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Pockets of effectiveness, political settlements and technopols in Uganda: From state-building to regime survival?

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Abstract

Uganda's impressive levels of economic performance over much of the past three decades have often been linked to the performance of certain 'pockets of effectiveness' (PoEs), including the Ministry of Finance, the Bank of Uganda and, more unevenly, the Uganda Revenue Authority. The extension of presidential protection to these (and a few other) PoEs has been central to their success, as have been high levels of international support and the appointment of 'technopols' to lead these organisations for prolonged periods. These technopols have proven capable of managing both the political and technical aspects of their briefs, with many coming to play more prominent roles in relation to governance and public life in Uganda than elected ministers. However, the performance of these organisations has varied considerably over time, with all coming under considerable pressure following the increased dispersal of power from the early 2000s onwards within Uganda's erstwhile 'broad-concentrated' political settlement. This paper explores how the interplay of political settlement dynamics and organisational leadership shapes public sector performance in Uganda, and how Uganda's PoEs have increasingly become entwined with the politics of regime survival, rather than any wider state-building project. This process has been closely shaped by international ideas and pressures, with key PoEs used by President Museveni to signal Uganda's legitimacy within the neoliberal economic order from the early 1990s. This neoliberalised process of state-building has had a profound impact on Uganda's development trajectory and left Uganda without the capabilities required to pursue alternative developmental agendas.

Keywords: pockets of effectiveness, political settlements, bureaucracy, Uganda, economic technocracy

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Introduction

A distinctive feature of public life in Uganda concerns the prominent position held by the country's leading bureaucrats, who feature as strongly within the media as elected ministers, senior military figures, leading businesspeople, religious leaders and celebrities from other walks of life. Rows between the president and the technocrats who lead Uganda's premier public sector organisations are front-page news and major economic policy decisions are as likely to be associated with technocrats as their ministerial 'principals'. International organisations keen to ensure that Uganda continues operating within neoliberal strictures retain a keen interest in who is running which node of economic governance and have intervened directly to influence the appointment of senior figures such as the central bank governor. This phenomenon reveals much about the personalised and transnational nature of political rule and economic governance in Uganda. In this paper we suggest that the shifting fortunes of Uganda's senior bureaucrats, the departments and public sector agencies that they lead and their relationship with the president offer an insightful window onto Uganda's politics of development over the past three-anda-half decades of National Resistance Movement (NRM) rule.

This paper provides an overview of the rise and fall of Uganda's premier pockets of effectiveness since the early 1990s until the late 2010s. We focus in particular on the Ministry of Finance, Planning and Economic Development (MFPED), the Bank of Uganda (BOU) and the Uganda Revenue Authority (URA). Our evidence comes from in-depth case-study investigations of each organisation between 2016 and 2019, involving between 40 and 50 key informant interviews on each organisation. These qualitative insights were triangulated with systematic analysis of relevant policy documentation and statistical performance data.

The paper starts with a discussion of the country's changing political settlement dynamics since the mid-1980s and how this has shaped public sector performance in general. It then introduces the expert survey that we used to help identify high-performing organisations, before summarising the findings of our investigation of each in turn. The analysis section argues that the main drivers of the shifting performance patterns over time flow mainly from the country's changing political settlement dynamics, which have directly shaped the relationship between political rulers and senior bureaucrats, with international factors also playing an important role. The conclusion argues for a much more balanced approach to state-building than has hitherto been the case in Uganda, and for a shift away from protecting the capacities required to underpin a neoliberal development agenda, in favour of those required to support a more productivist developmental agenda.

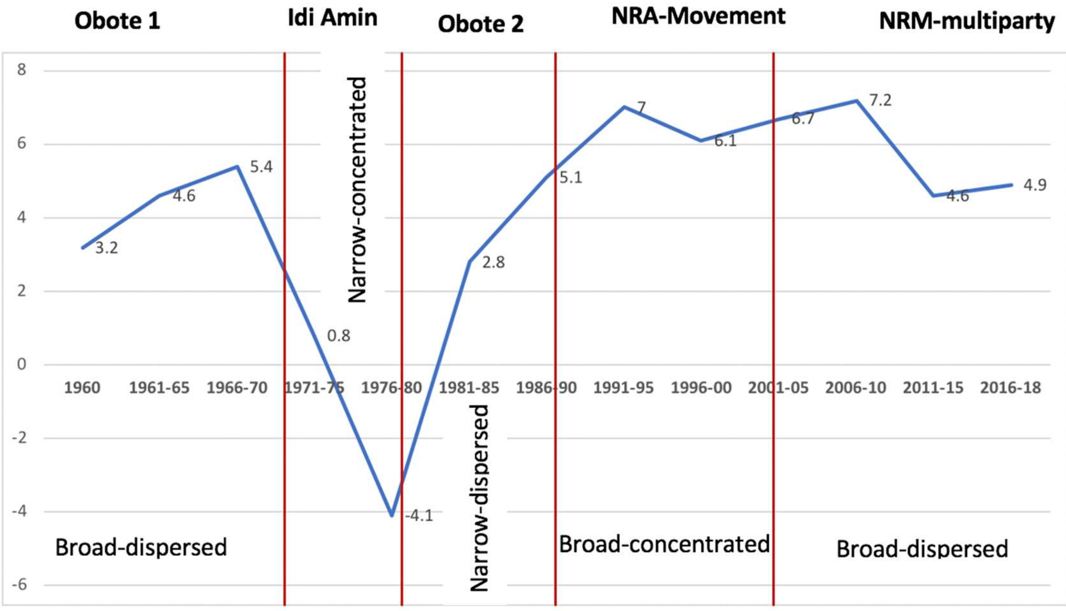
Uganda's shifting political settlement, economic governance and public sector reform

Uganda's trajectory of state-building and development has been closely shaped by the shifting nature of its transnationalised political settlement since independence.[1] After a brief period in which the political settlement in Uganda was broadly stable and concentrated under Obote I (1964-1970), the country's political equilibrium was heavily undermined by the constitutional changes of 1967 and the onset of militarised and narrowly ethnicised rule that was established in its aftermath (Mutibwa 1992, Reid 2017). The deepening of this mode of rule under Idi Amin (1970-1979) and Obote II (1980-1985) resulted in an economic collapse that was only reversed once the National Resistance Movement (NRM) brought stability to most of the country from 1986. For over a decade, Museveni was able to rule without the threat of being overturned by excluded elites and without facing significant demands from within his broadly-based coalition under a no-party system. However, Museveni's refusal to countenance a successor standing for the 2001 presidential elections led to senior figures departing the ruling coalition to form opposition parties that would mount serious challenges at the ballot box. This increased dispersal of power and vulnerability has invoked an increasingly personalised form of rule by the president, with increased efforts to pander to demands from lower-level factions within the ruling coalition, which since the mid-2000s has been undermining the country's hitherto strong record of economic growth and stability. This pattern largely upholds the predictions of political settlements theory (Khan 2010, Kelsall 2018), which proposes that the level of commitment to growth-enhancing institutions is likely to be strongest under 'concentrated' political settlements, and that the increased dispersal of power, both within and outside the ruling coalition, will result in both declining commitment and enforcement capabilities.

One of the mechanisms through which Uganda's political settlement dynamics have shaped the country's trajectory of economic growth since independence (see Figure 1) has been through the quality of economic governance. When the NRM came to power in Uganda in 1986, it inherited a state bureaucracy severely undermined by years of political unrest, civil strife and economic turmoil. During the 1980s, the country posted some of the worst macro-economic indicators in sub-Saharan Africa, and the government could no longer afford to fund public services, maintain physical infrastructure or sufficiently pay its workers (Sendyona 2010). Graduate economists recruited by the finance ministry earned under $10 per month, and were demoralised to the extent that they stopped turning up for work (Simson and Wabwire 2016).

[1] For a fuller discussion of political settlement analysis and its link to PoEs, see Hickey (2019); on Uganda's political settlement, see Golooba-Mutebi and Hickey (2013), Kjaer (2015), Whitfield et al. (2015).

Figure 1: Political settlement and growth in Uganda (1960-2018)[2]



Source: Adapted from Bukenya and Hickey (2018).

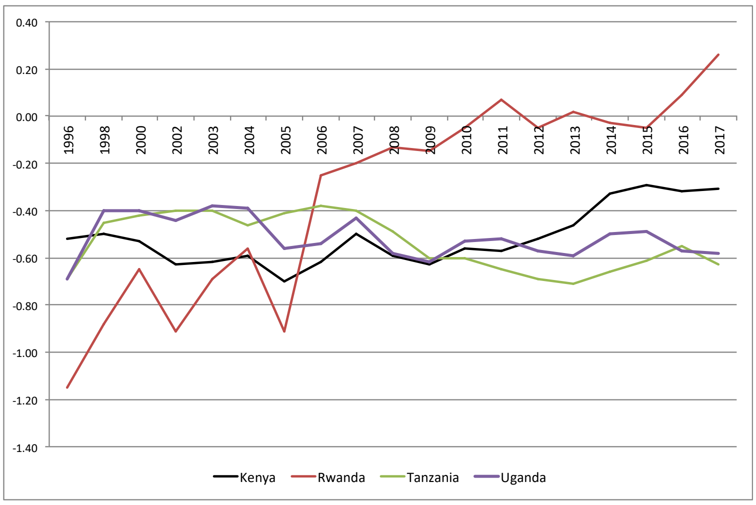
Within the first decade of NRM rule, however, senior bureaucrats and advisors working within the then separate Ministries of Finance and of Planning and Economic Development (MFPED) reported how they were transformed into organisations that would play a critical role in rejuvenating Uganda's economy (Kuteesa et al. 2010). This transformation involved a new deal between rulers, bureaucrats and external actors that reflected the broader character of Uganda's transnationalised political settlement at the time. Initially a socialist, President Museveni was forced to adopt structural adjustment reforms after the IMF threatened to end their support for this then conflict-ravaged country. By 1987, the president was supporting the then separate Ministries of Finance and of Planning and Economic Development to oversee the implementation of the Economic Recovery Program, involving reforms targeting the public sector, exchange rate and trade liberalisation, among others (Bukenya and Muhumuza 2017). The full conversion to liberal economics arrived in 1992, when the then permanent secretary at Planning and Economic Development, Emmanuel Tumusiime-Mutebile, persuaded the president that the reason inflation had reached 200 percent was weak fiscal discipline. This appealed to the president's strong attachment to 'military discipline' as well as to his acute awareness of the need to maintain good relationships with powerful international actors (Mosley 2010, Mutebile 2010: 42).

[2] It is possible that the fall in average real GDP growth rates since the late 2000s also reflects other factors as well as the political shifts identified here. This includes a change in the methodology of calculating GDP (which was applied to 2008/09 onwards, but not used to recalculate previous years), and also because growth rates in the 1990s and early 2000s were boosted by factors which were essentially one-off and could not persist indefinitely, irrespective of the political regime.

