esid Effective States and Inclusive Development
identifying routes to social justice

ESID Working Paper No. 174

The politics of taxation in Uganda: The role of Uganda Revenue Authority

Sam Hickey[1]

December 2023

[1] The University of Manchester, UK

Email correspondence: sam.hickey@manchester.ac.uk

ISBN: 978-1-912607-28-0

This research was funded by the ESRC and the former UK Department for International Development, which merged with the Foreign & Commonwealth Office on 2 September 2020 to become the Foreign, Commonwealth & Development Office. However, the views expressed and information contained in it are not necessarily those of, or endorsed by the UK government, which can accept no responsibility for such views or information or for any reliance placed on them.

Abstract

Since being granted semi-autonomous status in 1991, Uganda Revenue Authority (URA) has sometimes appeared to operate as a 'Pocket of Effectiveness' (PoE) whilst at other times suffering from political neglect and/or interference. Most observers argue that URA was effective in the first years of operation (1991-7) and then again from 2005-2012, 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, although overall Uganda remains a comparatively poor performer in terms of its tax-to-GDP ratio, which remains the lowest in the region.

A political settlement analysis can capture much of this variation in URA's performance. A full alignment of the three key drivers of revenue authority performance (political commitment, an enabling policy environment and organisational leadership) only occurred under the 'dominant developmental' ruling coalition of the early 1990s. As political settlement dynamics shifted in the 2000s, with the ruling coalition facing growing challenges along horizontal and vertical dimensions of power, the President's commitment to institution-building waned. Tax policy became increasingly politicised in ways that directly undermined URA's best efforts to improve revenue-generation, including during the much-celebrated period following the appointment of a particularly dynamic commissioner general in 2005. Over a three-decade period, then, URA's uneven performance trajectory has been defined by the shifting level of political commitment to both tax policy and tax administration reforms, with even high-performing organisational leaders unable to overcome the wider constraints imposed by Uganda's increasingly vulnerable and populist political settlement.

Keywords: political settlement, taxation, Uganda Revenue Authority, pocket of effectiveness

Hickey, S. (2023) The politics of taxation in Uganda: The role of Uganda Revenue Authority. ESID Working Paper No. 174. Manchester, UK: The University of Manchester. Available at www.effective-states.org

Abbreviations

BoU	Bank of Uganda
CG	Commissioner general
DEA	Directorate of Economic Affairs
DRM	Domestic revenue mobilisation
EAC	East African Community
GoU	Government of Uganda
HNWI	High net worth individuals
IMF	International Monetary Fund
MFPED	Ministry of Finance Planning and Economic Development
NRM	National Resistance Movement
PFMA	Public Finance Management Act
POE	Pocket of effectiveness
PS/ST	Permanent Secretary/Secretary to the Treasury
TPD	Tax Policy Department
URA	Uganda Revenue Authority

1. Introduction

> "Strong political commitment is a critical element in undertaking serious tax reforms" (Cowley and Zake 2010: 128).
>
> 'If the political will is there, the techniques needed for effective tax administration are not a secret' (Bird 2012: 2, cited in Magumba 2019: 8).

Close observers of economic governance in Uganda, along with the majority of our survey respondents, identify the Uganda Revenue Authority (URA) as one of the country's best-performing public sector agencies. Trying to corroborate these views through 'objective' performance data has not been straightforward, reflecting wider problems when it comes to measuring the performance of revenue authorities. The typical metric of performance on taxation, namely the tax-to-GDP ratio, is shaped not only by the efforts of revenue authorities but also the tax regime and the structure of the economy. The informal economy in Uganda is somewhat larger than in the majority of countries in sub-Saharan Africa: roughly 70 percent of Ugandans operate within the informal economy, which impedes URA's capacity to improve revenue generation from taxation. Uganda has long failed to achieve the levels of revenue mobilisation required to meets its development objectives and is a poor performer by regional standards (see Figure 1).

