trend of results demonstrated that most PSOs in Uganda still faced challenges as they moved from budgeting to implementation up to the evaluation activities as summarize in this figure:



RECOMMENDATIONS FOR GOVERNMENT (OPM and PMU)

The following strategies are recommended for government to improve and strengthen the performance of PSOs:-

- 1

Development of a guiding policy framework to ensure strengthening horizontal and vertical integration of PSOs is critical. This will allow effective coordination of PSOs, sectors and Government results agenda and could enable better attribution and measurement of the PSO contribution to national results (Immediate).
- 2

Design and roll out a compulsory training and capacity building programme for all members of boards/councils/commissions of PSOs in corporate governance best practices and results-oriented public sector management systems of Government (Immediate).
- 3

Develop a framework stipulating the guidelines and minimum standards and procedures for appointment of members of boards by PSOs with emphasis being on merit-based principles. The guidelines should stipulate the personal attributes and minimum number of membership for boards and key skills competences required (by end of December 2017).
- 4

Ensure there is compulsory submission of comprehensive annual reports by all PSOs detailing all activities undertaken in a particular financial year and their contribution to the national objectives. There will be a need to develop minimum guidelines and templates for preparing, and submitting annual reports for all PSOs (Immediate).
- 5

Design a web-based and automated data base for capturing key performance and efficiency related information on all PSOs to enable government get timely and faster information on all PSOs to allow oversight (Medium-term).
- 6

Commission more studies, impact evaluations and benchmarking studies on specific functional areas identified as critical for improving performance of PSOs and Government. (Medium and Long-term).
- 7

Develop and implement a compulsory performance measurement system for all members of boards and senior management of PSOs. There should be clear performance targets established for all these which should be monitored quarterly to feed into broader government decision making (Immediate).
- 8

Develop a policy in consultation with Ministry of Public service and equal opportunities Commission to standardize pay and remuneration across all PSOs in Uganda (By end of 2017/2018 financial year). This will ensure equality of payments across various categories of employees and will reduce the current pay disparities.
- 9

The Parastatal monitoring unit should be strengthened with appropriate agency status to undertake strong oversight on activities done by all PSOs. This unit should prepare a checklist of compliance on the minimum criteria needed for a PSO to remain in existence (By beginning of 2018/19 financial year). This unit should be adequately staffed with a multi-disciplinary team of specialists to oversee the business of all PSOs.

10

Establishing Monitoring and Evaluation desks / Units within line ministries and agencies to streamline performance measurement in government (By beginning of 2018/19)

11

Re-evaluate the creation of new agencies as they are becoming costly to government to run (Immediate)

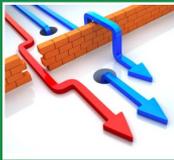
RECOMMENDATIONS FOR SECTOR WORKING GROUPS AND LINE MINISTRIES

The following recommendations are proposed for the sector working groups:-

- 1 Develop Sector specific targets for each of the PSOs under the sector working group and regularly assessing the contribution of each of the PSOs to the sector goals and targets. Annually publishing compliance reports on each of the
- 2 PSOs to agreed targets will be a key performance assessment measure (Immediate).
- 3 Ensure there is effective coordination of all PSOs under respective sector working groups through annual planning, budgeting and monitoring sessions (Immediate).
- 4 Build capacity of PSOs under respective sectors in horizontal and vertical integrated results systems. Line Ministries should play a more proactive role in monitoring of budget performance in respect of PSO outputs and outcomes in addition to ensuring accountability for funds (Immediate).

RECOMMENDATIONS FOR PSOs

The following recommendations are proposed for action by different PSOs in Uganda:-

- 1 Develop and implement a system for evaluating (mid-term, and end level) strategic plans and ensure utilization of findings in effective decision-making. The review should always be linked to the PSOs contribution to the sector and government changing priorities (Immediate) 
- 2 Stakeholder involvement in activities of the PSOs need to be encouraged and improved. This can be achieved through quarterly reviews and service delivery forums targeting a set of stakeholders that have direct implications on the activities of the PSOs (Immediate).
- 3 Commission customer satisfaction, beneficiary surveys and impact studies on selected core functions within the respective mandate of a PSO (Medium and Long-term).
- 4 Promote shared learning among PSOs with similar mandates like commissions and authorities through quarterly engagements under the coordination of responsible Ministers (Immediate)
- 5 All PSOs with potential to raise internal revenues should be given specific revenues targets and freedom to create new sources, within specified guidelines. There should however be regularly reporting of all PSOs to Ministry of Finance , Planning and Economic Development on collected revenues and accountability on its utilization (Immediate).

RECOMMENDATIONS FOR BOARDS OF PSOs

- 1 Develop and implement self-performance appraisal systems for their oversight and resource mobilization functions over a given period (Immediate).
- 2 Design and implement a system for measuring the performance of CEOs through setting quarterly targets on agreed benchmarks within each quarter of the financial year (Immediate).

RECOMMENDATIONS FOR MANAGEMENT OF PSOs

The following recommendations are proposed for management of PSOs:-



- 1 Develop and implement resource mobilization strategies for diversifying the revenue base of PSOs given the continuous budget variance between what is budgeted and released from government. An innovation culture regarding appropriate approaches of accomplishing set targets in processes should be encouraged (Immediate).
- 2 Develop and submit for approval to the Boards/ Commissions corporate governance manuals as a key performance area for all PSOs (By end of December 2017)
- 3 Overseeing production and circulation of extensive annual reports on all activities done within each PSOs in a format developed and circulated by PMU and OPM.
- 4 Develop PSO-specific strategies for addressing the weaknesses and exploiting the opportunities and further strengthening the strengths identified in the SWOT matrix