This deal was underwritten by high levels of donor assistance: financial and technical support informed every aspect of macroeconomic management, sectoral planning, budget management and public financial management. The salary supplements paid by UNDP from 1989 and then the World Bank helped incentivise staff attendance and removed the need for moonlighting (Tumusiime-Mutebile 2010: 43). Expatriate assistants were a key feature of MFPED during the 1990s, focused on both delivering reforms and training staff (ibid: 44-45), as well as within the Uganda Revenue Authority that was established in 1993 as part of the wider promotion of semi-autonomous revenue authorities in anglophone Africa by donors. Processes of state-building in Uganda throughout this period were thus closely entwined with the imperatives of neoliberal logics and the associated agenda of good governance (Harrison 2010). Successive rounds of public sector reform were promoted by the World Bank in particular (Lie 2018), with a particular focus from the 2000s on public finance (Bukenya and Muhumuza 2017: 10).

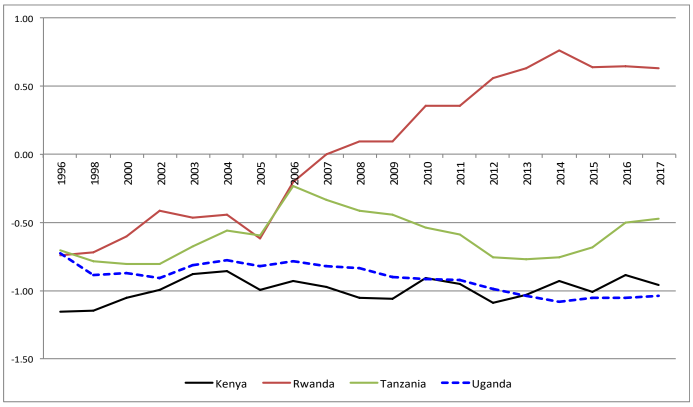
However, this combination of strong donor support, presidential commitment and bureaucratic capacity started to unravel in the mid-2000s, with Uganda's return to multi-party politics institutionalising the ongoing dispersal of power within the political settlement. Frustrated at the incapacity of government to deliver on his campaign promises, Museveni increasingly brought mainstream policy functions within State House and circumvented formal institutional mechanisms to reach out to people directly (Kjaer 2015). This was also a watershed moment in political economy terms, with the discovery of commercial quantities of oil, the growing role of Chinese investment and Uganda's graduation from international debt all challenging the neoliberal hegemony of traditional donors (Hickey 2013, Rubongoya 2018). Although lip service continued to be paid to externally driven processes of policy reform, the gap between the impressive façade of formal institutional arrangements in Uganda and their ability to function effectively grew throughout this period (Andrews 2018), particularly in relation to corruption (Tangri and Mwenda 2013; see Figures 2 and 3).

Figure 2: Government effectiveness in Uganda, Kenya, Rwanda and Tanzania (1996-2017)



Source: World Governance Indicators; -2.5 weak; 2.5 strong.

Figure 3: Control of corruption among East African countries

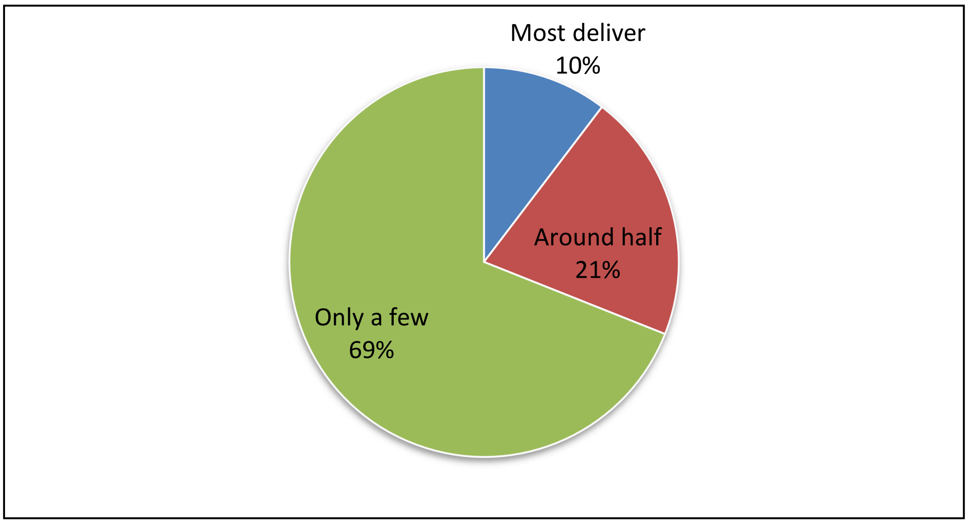


Source: World Governance Indicators; -2.5 weak; 2.5 strong.

The PoE phenomenon in Uganda

The expert survey that we undertook in 2017 with 33 respondents to identify the highest-performing public sector agencies in Uganda revealed two main findings. The first was that the 'PoE phenomenon' was prominent in Uganda, and the second was that (with the exception of the military), these are overwhelmingly concentrated in the field of economic governance. Only 10 percent of the experts felt that 'm*ost ministries/departments/agencies regularly deliver on their mandate, with only a few failing to do so'*, whereas the clear majority concurred that 'only a few MDAs regularly deliver on their mandate, whilst the majority generally fail to do so' (Figure 4). This underlines the strong sense that high-performing 'MDAs' are an exception rather than the norm and that the 'PoE phenomenon' is an integral part of the public sector landscape in Uganda.

Figure 4: Distribution of government performance (n=33 experts)

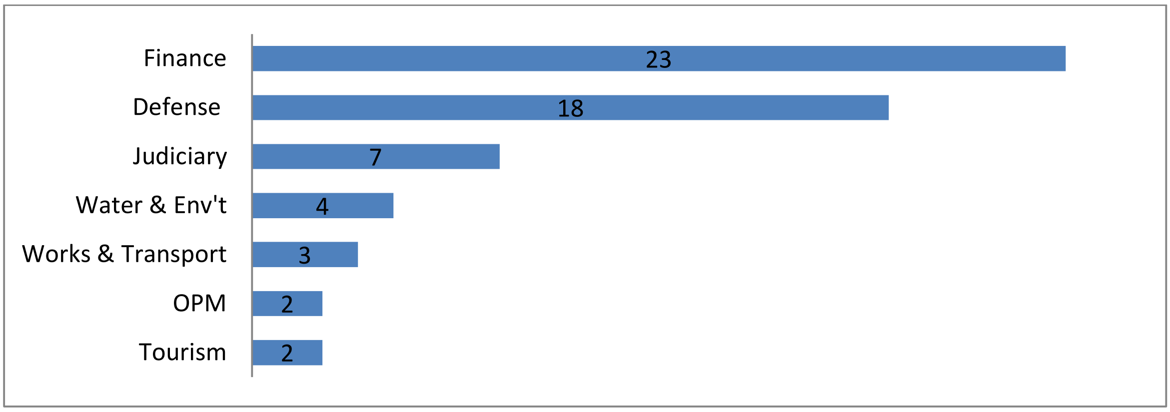


Source: Authors, expert survey.

When asked to specify the ministries which they considered to perform better relative to others, a majority rated the Ministry of Finance as their best, followed by the

Ministry of Defence (18/33, Figure 5), a choice that reflects the enduring importance of the military to Uganda's political settlement.

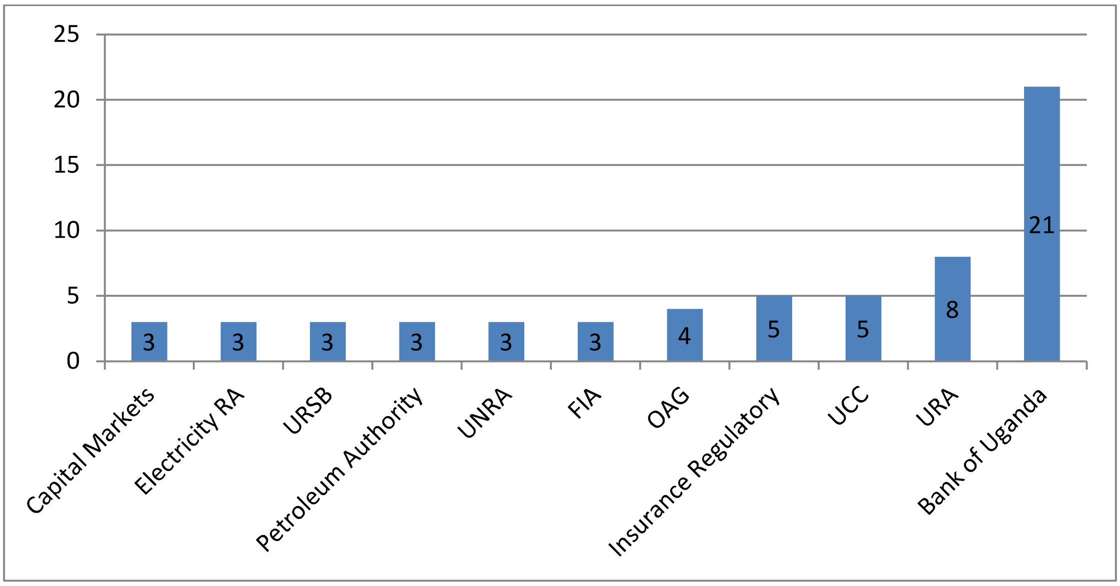
Figure 5: Perceptions of experts on high-performing ministries in Uganda (N=33)



Source: Authors, expert survey.

In terms of regulatory agencies, the central bank (BoU) emerged as the top candidate, with the Uganda Revenue Authority (URA) perceived to be the next highest performing, albeit by a much smaller margin. Importantly, the positive rating for BoU came before investigations into its handling of the closure of the Crane Bank revealed significant problems with the central bank's probity and performance. We now set out the results of our in-depth investigations into how each of MFPED, BoU and URA have performed over time in relation to the transationalised political settlement dynamics identified above. In each case, we focus first on charting their performance against their mandates.