However, the fact that Uganda performs worse than countries with similar economic structures, and has performed unevenly over time, suggests that the key problems are with the tax regime and tax administration, both of which are in turn strongly shaped by political economy factors. Political commitment is widely acknowledged to be critical to tax reform, both in Uganda and beyond, and the paper tries to evaluate the degree of political commitment to *both* tax administration in the form of URA *and* the development and promotion of a coherent tax regime. It argues that the uneven performance of URA over time is closely linked to whether both tax policy and tax administration were benefitting from political support at the same time. Another, related dimension of URA performance concerns the type of leadership it has had during different periods, which both reflects the wider political commitment to tax administration and has directly shaped URA's performance. Drawing on the available performance data, the paper identifies the following periodisation of the politics of URA's performance over time:

1. *1991-1997: very good performance*: based on political commitment for support for both tax policy and tax administration; strong technocratic leadership with political backing.
2. *1998-2004: weak performance:* undermined by declining political commitment for both tax policy and tax administration; URA leadership switches from highly politicised and inactive, to an active, rules-based approach that lacks political backing.
3. *2005-2012: good performance:* strong support for tax administration, which is led with creativity and authority by a politically connected commissioner general, but tax policy becomes increasingly politicised, thus undermining URA's efforts.

4. *2013-date: average performance*: weak support for tax administration, which is led by technically capable but politically disconnected and 'uninspiring' commissioner general; tax policy for domestic revenue mobilisation gains increased prominence but in an ad hoc and politicised way.

In line with other recent work on revenue authority performance in Uganda (Kjaer et al. 2017), the paper argues that a political settlement analysis can capture much of the variation identified above, particularly in terms of the ruling coalition's increased vulnerability to rising levels of vertical and horizontal power, and the reduced commitment to institution-building. However, extending the focus to the wider tax regime means that we are able to offer a fuller picture and also to challenge the general tendency to characterise the period between around 2005-2012 as the high point of URA's performance.

The paper draws on c.50 in-depth qualitative interviews, which were undertaken over March-May 2018 with representatives of all major stakeholder groups at the centre of this policy challenge. This included leading officials within the Ministry of Finance, including the Tax Policy Department, and the Uganda Revenue Authority; representatives of all development agencies with an active interest in Domestic Revenue Mobilisation (DRM) in Uganda; MPs, including those on key Parliamentary Committees; representatives from the private sector, including business and the major umbrella associations; civil society organisations, and government officials from the Office of the Auditor General and Ministry of Energy and Mineral Development. Further interviews were undertaken with ex-staff of the URA, senior advisors and ex-advisors to the Ministry of Finance, Planning and Economic Development (MFPED) and the Bank of Uganda (BoU), and a number of expert political commentators. The authors also undertook some direct observation of tax policy making, through attendance of parliamentary committee hearings on current tax policy reforms in April 2018. This primary research effort was supported by a secondary literature review that focused on current trends in revenue generation in Uganda and the very useful existing analysis of the history of taxation reforms in Uganda to date, especially by Kjaer et al. (2017).

The paper is structured as follows: Section 2 offers a brief contextual overview of the political economy of taxation in Uganda before Section 3 sets out the basics of the Ugandan tax system, briefly summarising including how taxation is governed and the structure of taxation in the country. Section 4 evaluates the trajectory of URA's performance over time, using the periodisation identified above. Section 5 analyses this trajectory in relation to Uganda's changing political settlement over time. Section 6 concludes, with brief reference to some emerging policy implications.

2. The politics of taxation in Uganda: Some context

Uganda was, for much of the 1990s and 2000s, considered to be a star performer with regards the high degree of political commitment and capacity to undertake the kinds of governance and policy reforms favoured by international development actors (eg, Kutesa et al. 2010). Some of these fell within the realm of tax governance, particularly with regard to the adoption of a semi-autonomous revenue agency in 1991 and a more recent period of reform during the mid-2000s. However, growing levels of political pressure over the past two decades have seen this reformist zeal, and the capacity to implement reforms, heavily diminished and largely displaced by a politics of survival (Golooba-Mutebi and Hickey 2013, Kjaer et al. 2015). Since around 2000, processes of elite exit and the later return of multi-party politics rendered the ruling coalition more vulnerable to the threat of losing power. This helped fuel a turn towards a more populist mode of rule, whereby the President sought to reach out to voters with direct responses to various demands. This included ‘poverty tours’ that have helped deepen a form of patron-client politics that involves politicians handing-out money to voters rather than voters paying taxes in return for representation (Izama and Wilkerson 2011, Logan et al. 2011). As discussed in section four, the removal (rather than reform) of the Graduated Tax before the 2006 elections illustrated the relationship involved here. These tendencies have generated an ‘inflationary mode of patronage’ whereby winning elections in Uganda in particular has become a tremendously expensive process.[1] This makes it even harder for the political leadership to countenance taking a tougher line on exemptions with those businesspeople who help to finance the ruling party, or to impose costs on voters.