Figure 6: Performance of regulatory agencies in Uganda



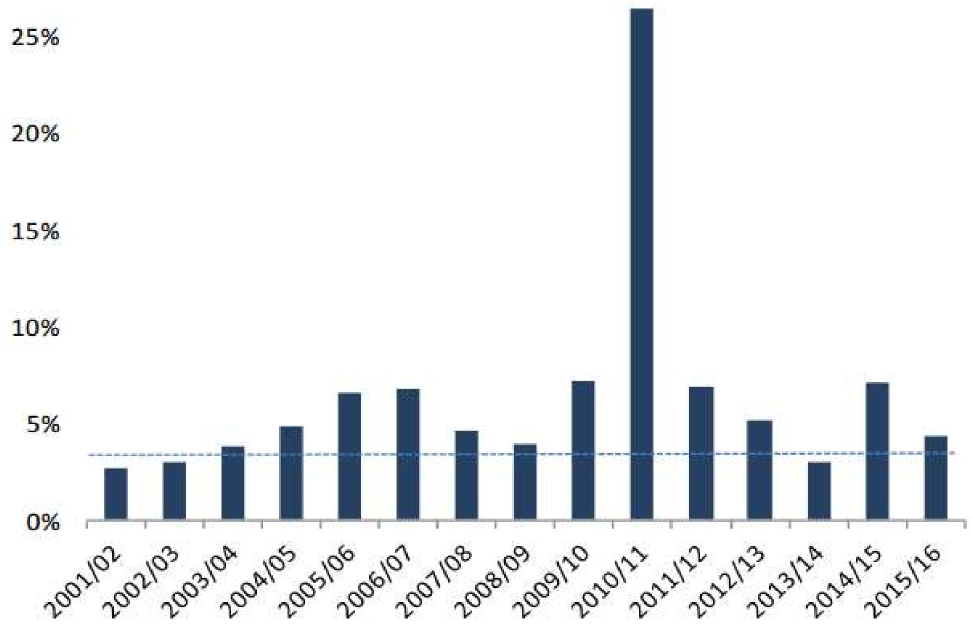
Source: Authors, expert survey.

Charting the performance of Uganda's premier PoEs over time

Ministry of Finance, Planning and Economic Development: Still Uganda's 'super ministry'?

Initially an underpowered ministry that was unable to resist the demands of political leaders, Uganda's Ministry of Finance became transformed during the 1990s into a 'super ministry' that dominated other parts of government and offered the main interface with external actors. MFPED's official mandate is 'To mobilize financial resources, regulate their management and formulate policies that enhance overall economic stability and development'.[3] We focus specifically on MFPED's capacity to effectively manage financial resources through a budgetary process directed towards economic development. A key indicator here is the extent to which supplementary budgets were deployed in relation to the rules governing this, which capped their use at 3 percent of the overall budget. As Figure 7 shows, these rules were followed until 2002-03, after which they were broken each year until 2013-14, at an average of 10.22 percent pa, with a particularly excessive episode just before the 2011 elections.

Figure 7: Percentage supplementary expenditures (2001-2016)



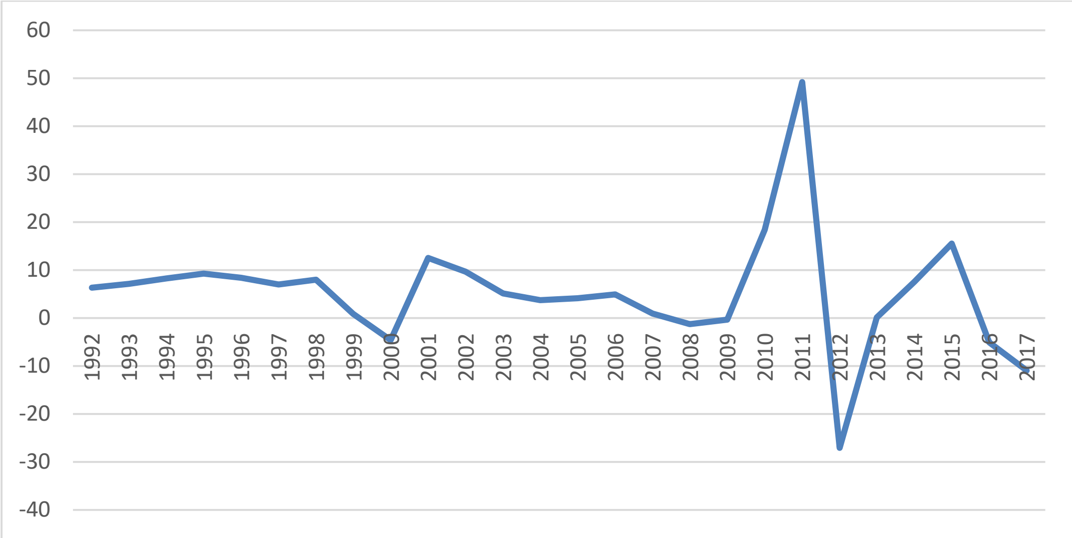
Source: IMF (2017).

For the period before the law on supplementary expenditures was passed in 2001, we use the rough proxy of the annual percentage growth in public expenditure (Figure 8). This suggests that after a period of relative stability for most of the 1990s, a political business cycle (Block 2002) then sets in, with spikes occurring around the election years of 2001, 2006, 2011 and 2016. Importantly, Figure 9 shows that the gap between the resources allocated to public administration, security and justice

3 https://www.finance.go.ug/mofped/our-vision-mission-and-mandate (accessed 26 April 2021).

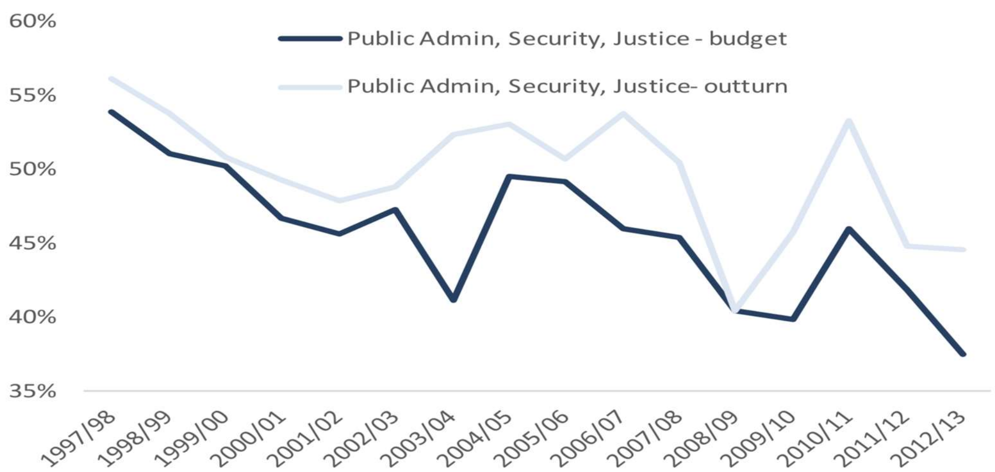
and those actually spent in these sectors (all strongly associated with political expenditure) widened from the early 2000s onwards.

Figure 8: Annual percentage growth in government expenditure (1992-2017)



Source: Based on World Bank data.[4]

Figure 9: Public administration: Budget allocation versus outturn



Source: IMF (2017:30). Uganda Fiscal Transparency evaluation. IMF Country Report No. 17/130.

A further source of evidence on MFPED's handling of the budget process comes from Public Expenditure and Financial Accountability (PEFA) assessments, which have been undertaken four times in Uganda from 2008.[5] The pattern of results is

[4] See https://data.worldbank.org/indicator/NE.CON.GOVT.KD.ZG?locations=UG

[5] PEFA started in 2001 as a donor initiative for harmonising country-level assessment of public financial management (PFM) across 150 countries. It is supported by seven agencies, including the European Commission, International Monetary Fund, World Bank, and the

mixed, with aspects of budget management (e.g. on data) being performed at a high level throughout the last decade (Table 1). However, other indicators also point to a declining level of performance during the late 2000s and early 2010s (e.g. on the 'extent of unreported government operations'), followed by improvements in almost all areas by 2017.

Table 1: Trends in selected Public Expenditure and Financial Accountability (PEFA) indicators (2008-2017)

Indicator	2008	2009	2012	2017	Comments
Classification of the budget	**A**	**A**	**A**	**A**	No change
Comprehensiveness of information included in budget documentation	**A**	**A**	**A**	**A**	No change
Extent of unreported government operations	**B+**	**D+**	**D+**	**C+**	Only 1.9 percent of central government budget is unreported
Transparency of inter-governmental fiscal relations	**D+**	**D+**	**D+**	**C**	LGs have sufficient time to prepare their budget after second budget call circular
Public access to key fiscal information	**C**	**B**	**B**	**B**	No change
Orderliness and participation in the annual budget process	**B**	**C+**	**C+**	**A**	Impact of PMFA 2015
Multi-year perspective in fiscal planning, expenditure policy and budgeting	**B+**	**C+**	**C+**	**B**	Medium Term Fiscal Forecast (MTFF) improved and used

Source: PEFA Uganda country reports for the respective years.

The increasing laxity around budget management and public expenditure from the early to mid-2000s suggests an important breakpoint within the trajectory of MFPED's performance. That the level of supplementary budgets is then reined back in after 2011 and, with PEFA scores improving between 2012 and 2017, indicates a further turning point from around 2012-13 (PEFA 2017). When combined with the

governments of France, Norway, Switzerland, and the UK (https://www.pefa.org/about/history, accessed 26 April 2021).

qualitative accounts that we gathered on MFPED's performance over time, this suggests three distinct performance periods:

I. a period of *reform and strong performance* from 1992 until the early 2000s;
II. a period of *decline and capture* from around the early to mid-2000s until 2012; and
III. a period from 2013 involving *partial reform amidst continued decline.*

The halcyon days of reform: Early 1990s-2002

> 'At that time everyone was reform-minded … we enjoyed the positive political clout, the political commitment from the president, and the positive technical guidance from our bosses.'[6]
>
> '…it soon became clear that MoFEP had the president's full authority to do whatever was necessary to control inflation. The economic technocrats had taken over' (Mutebile 2010: 42).

The period of reform that began in the early 1990s is spoken of with great fondness and pride by those who worked in the ministry at the time, who recognised that they formed the bureaucratic vanguard of a wider moment of state-led reform. Emmanuel Tumusiime-Mutebile was a particularly key figure as the first permanent secretary (PS) of the combined Ministry of Finance, Planning and Economic Development[7] from 1992 until being appointed as governor of the Bank of Uganda from 2001. Mutebile was granted the political authority to enforce strict fiscal discipline, such that 'most observers outside the ministry believe that what Finance says always has President Museveni's backing'.[8] Civil servants knew that 'we enjoyed the political commitment from the president', and appreciated efforts by the ministry's leadership to build a strong organisational culture:

> 'we also had a well-seasoned minister who was very competent, knew the president very well. Mutebile (the PS) was also highly respected, a hardliner, he would tell president "over my dead body". So we technical people were very motivated to work, because we knew if we worked hard and did our work it would be accepted.'[9]

Staff noted that they were offered 'clear job specifications and career progression' and that it was '…always clear that promotions were on merit'.[10] Insiders also identify the hiring of expatriate technical advisors as significant in raising standards.

[6] Ex-senior officer within Budget Department, 9 November 2017.
[7] This merger took two rounds (from 1992 to 1996 before a second merger in 1998) and helped to deliver a much more strategic and analytical approach to policy-making during the later years of this period.
[8] MFPED advisor, 16 January 2018.
[9] Ex-senior officer within the Budget Department, 9 November 2017.
[10] Ex-senior officer within the Budget Department, 9 November 2017.

The period of decline: 2003-2012

Many officials involved in the early reform period identify the 2001 elections as the point at which the ministry started to lose this high level of political protection and direction:

> '… it started changing in 2001 … I remember going for a meeting and he [the president] was creating a credit scheme, and our minister asked him about this, and said "you know that these credit schemes never deliver … why should we be getting into this?" The president said: "these are my voters and they don't have access to reliable income. I want money to be able to give out to my citizens". That is when we knew things had changed.'[11]

This change in presidential orientation was further reflected within the appointments made to the ministry's leadership. In 2001, Mutebile was moved to the central bank and replaced with a permanent secretary perceived as being less obstructive. The highly regarded minister, Ssendaula, retired in 2005, and it seems that 'MFPED has not survived [the] inadequate finance ministers that followed him',[12] none of which possessed his combination of technocratic expertise and political heft. From the mid-1980s until the mid-2000s, finance ministers enjoyed terms of six to seven years, whereas ministerial terms from 2005-2019 have lasted for an average of just over three years. This halving of the longevity of ministerial terms suggests a greater degree of political interference than had hitherto been apparent.

The mid-2000s watershed for Uganda's political economy, which, as discussed above, reduced the influence of western donors and the president's commitment to neoliberal orthodoxy, also had a direct impact in MFPED. One Ugandan advisor to the minister of finance at the time noted that this was:

> '…the moment that we started to push donors away, we had discovered oil and pushed donors to back seat, and that took away a little bit of the sanity and by default the probity of these officials; they now had that greater autonomy.'[13]

With the president increasingly attracted to large infrastructure projects, MFPED was now seen as an obstacle to his ambitions. In 2007, the president shifted responsibility for national development planning away from MFPED to the re-invigorated National Planning Authority and re-enforced parallel processes of economic planning and governance through the Presidential Advisory Committee.

With its hegemony challenged, MFPED also started to experience the internal problems of corruption that had come to typify the public sector in Uganda by this

[11] Ex-senior officer within the Budget Department, 9 November 2017.
[12] Senior government advisor and ex-Ministry of Finance advisor, 6 November 2017.
[13] Ex-advisor to Minister of Finance, 29 July 2016.

point. Finance officials were heavily involved in Uganda's mishandled hosting of the Commonwealth Heads of Government Meeting in 2007. In 2012, leading MFPED figures were directly implicated in the major theft of donor funds intended to support reconstruction efforts in northern Uganda. The so-called 'OPM' scandal revealed connivance between officials in the Office of the Prime Minister, MFPED and the Bank of Uganda and forced the government to undertake drastic reforms to restore donor confidence. A commissioner working in the ministry during the reform process claims that the previously meritocratic process of appointments and promotions also came under strain during this period.[14]

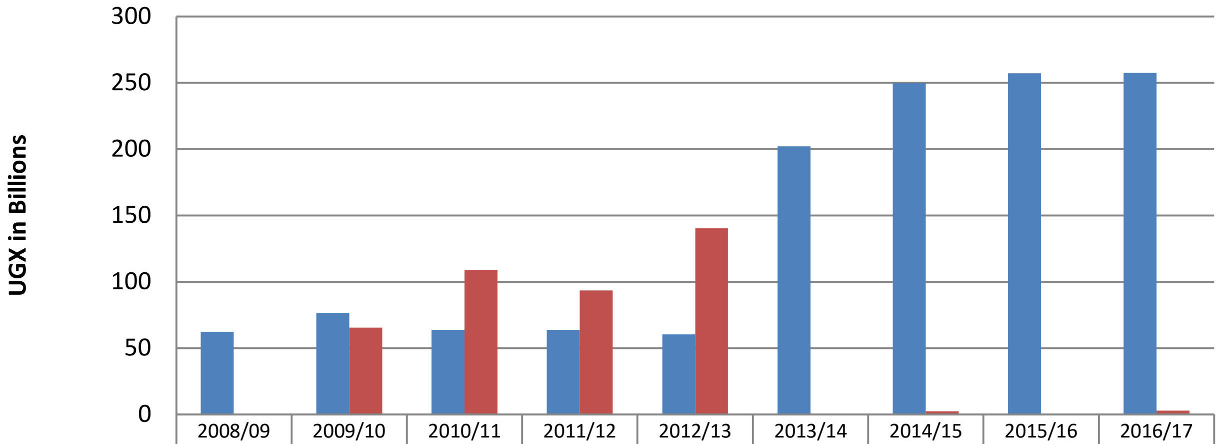
MFPED's ability to protect the budget process from political interference was severely tested during this period and the massive spike in public expenditure around the 2011 elections arguably reflected the wholesale capture of this erstwhile pocket of effectiveness. A previous minister admitted diplomatically to a 'hiccup in 2011 … I think we stumbled there regarding the political pressure, which was too much, which led to huge supplementary expenditures which sent inflation out of control'.[15] Under pressure to allocate resources to aid funding of political activities of the ruling party (Abrahamsen and Bareebe 2016), MFPED was forced to approve massive allocations to State House, the Office of the President, and the Ministry of Defence, all channels through which the NRM's militarised and monetised strategies of regime survival are funded (Golooba-Mutebi and Hickey 2016; Figure 9).

Partial reform amidst continued decline? 2013-2018

The reforms undertaken by MFPED from 2013 were led by the new permanent secretary, a reformist official appointed that year who '…brought a lot more vigour – he can wade into the murky political waters with some degree of confidence', given his close relationship with the president.[16] Major reforms included the introduction of the Treasury Single Account and the new Public Financial Management Act (PFMA) in 2015. The latter of these was an explicit effort to protect the budget process from political pressure, with Section 25 addressing the abuse of supplementary expenditures.[17] However, as the 2016 elections approached, the Executive encouraged loyal parliamentarians to table amendments that would loosen the new restrictions on supplementary budgets.[18] On 11 November 2015, Parliament passed the PFM Amendment Bill, a mere six months after the original Act, with one senior official admitting that, 'We lost that one, the one of supplementaries'.[19] The misuse of the budget for political purposes had, in any case, been institutionalised through MFPED's agreement to significantly increase the annual budgetary allocation for State House (Figure 10), a move that effectively rendered the use of supplementary requests redundant.

[14] MFPED commissioner, 6 November 2017.
[15] Ex-MFPED minister, 7 November 2017.
[16] Leading journalist in Uganda, 10 November 2017.
[17] Interviews with leading officials in Kampala in November 2017, also 19 October 2018.
[18] Interview with senior MFPED official, 18 October 2018.
[19] Interview with senior MFPED official, 29 July 2016.

Figure 10: State House budget and supplementary budgets



	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Budget	62.25	76.43	63.67	63.64	60.23	202.23	249.84	257.28	257.45
Supplementary		65.4	108.94	93.38	140.3	0	2.25	0	2.9

Source: Based on figures from ACFIM (2016) and IMF (2017).

The Bank of Uganda

> 'The primary purpose of the Bank is to foster price stability and a sound financial system. Together with other institutions, it also plays a pivotal role as a **centre of excellence** in upholding macroeconomic stability.'[20]

> 'BoU's mandate is financial stability and macro stability, and pretty much we have achieved this. The exceptions were 2011 regarding the macro and Crane Bank with financial stability ….'[21]

The Bank of Uganda (BoU) was established in 1966, with strong technical and financial support from the UK. Under Idi Amin, the BoU Act was amended to increase the amount that government could borrow and BoU soon became 'a mere service department for the government' (Mutibwa, 2006: 260; Dafe 2019). Nonetheless, staff were paid well and on time and could be characterised as 'a real aristocracy' (Suruma 2014). It was not until just after the inflation crisis of 1992 that BoU was granted formal autonomy, in 1993. During the 1990s and 2000s BoU was credited with playing a major role in reducing inflation, maintaining macroeconomic stability and providing the conditions for sustained growth. Appointed BoU governor in 2001, Emmanuel Tumisiime Mutebile became one of the country's most recognisable public figures and was garlanded as African Central Bank Governor of the Year on several occasions. However, the Bank's performance, in terms of both monetary and banking supervision, dipped sharply during the late 2000s, only recovering in relation to price stability following the political and economic crisis of 2011-12.

[20] BoU website, 11 March 2019.
[21] Interview with senior BoU official, 12 March 2019

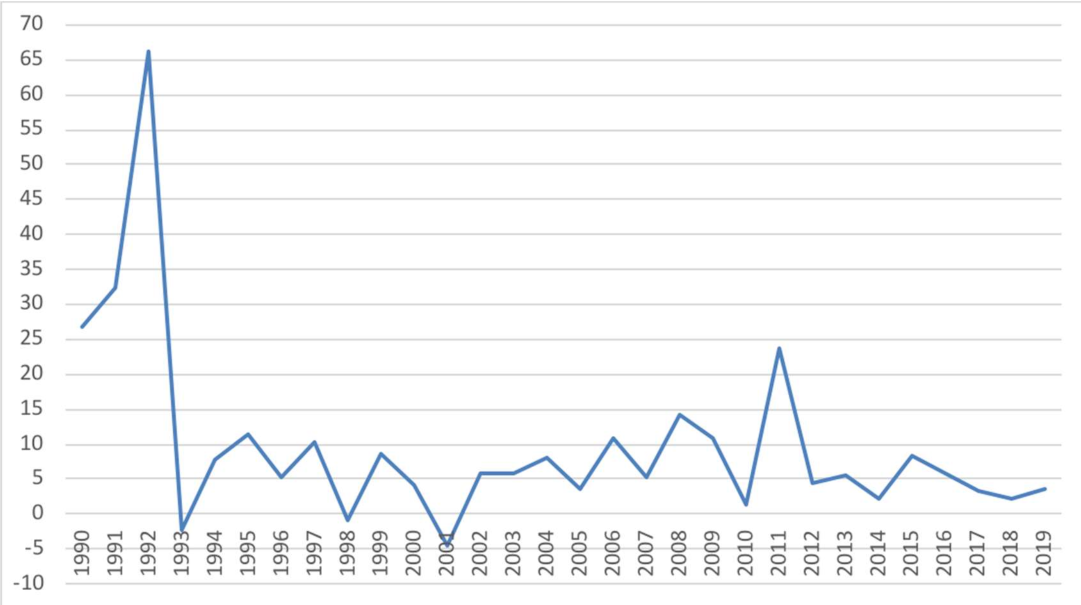
We discuss BoU's performance trajectory in relation to these two main aspects of the Bank's mandate in turn, before reflecting on the broader developmental implications of BoU's hegemony in the paper's final section.

BoU and price stability

> 'The BoU became very effective in pursuing this mandate: Inflation rates between 1995 and 2005 averaged 4.9%, which is both below the self-set target and below the African average of 6.5% during the same time period (World Bank, 2013c).'[22]

Our evidence suggests that, in relation to Uganda's performance on price stability, BoU has undergone three main performance periods since the early 1990s in relation to price stability: a period of reform and good performance from 1993-1999; a period of capture and failure during 2010-2012; and then a period of recovery from 2013 to date (Figure 11).

Figure 11: Inflation rate, end of period consumer prices



Source: IMF financial statistics and data files.[23]

Although inflation in Uganda is a largely seasonal phenomenon with regards to food production and prices, fiscal indiscipline has also been a key driver. Between 1986 and1989, borrowing from BoU contributed to 'skyrocketing' levels of inflation (Dafe 2019), with BoU giving money freely to ministers via requests based on revenue predictions rather than actual revenue (Suruma 2014).[24] The decision to shift BoU from its role as 'a printing press for government'[25] following the fiscal crisis of 1992

[22] Dafe (2015: 59).
[23] Available at: https://www.imf.org/en/Countries/UGA#countrydata
[24] Suruma was deputy governor and director of research at BoU, also advisor to Minister of Finance Kiyonga, from 1987 to early 1990s.
[25] Interview with Ugandan economist, 15 March 2019.

was strongly informed by the Financial Sector Adjustment Program agreed with the IFIs in 1993 that reoriented financial policy from financial expansion towards stability (Dafe 2019). This involved BoU taking responsibility for monetary policy and forging a strong working relationship with the newly restrained treasury.

When Mutebile was appointed BoU governor in 2001, his authority was deemed important to the consolidation of these earlier reforms. According to one official who worked at BoU throughout the 1990s and 2000s:

> 'He has competent staff, they do proper analysis; personality-wise he can be very decisive, once he is convinced, at one time his voice would move the market. He will say no, including to the president.'[26]

The Research and Policy directorate was critical here, particularly in terms of its insistence that all decision-making on monetary policy was evidence-based.[27] The Monetary Policy Committee met regularly and BoU and MFPED officials also established an informal Friday meeting to discuss the macroeconomic situation and potential responses.

From the mid-2000s, and as reported above, the deal over fiscal discipline between the president, the economic technocracy and the IFIs began to unravel. According to one ex-MFPED official who was working in the ministry at the time,

> 'It was always the case in election year. When he [the president] was withdrawing from taking care of the economy, he asked us "why can't you let inflation go above 5 percent"?'[28]

The massive increase in public expenditures in the run-up to the 2011 elections coincided with other instances of political interference with BoU, including the apparent complicity of the BoU governor in authorising an excessive compensatory payment to a politically connected businessman and the purchase of six Russian fighter jets (Hickey and Matsiko 2021). The extent of BoU's role in the 2011 elections became clear in 2014, when the governor wrote a media piece admitting that it had reissued old 50,000 Shilling notes in support of the president's election campaign. As one ex-advisor to the Minister of Finance noted:

> 'Even if it was old bills, it is still new money that is a deviation from planned money supply route. So it is printing money in a sense. Electoral costs were going through the roof – you have no idea. Not on goods and services, so inflationary'[29]

[26] Interview, 9 November 2017.
[27] Interview with ex-BoU official, 9 November 2017.
[28] Ex-senior officer within the Budget Department, 9 November 2017.
[29] Interview, 15 March 2019.

The flood of money into the economy catalysed a rapid rise of inflation to an average of nearly 19 percent over 2011, with a peak of 30.5 percent. This was the first time since 1992 that inflation had reached double figures for inexplicable reasons (see Figure 3).[30] A report commissioned by the European Union found that the 2011 spike could not be explained by economic drivers.

The resulting cost-of-living crisis inspired the popular 'walk-to-work' protests in 2011-12 (Branch and Mampilly 2015). Badly shaken, the government responded rapidly, through a severe tightening of monetary policy, operational reforms within BoU, (re)establishing closer working relations between BoU and MFPED, and constraining government borrowing through the Public Financial Management Act. The decision 'to push interest rates to the maximum'[31] saw BoU lending rates reaching as high as 30 percent. Inflation was reduced to single figures by the end of 2012 (Eberhard-Ruiz 2016), albeit at a cost to economic activity. Growth rates fell to 3.2 percent over 2011-12, and have since averaged only c4.1 percent pa, as compared to an average of over 7 percent between 2000 and 2007/08.

In the run-up to the 2016 election, BoU undertook a media and lobbying campaign aimed at avoiding a repeat of the political capture it had experienced at the previous poll. BoU officials stressed to State House and Cabinet that the risks of excessive spending leading to inflation were much higher than in 2011 and could lead to even greater political upheavals. BoU and MFPED staff issued joint communiqués directed at both the public and the president.[32] The governor gave a series of interviews to the international and national media to proclaim the need to restore central bank autonomy, a point he stressed further in a speech at a conference of central bankers in Uganda on 11 November 2014.[33] One BoU official explained how 'we started tightening monetary policy in 2015 … explicitly for elections'.[34]

Something worked, with BoU retaining control of macroeconomic stability at the 2016 elections. Having removed its support from Uganda in the aftermath of the 2011 debacle, the IMF's visiting mission just before the 2016 elections reported that 'the pressures were not as bad as last time' and that the government was managing to curtail politically influenced expenditure. Nonetheless, the 2016 elections weighed heavily on the fiscal side and on the real economy, with government freezing expenditure on investment and redirecting public finances to the electoral campaign (ACFIM 2016).

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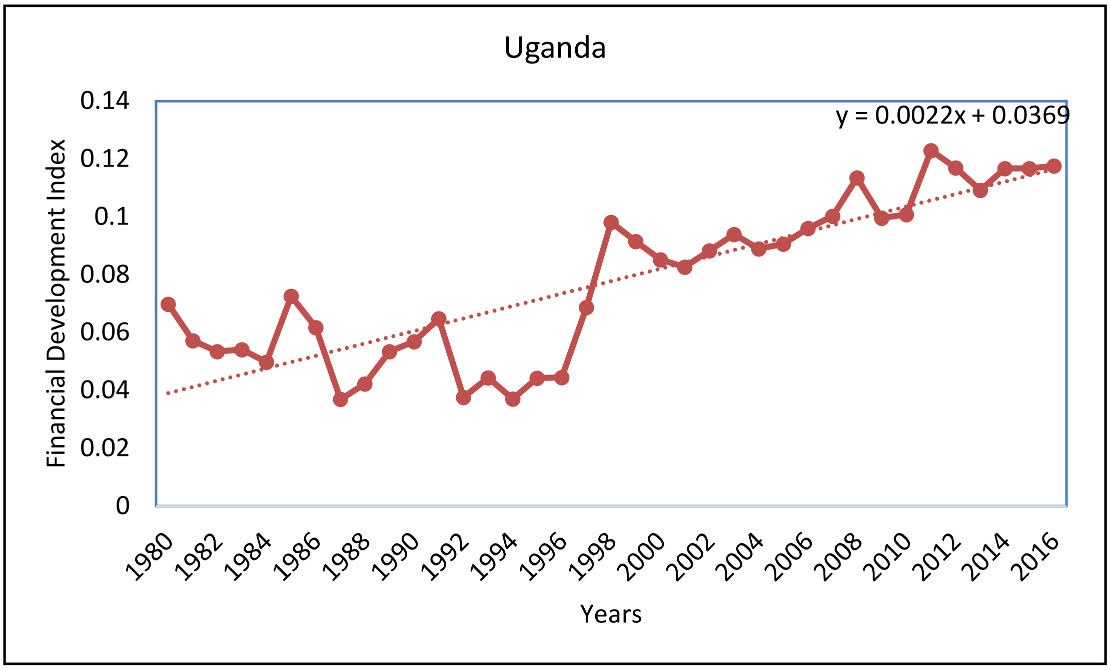
[30] The smaller spikes in inflation in 2003 and 2008 were due to oil price rises and a mixture of drought and food price rises, respectively.
[31] Interview with senior BoU official, 12 March 2019.
[32] Interview with senior MFPED advisor, 15 March 2019.
[33] E.g. Issac Imaka and Stephen Otage, 'I was misled into funding 2011 polls, says Mutebile', *The Monitor*, 12 November 2014. Available online: https://www.monitor.co.ug/uganda/news/national/i-was-misled-into-funding-2011-polls-says-mutebile-1590724 (accessed 26 April 2021).
[34] Interview 12 March 2019.

BoU and financial stability

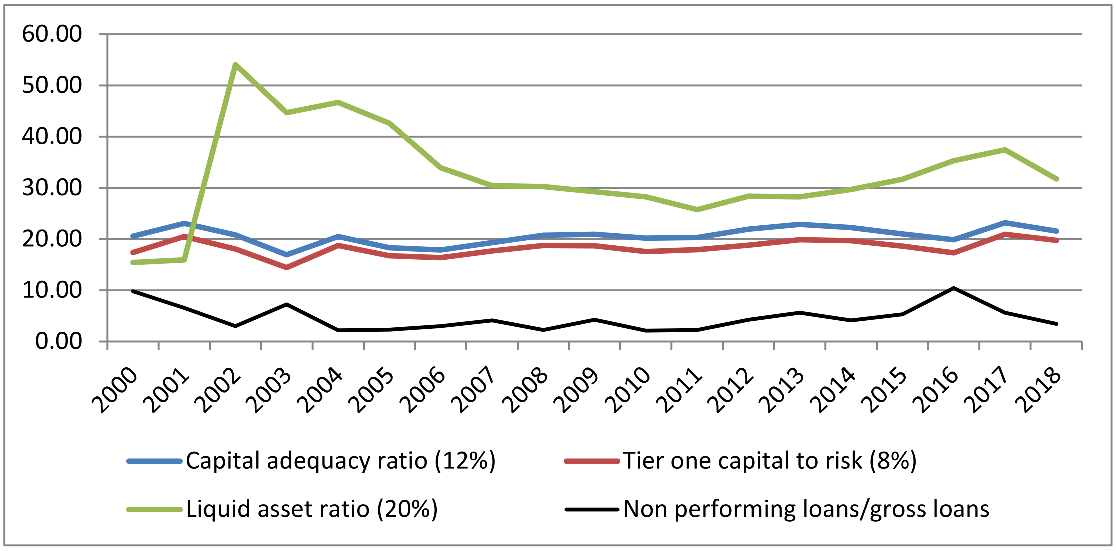
BoU's role in ensuring financial stability in Uganda involves licensing, monitoring and disciplining financial institutions. Leaving aside the period from 1966 to 1992, when BoU had very little influence over a banking sector dominated by foreign ownership (Brownbridge and Harvey 1998), we identify three main performance periods: reform and capacity-building from 1993 to 1998; good performance from 1999 to 2010; and a period of failure from 2011 to date (Figure 12). Most indicators of financial soundness suggest that the banking sector was operating well within the statutory requirements over the past two decades, including in terms of the capital adequacy ratio, tier one capital to risk and the liquid asset ratio (Figure 13). Although the spike in the level of non-performing loans around 2016 may relate to the series of bank closures that took place between 2012 and 2017, including the major case of Crane Bank (which we discuss below), these closures did not result in any negative systemic effects on the banking system, which could suggest that BoU performed its role effectively in this regard, at least. However, we show below that it is necessary to pay close attention to the process through which central banks handle specific bank closures, rather than focus on aggregate performance indicators.

Figure 12: Financial stability in Uganda, 1980-2016



Source: IMF online data https://data.imf.org/?sk=F8032E80-B36C-43B1-AC26-493C5B1CD33B.

Figure 13: Financial soundness indicators



Source: Based on Bank of Uganda data.

Officials working in the bank in the late 1980s report that the supervision unit was largely sidelined by the bank's leadership, heavily understaffed, poorly trained and poorly managed,[35] a view confirmed by a 1991 IMF study that found the unit to be one of BoU's weakest (IMF, 1991). In 1993, an IFI Financial Sector Adjustment Credit supported a reform programme that involved institutional reforms to the BoU and public sector banks, new banking laws and financial liberalisation. The supervision unit was elevated to directorate level in 1992 and the Financial Institutions Statute of 1993 increased BoU's capacity and autonomy in banking supervision (Dafe 2019). Poorly managed banks that had been overlooked were now targeted for closure, as with Teefe Bank in 1993 (Suruma 2014: 51). Further closures of failing banks in 1998-1999 revealed a willingness by BoU to punish institutions despite their high-level political connections, including to the president's brother (Hickey and Matsiko 2021).

These bank closures of the late 1990s catalysed a new round of reforms and lesson-learning, with the revised BoU Act of 2000 strengthening its powers over all financial institutions (BoU 2002: 6) and the 2004 Financial Institutions Act leading it to adopt core principles from the Basel accord. From 2005 onwards, the banking sector was relatively free from financial distress (Figure 13). This recovery was helped by changes within the central bank. The supervision department was restructured and successive executive directors with strong credentials were appointed, with an IMF (2005) assessment noting that, 'The health of the banking system improved substantially following the closure of several distressed banks'. The new director from 2005, Justine Bagyenda, became renowned as 'the iron lady' of the banking sector for her tough approach to banking supervision, apparently terrifying senior bank executives during inspections.[36]

[35] Interviews, 8 and 9 May 2019.
[36] Interview with ex-commercial bank secretary, 8 February 2019.

On the surface, this high-level commitment to banking supervision seemed to continue into the 2010s, with aggregate levels of financial stability remaining sound (BoU 2012). However, in 2012 and 2014, BoU closed two major banks, the National Bank of Commerce and Global Trust Bank, on the grounds of their being under-capitalised and characterised by corporate governance weaknesses. In 2018, official investigations by the Office of the Auditor General and the parliamentary committee on Commissions, Statutory Authorities and State Enterprises (COSASE) revealed that the BoU's closure of these banks – one of which was owned by a political rival of the president – violated the Financial Institutions Act.[37] Still more controversial was the closure of Crane Bank Limited (CBL), the third biggest bank in Uganda. CBL's owner, Sudhir Ruparelia, was renowned as the richest man in Uganda and for having been a strong financial supporter of the NRM government. The BoU took over management of Crane Bank on 20 October 2016, on the (largely justifiable) grounds that it was significantly undercapitalised, posed a systemic risk to the stability of the financial system.[38]

However, the BoU's handling of the closure catalysed a series of investigations from mid-2018, formally by the auditor general and COSASE, and less formally at the orders of State House. According to the parliamentary investigation, staff with BoU's supervisory directorate ignored the excesses of some bank operators and flouted laws and procedures during all three bank closures between 2012 and 2016 (COSASE 2019: 20). In the case of CBL, this included granting a rival bank access to CBL assets before the auditors had presented their results. The executive director of supervision (EDS), Bagyenda, was also heavily criticised for deploying lawyers against CBL who also represented commercial banks, and were advising DFCU on the acquisition of Crane Bank from BoU, and for having diluted reports from junior BoU officials that had raised concerns about CBL.[39] Although no bank closure since 1993 has had negative effects on the banking system and depositors have always been protected (Figure 12), the costs to the taxpayer have been growing. Government was forced to make ex-gratia payments to depositors worth Shs.104 billion with regards to the three recent closures and, in the case of Crane Bank, BoU injected Shs.487 billion to pay all depositors and keep the bank afloat ahead of its sale.

The BoU's handling of this crisis was further marred by an internal conflict that pitted the governor against Bagyenda and the deputy governor, who had expected to be promoted to the governorship in 2015. However, at that point President Museveni had just ousted the prime minister, a perceived rival and co-owner of the National Bank of Commerce, and felt unable to remove the governor, given that he came from the same influential constituency as the prime minister.[40] One member of the presidential investigation team attributed BoU's declining performance during the

[37] Mwenda, A. (2013, December, 6). Battle for 2016. *The Independent.*
[38] BoU's statement on the closure of Crane Bank.
[39] Ex-director BoU supervision directorate, 16 April 2019
[40] Interviews with author, July 2016.

2012-2016 period to this infighting.[41] The results of the official investigations collectively constituted 'a severe indictment on the integrity of BoU'[42] and these revelations have significantly reduced its standing as a self-proclaimed centre of excellence.

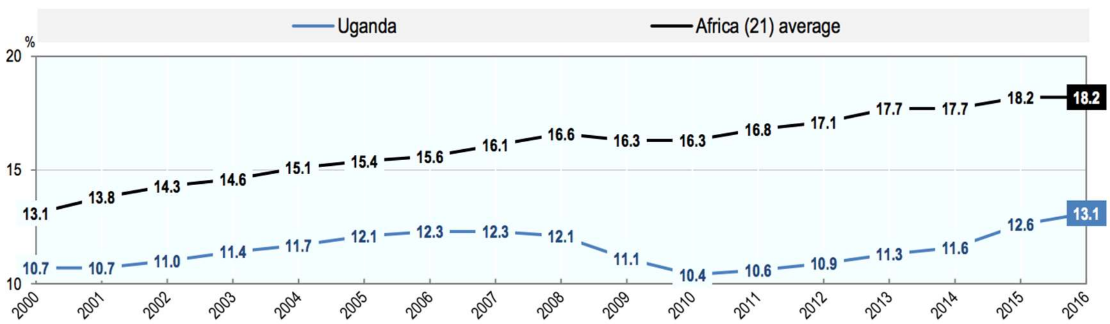
The Uganda Revenue Authority

> 'Even if it (URA) runs smoothly, it will still be tampered with: large businesses go to State House and get tax waivers. These are same companies that have been bankrolling the government. It all ties into longevity of the current system.'[43]

The popular view that the Uganda Revenue Authority is one of the country's best-performing public sector agencies sits somewhat awkwardly with the fact that Uganda's record on revenue mobilisation is comparatively poor. In 2016, Uganda's tax-to-GDP ratio was over five percentage points lower than the average of the 21 African countries in Revenue Statistics in Africa (Figure 14). This is partly because the informal economy in Uganda is somewhat larger than in most of sub-Saharan Africa, which impedes URA's capacity to improve revenue generation from taxation. Low levels of tax compliance are historically embedded in Uganda's experience of colonial rule and state collapse, as well as the ongoing discontent with corruption and low-quality service delivery. However, the fact that Uganda performs worse than countries with similar economic structures, and has performed unevenly over the past three decades, suggests that other domestic political economy factors are also important here.

Most observers argue that URA was at its most effective during its first years of operation (1991-97) and then again from 2005 to 2014, when URA received the type of political support, leadership and capacity-building associated with being a PoE. These periods also saw some improvements in some key performance indicators.

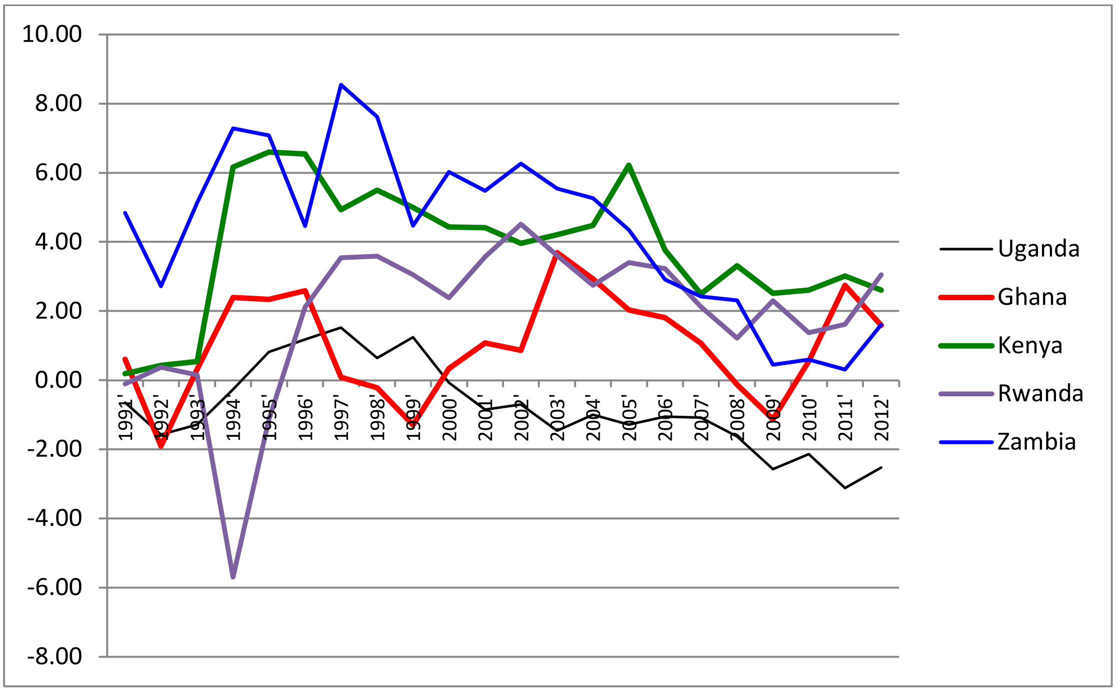
Figure 14: Uganda's tax/GDP ratio 2000-2016



Source: Revenue Statistics in Africa 2018 oe.cd/revenue-statistics-in-africa

[41] Interview, 13 March 2019.
[42] Ex-BoU staff, 9 May 2019.
[43] Senior government official, 26 July 2016.

Figure 15: Uganda's tax effort 1991-2012 in comparative perspective



Source: Based on data from Yohou and Goujon (2017).

Figure 15 shows that Uganda's performance on tax effort improved significantly following the establishment of URA as a semi-autonomous agency in the early 1990s, before then deteriorating from the early 2000s onwards.

Importantly, tax effort includes both the policy and administrative aspects of taxation. Policywise, Uganda has eschewed the adoption of exceptional tax handles that have enabled other countries in the region to boost their tax-to-GDP ratios (such as pay roll, property and air departure taxes) whilst also having a narrower VAT structure and generous exemptions; one cross-national study estimated that Uganda currently invests around 5 percent of GDP in tax expenditures.[44]

Our evidence suggests that the uneven performance of URA over time is closely linked to whether both tax policy and tax administration were benefiting from political support at the same time, and also the quality of URA's leadership, in terms of both political and technical competencies (Table 2). Below we discuss both the strong periods of URA performance (1991-1997, 2005-2012) and the weaker periods that occurred in between (1998-2004) and since these (2013-2019).

Prior to the NRM taking power in 1986, political instability had led to tax policy becoming chaotic and 'tax administration capacity had deteriorated greatly' (Cawley and Zake 2010: 103). Between 1986 and 1991, Uganda's ratio of tax revenue to GDP averaged 5.8 percent and taxpayer compliance was a significant problem. The establishment of the Uganda Revenue Authority as a semi-autonomous authority in 1991, under the influence of external actors, had a significant impact, with the tax-to-

[44] See DIAMOND report on Uganda.

GDP ratio rising from 6.8 percent in 1991/92 to 11.3 percent in 1996/97, before then tailing off (Cawley and Zake 2010: 120). Tax effort rose significantly during this period, indicating that both tax policy and administration were being actively and effectively pursued. The 1996 VAT and 1997 Income Tax Acts reflected a concerted move to restrict the discretionary award of exemptions and the removal of exemptions from public servants and parastatals from the income tax system (Cawley and Zake 2010: 112). In a bid to reduce the incentives for corruption, URA officials were paid wages significantly above the average for civil servants and all senior positions within URA were initially filled by experienced expatriates, who were charged with training up Ugandans to replace them (Cawley and Zake 2010: 116).

Table 2: URA leadership 1991 to date

Time period	Name	Politically connected / protected?	Technically competent?
1991-1997	Edward Larbi Siaw (expat)	Y	Y
1997-2000	Elly Rwakakooko	Y	N
2001-2004	Annebrit Aslund (expat)	N	Y
2004-2015	Allen Kagina	Y	Y
2015- 2019	Doris Okol	N	Y

This reformist impetus tailed off towards the end of the 1990s. From 1996/97 to 2003/04, URA only managed to meet its revenue target on two occasions and the tax-to-GDP ratio eventually dipped below the level inherited at the start of the period. Tax effort reduced significantly from 1999 and continued to fall during this period, indicating that neither tax policy nor tax administration were being pursued with any commitment or efficacy. This was partly due to URA's failure to curb evasion and corruption (Cawley and Zake 2010: 120), with the initial salary improvements enjoyed by URA officials tailing off (Kjaer et al. 2017: 20) and the commissioner general (1997-2000) appointed on the basis of political connections rather than technical or leadership capacities. The move to appoint an expatriate leader (2001-04) reversed this approach, leaving URA with a technically competent leader but one who lacked the political connections to do the job properly (Kangave and Katusiimeh 2015: 6). The tax regime also weakened during this period, with the 2001 election seeing the removal of taxes on the informal sector and new tax exemptions for hotel owners and other business owners supportive of the president.

The period from 2004 to 2012 is widely referred to in Uganda and beyond as being a highly successful period for URA, with political commitment, leadership, organisational capacity and external support all at high levels. The commissioner general throughout this period, Allen Kagina, would later recount that,

> '… revenue collections had grown rapidly by 317% in the period. Tax contribution to the National Budget grew from 58.7% to 71.5% ... Public

> perception made a complete turnaround with various sections of society and leaders calling [the] URA a model public institution' (Kagina 2015: 3-4), cited in (Magumba 2019: 2).

The entire staff of URA was fired in 2004, with selective re-hiring leading to a more streamlined organisation. The 2006-10 Modernisation Plan established a new set of priorities through a participatory process and interviews suggest that Kagina's style reflected a 'problem-driven-iterative-adaptive' approach (Andrews et al. 2017). Kagina also made extensive efforts to meet regularly with major taxpayers to discuss their concerns and with parliamentarians to persuade them to support revenue-raising measures. Importantly, Kagina enjoyed a close relationship with the president, giving her considerable clout within and beyond URA.

Nonetheless, between 2005 and 2015, tax revenues were unresponsive to overall GDP growth, with the tax/GDP ratio flatlining at 13 percent for most of the period (Mawejje and Munyambonera, 2016). The data on tax effort (Figure 15) suggests that this period saw a partial recovery, at least between 2004 and 2007, followed by continued deterioration. The logical explanation for this apparent discrepancy lies in the further politicisation of tax policy during this period, which undermined the gains being made on the administrative side. This included the ppresident abolishing the Graduated Tax in 2006, to avoid alienating his rural base, and the serial awarding of exemptions, to help keep political financiers on side.

The most recent period has seen a further decline in political commitment to URA, alongside panicky measures to generate revenue in response to budgetary shortfalls, rather than a coherent strategy for taxation. The tax/GDP ratio improved from around 13 percent to 14 percent, with experts suggesting that this reflects the ad hoc policy measures and Kagina's earlier reforms.[45] The new commissioner general, who served from 2014 to 2020, was considered to be highly competent and a person of integrity. However, she lacked a close relationship with the political leadership, had a leadership style that tended to stifle other senior managers and also failed to protect the budget for staff training. There is also a sense that URA was being forced to undertake political work on behalf of government. According to one civil society leader, '… if you are critical, they (URA) will come and freeze your assets'.[46]

Explaining the politics of performance in Uganda

> 'There had been a major expansion of the budget regarding UPE, PEAP, etc., should have led to political support and Museveni realised it hadn't due to the challenge from Besigye (in 2001). Economic policy made in a technocratic and impersonal manner would not work, he realised he had to use patronage and be seen to be associated with it. That is when the

[45] Personal communication with IFI specialist, May 2018.
[46] Interview, 7 November 2011.

political economy really changed in this country …. Realised he had to deliver patronage to political bigwigs or they would desert.'[47]

Uganda's premier PoEs and the country's shifting political settlement

Since being targeted for political protection and international investment in the early 1990s, Uganda's premier pockets of effectiveness all have a somewhat different story to tell in terms of their performance trajectories. Some of this can be explained in terms of the particular policy challenge being addressed and the degree of organisational autonomy that characterises each entity. For example, the more autonomous status granted to BoU, along with its critical role vis-à-vis international financial institutions and credit markets, enabled it to resist political capture for somewhat longer than MFPED, a more mainstream part of government. The semi-autonomous URA is somewhat different again, partly because its activities are more directly connected to actual voters than those of the treasury or central bank, but also because it is a policy-taker rather than a policy-maker, which means its performance is shaped by factors beyond its control. URA's reliance on MFPED to set the policy direction on taxation has created a further dynamic that highlights the limitations of 'agencification' as a strategy for improved performance over time. Importantly, MFPED's tax policy capabilities were significantly undermined both by URA's creation, which saw experienced staff leave the ministry for higher-paid positions in URA, and by the dominance of the budget department within MFPED. This uneven distribution of capabilities within government reflects the nature of Uganda's political settlement, with patron-client logics dictating that resources flow downwards to voters in return for political loyalty, rather than the opposite way in the form of a social contract. There is, in other words, a particular politics to each organisation and the relationships between them that matters when trying to understand their performance patterns over time, including the good working relationships between the treasury and central bank required to balance fiscal and monetary policy.

However, and given that these factors have been relatively constant over the time period discussed here, the more important causal mechanisms that have shaped organisational performance can be located elsewhere, and specifically in the interplay of political settlement dynamics, organisational leadership and international influence. The fact that the president retains the power to appoint the leaders of even autonomous and semi-autonomous organisations such as the URA and BoU, and has been the dominant player in Uganda's political settlement since 1986, is pivotal here. The tripartite deal that was struck between a reformist president, IFIs and senior bureaucrats in the early 1990s largely held for the decade within which Uganda's political settlement concentrated power around a dominant leader. The semblance of at least a degree of 'systemic vulnerability' (Doner et al. 2005) during this period – regarding various insurgency movements in the countryside, the need to forge a broad-based settlement with multiple social groups and a lack of foreign

[47] Long-term senior advisor to MFPED and BoU, 6 November 2017.

exchange (Rubongoya 2018) – helped to incentivise at least some degree of state-building, albeit of a highly partial and neoliberalised form.

The increased dispersal of power within Uganda's political settlement from the late 1990s onwards would steadily undermine presidential commitment to even this narrow form of state-building, as highlighted in the quote that opened this section. Indeed, the only somewhat competitive election of 1996 had already led the president to weaken his commitment to URA. Once the scale of the political challenge became apparent to the incumbent at successive elections in the 2000s, and the costs of maintaining expensive provisioning pacts more and more apparent, MFPED and then BoU were subject to growing levels of political interference, culminating in their outright capture around the 2011 elections. The declining influence of international actors such as the World Bank and IMF from the mid-2000s seemed to further weaken the capacity of bureaucrats within core economic agencies to protect themselves from political interference, as the neoliberal ideological settlement that helped hold the original deal together became weakened by the advent of oil and China (Hickey 2013), and with Museveni now invoking 'a more state-oriented, populist ideology' (Rubongoya 2018: 105).

The strong sense that the growing dispersal of power has been central to the decline of PoEs in Uganda has been apparent with regards to other high-performing agencies that experts identified in our survey, including Kampala City Council Authority, which was actively impeded from implementing certain policies in the run-up to the 2016 election for fear of further antagonising voters working within Kampala's informal economy (Golooba-Mutebi and Hickey 2016). The dilution of the Public Financial Management Act in the run-up to the 2016 elections and the compromise reached around State House budgetary allocations suggest that the political imperatives of regime survival continue to outweigh the technical imperatives of economic governance.

The social foundations of Uganda's political settlement have also played an important role in moderating the commitment of the executive to investing in building and protecting meritocratic public sector organisations over time, often in ways that are linked to the increased dispersion of power since the early 2000s. For example, the president has been increasingly unwilling to antagonise those social and economic constituencies upon which he relies to stay in power. This has been particularly apparent with regards to the reluctance to impose increased taxation burdens on petty traders in Uganda's informal sector and the willingness to offer exemptions to companies in return for financial and political support. Another growing trend over the 2000s was an increased reliance on making appointments from his own ethno-regional base, particularly in senior political and bureaucratic positions (Lindemann 2011), in ways that arguably betrayed a growing insecurity about his grip on power. Insiders within all of our case-study organisations report a growing sense that the balance that had previously been struck between meritocracy and political loyalty in relation to appointments and promotions had been increasingly eroded over the 2000s, with some observers going as far as to argue that:

> 'There is no meritocracy: they are his people in the army, diplomacy – across the public service, there is no competitive meritocracy, across all institutions. It is patronage at its best: the patron–client relationship has now crystallised, no longer hidden, it is open.'[48]

However, the politics of ethno-regional balancing has arguably played a more profound role in relation to public sector performance and state-building in Uganda since the NRM came to power. Viewed over time and also in relation to other political settlements within the region, such as Rwanda (see Chemouni 2021), it is apparent that Museveni has always privileged provisioning pacts with various social constituencies, including ethno-regional barons, as a means of holding together a ruling coalition in multi-ethnic Uganda, rather than undertaking the difficult work of building protection pacts that involved a long-term commitment to state-building across the board, and not just in small enclaves (Slater 2010).

Organisational leadership: The critical (and declining) role of technopols in Uganda's political settlement

> 'President Museveni does not understand institutional reform, just trusts certain people. He (the BoU governor) balances the political with the interests of the IMF, realigns policy objectives. Mutebile reads his (the president's) mind and will strike a balance between the two. If the two were at conflict it would not work.'[49]

Since the early 1990s, Emmanuel Tumusiime-Mutebile has been the country's archetypal 'technopol', [50] providing a key interface between the economic technocracy, the president and the dominant incentives and ideas generated by Uganda's transnational political settlement. Mutebile, an NRM loyalist armed with an Oxford education and an early conversion from Marxist to neoclassical economics, provided the lynchpin in the original three-way deal between the president, technocrats and donors that established the basis for the PoEs discussed here. As the country's longest-serving governor, Mutebile came to be one of the country's most prominent public figures and the public shock concerning the revelations of BoU's mishandling of the banking sector in 2018 was closely related to a sense that a figure previously trusted to hold the line had fallen.

As indicated in the quote above, Mutebile's close political connections to the president and political management skills (Roll 2014) have been as central to his success as his credibility as an economist and bureaucratic leader. The same holds for successive permanent secretaries at MFPED and certain commissioner generals

[48] Independent Ugandan MP, 8 November 2017.
[49] Personal advisor to the president, 28 July 2016.
[50] The term 'technopol'refers to actors that transcend the categories of 'technocrats' or 'politicians', by virtue of possessing both the technical and political resources required to drive forward certain policy and organisational agendas (Domínguez 1997, Joignant 2011).

at URA, as well as other PoEs in Uganda.[51] The choice of commissioner general for URA has swung between those appointed largely on the basis of connections and those too disconnected and autonomous to manoeuvre effectively in Uganda's political context (Table 2). The appropriate balance appeared to be reached with the appointment of Allen Kagina in 2004, in that she was not only a highly capable bureaucrat but was also closely connected to the president. Since Ssendaula, no finance minister has combined both political clout *and* technical capacity, and appointment terms have been shortened. Finance ministers have tended to play second fiddle to senior technocrats within MFPED, including in terms of relations to State House, reinforcing the sense in which PoEs are often associated with less-than-democratic forms of rule.

Organisational factors: Culture and policy type

Our research offers some support for the argument that high-performing public sector organisations rely as much on the creation of an 'organisational culture' of performance as more material incentives (Grindle 1997). Officials working at MFPED during the 1990s and URA during the mid-2000s speak fondly of the periods in which they were supported to do their work by the top leadership and empowered to take decisions and risks in pursuit of a wider goal, often couched in patriotic terms. In these contexts, high levels of pay and other perks seemed to matter, but not as much as the high level of training on offer and the sense that their technical skills were respected and being directed towards national developmental purposes. Nurturing this requires a particular type of organisational leadership, one arguably more associated with PDIA-style approaches than bureaucratic hierarchies (Andrews et al. 2017), and with sufficient continuity of leadership over time to ensure that a new culture becomes institutionalised. Whilst such institutionalised organisational cultures may outlast the removal of political support and protection (for example, MFPED staff continued coming to arrive at work at 7am, even after it had become clear that the president was no longer allowing the budget process to operate without significant interference), they are insufficient in and of themselves to maintain the same high levels of performance without this.

Developing organisational cultures of performance, even for limited periods, may be more achievable in bounded agencies that are separate from the mainstream of the public service and which have autonomy over issues of pay and other working conditions. However, this can also lead to more problematic organisational cultures emerging. In particular, BoU is renowned for offering the best working conditions within the country's public sector. However, and unlike with MFPED, we found little evidence of a sustained effort to create an organisational culture that put the institution (and/or the country) ahead of individual fulfilment. Questioned directly on this issue, the current governor agreed that, 'It (BoU) was different, less mission

[51] These include the National Water and Sewerage Corporation (Bukenya 2020), the petroleum department (Hickey and Izama 2016, 2020) and arguably also KCCA, for a period at least.

driven than MFPED',[52] perhaps in part because of its greater autonomy compared to its more politically connected counterpart.

A further organisational factor that matters for PoEs here is the nature of the task being undertaken. It is not surprising that the budget department was identified as the highest performing part of the ministry, when its remit is at least somewhat more bounded and controllable than, say, the directorate of economic affairs or department of debt management. BoU has found it comparatively easier to establish and maintain high levels of performance in relation to the logistical challenge of controlling inflation than it has with the more transactional challenge of maintaining financial stability. The research directorate or monetary policy committee offer far fewer rent-seeking opportunities than banking supervision, where staff interact frequently with banks that are not just secretive and difficult to regulate but also (at times) open to collusive activities. In this respect, the assumption that PoEs are more likely to emerge and be sustained around more logistical tasks (Roll 2014), is strongly sustained here. However, BoU's contrasting fortunes with regards to price and financial stability also reflects the differing levels of political importance that are placed on these two functions: Uganda's ruling elite recognise from bitter historical experience that high levels of inflation are damaging to political as well as macroeconomic instability, and have generally supported BoU's autonomy in this regard. The banking sector is somewhat less critical to maintaining the current political settlement, in part because (unlike in, say, Kenya), private banking has not historically been a key conduit of political financing.

Transnational influences and the developmental implications of Uganda's premier PoEs

All of the PoEs that we identified in Uganda had received considerable international support, both at their inception and beyond. This was mainly from western donors but also through links to global epistemic communities of professional expertise, including regional and international associations for central bankers and tax administrators. This has included support for salaries, training and organisational design. The transnational project of promoting neoliberal principles of economic governance since the late 1980s has directly shaped the nature of the state, in Uganda as elsewhere in Africa (Harrison 2010). The neoliberal consensus that emerged amongst most of the leading political and bureaucratic elite in the early 1990s helped to align MFPED with BoU, to align the economic technocracy as a whole with strong sources of international assistance, ideas and finance, and to provide ideological coherence within each organisation. The IMF, with its offices located within the central bank itself, helped forge a powerful 'finance ministry' tendency within Uganda dedicated to maintaining a neoliberal policy direction.

However, this convergence started to fracture after 2006, as Uganda's political economy became geared towards a more fiscally expansive mode of development. MFPED's declining performance from the mid-2000s was influenced by this

[52] Interview, 13 March 2019.

ideological and institutional challenge to its authority. Inspired by the discovery of oil and Chinese investment, the president authorised the National Planning Authority (NPA) to take on national planning responsibilities, thus removing a significant element of MFPED's responsibility and power (Hickey 2013). In response, the Treasury and central bank have both sought to curtail the capacity and ambitions of this productivist tendency within government, restricting the flow of high-quality technocrats from MFPED to NPA and opposing major hikes in expenditure. NPA has struggled to establish a new developmentalist project, lacking the decades of international support that MFPED and BoU have benefited from or alliances with other productivist elements required of a more developmental state (industry, trade, commerce), which were also marginalised within the period of neoliberal hegemony. Even those who helped engineer Uganda's neoliberal reforms concur that there has been a lack of structural transformation and investment in industry (Whitworth and Williamson 2010). The waxing and waning of pockets of effectiveness in Uganda thus continues to be closely shaped by ideological and institutional imperatives embedded within the global political economy.

Conclusion and implications

> '(Museveni's) style of government puts enormous pressure on him – constantly politicking, going to events – never through institutions, he has personalised everything.'[53]

PoEs offer an important window onto the interplay between processes of state formation and democratisation in Uganda, which, as Grindle (2012) notes, has always been critical in shaping whether or not countries might be transitioning from patronage to civil service systems. The case of Uganda suggests that the state-building project under Museveni has only ever been a partial project, limited to the military and those bureaucratic enclaves charged with delivering the core economic and security functions required to maintain a sense of juridicial statehood in the global order. Whilst these PoEs have helped to offer the ruling coalition a sense of legitimacy at national and global levels, particularly through imposing a degree of political and economic stability that enabled the country to achieve impressive and largely pro-poor growth rates, they have also helped to reproduce a particular political and economic order that is both militaristic and narrowly neoliberal in nature, not least because of the strong support and ideological preferences of international development agencies. High-performing parts of the public sector in Uganda operate through the close relationships that the president nurtures with a handful of select bureaucrats, who often become larger-than-life public figures – an inherently undemocratic mode of rule that leaves elected ministers sidelined.

Given this context and trajectory, it becomes clear that pockets of effectiveness represent a double-edged sword as a strategy for developmental governance. The organisations identified here have been critical to Uganda being able to achieve an impressive process of post-war reconstruction, imposing fiscal and monetary

[53] Long-term senior advisor to MFPED and BoU, 20 November 2018.

discipline in ways that secured the conditions for economic recovery and growth that was largely pro-poor in nature for the 1990s and early 2000s. However, it is also clear that the high levels of political protection, international support and organisational leadership that these organisations benefited from only equipped Uganda to perform certain tasks and deliver on certain (neoliberal) development agendas, to the exclusion of others. Any new effort to build strong public sector organisations needs to focus much more strongly on the productivist functions that Uganda needs to develop in order to push towards the process of structural transformation required to deliver more jobs and sustained process of poverty reduction. This can be directed both at alternative centres of power within government (planning, industry, trade) and more productivist and developmental functions within the organisations discussed here. For example, central banks have historically played a much more proactive role in providing development finance to support late developers than they have been encouraged to do under the neoliberal dispensation (Epstein 2005). Current calls for BoU to adopt a more activist approach are growing louder, including with reference to greater support for the Uganda Development Bank. Within MFPED, there are strong grounds for raising the status of the tax policy function and enabling a more joined-up relationship between tax policy and administration that will be central to driving up the revenue required for more ambitious development interventions and, ideally, longer-term processes of state-building.

This more joined-up approach is arguably a more fruitful one than a return to focusing on specific 'islands', which has proven to be an increasingly contradictory strategy. For example, the relative decline of URA in recent years needs to be set against the rise of other newly formed agencies, that in some cases have been able to offer higher salaries and attract staff away from URA (including Uganda National Roads Authority, Kampala Capital City Authority, the Petroleum Authority of Uganda and the Uganda National Oil Company). Maintaining PoEs, including through the payment of relatively generous salaries and allowances, is an expensive business, which undermines other deserving areas of the public sector. However, the prospects of Uganda undertaking a more broad-based project of state-building within the context of its prevailing political settlement dynamics seem remote, with the politics of regime survival continuing to trump all other incentives in relation to the public sector.

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