The formal process of state-building in Uganda, whereby public-sector organisations are protected from the worst excesses of patronage politics and encouraged to operate along the Weberian principles of civil service systems, has long been limited to certain bureaucratic enclaves or ‘pockets of effectiveness’ (PoE). Key exemplars include the Ministry of Finance, Bank of Uganda and (at times) URA.[2] The high-degree of autonomy and functioning enjoyed by these organisations has in turn rested on close relationships between the President and certain senior bureaucrats, including the current permanent secretary-secretary to the Treasury, Central Bank governor and commissioner general of URA. These relationships have been critical to the government maintaining some semblance of statehood and international legitimacy with regards economic governance.[3] However, there is now clear evidence that even these (largely) high-performing agencies have both been subject to ruling elite capture (particularly around election times) and are lacking in internal integrity (Hickey et al 2021). Relationships between the President and the senior bureaucrats upon whom he has historically relied to maintain a sense of stateness in Uganda (beyond the military) are currently at an historical low-point.

[1] See various sources, including Barkan (2011), Golooba-Mutebi and Hickey (2013, 2016).

[2] The other most relevant example of a PoE in Uganda would be in the arena of oil governance (see Hickey et al. 2015, Hickey and Izama 2016).

[3] See Kuteesa et al. (2010) on the historical significance of this relationship to successful reforms in Uganda; also Golooba-Mutebi and Hickey (2016), Bukenya and Hickey (2019) and Hickey and Matsiko (2020) for the growing tendency towards political capture of MFPED and BoU and other PoEs around recent elections.

3. Taxation in Uganda: Some basics

Governing taxation in Uganda

Tax governance in Uganda involves a wide range of government structures and actors including MFPED, which retains political responsibility and policy oversight; Parliament, which approves and enacts taxation laws; the URA which administers tax; and local governments which have both a policy making and administrative function. MFPED represents the executive arm in the tax realm, oversees operations of URA (along with the URA's Board of Governors), drafts government policies and funds URA operations. Within MFPED, the main responsible unit is the Tax Policy Department (TPD), which sits within the Directorate of Economic Affairs (DEA). TPD's main roles and objectives are to initiate, evolve and formulate tax policies that raise domestic revenues to finance the government budget; make annual and medium-term recurrent revenue forecasts, and revenue performance reports and coordinate and supervise URA operations to ensure effective implementation and realisation of tax policy and revenue targets.[4] TPD is also expected to play a strong policy and coordination role overseeing revenue mobilisation across all of government.

However, the fact that TPD only has departmental rather than directorate status indicates its lower standing as compared to other functions, most notably around the powerful Directorate of Budgets, and this undermines its ability to deliver on these functions. TPD has also struggled to gain sufficient staffing levels to discharge its role effectively and relies heavily on both technical assistance and other parts of the Ministry to perform certain key roles (eg, modelling and forecasting). Further problems for TPD flow from the semi-autonomous status of URA, including the direct line that this seems to open up between URA and State House, which undermines TPD's authority. This has been a problem from 1991, when most high-ranking officials left the Ministry to join URA and URA started to take up some tax policy functions by default. The director of macroeconomic affairs is expected to oversee tax policy, including setting revenue mobilisation targets for URA. However, the commissioner general of URA, despite officially being ranked lower than the director of economic affairs, is generally considered to operate more at the level of a permanent secretary and to wield considerable resources and influence within government. Both TPD and the Directorate of Macroeconomic Affairs receive much lower levels of funding than other departments and directorates within the ministry.

The main functions of URA are to administer and give effect to the laws set out in the URA Act, and to advise the minister on revenue implications, tax administration and aspects of policy changes relating to all the taxes.[5] The commissioner general is appointed by the minister on the recommendation of the board of directors and is assisted by a management team comprising of six commissioners.[6] The board is responsible for monitoring URA's performance and shielding it from political

[4] www.finance.go.ug/

[5] Section 3 of the Uganda Revenue Authority Act Cap 196.

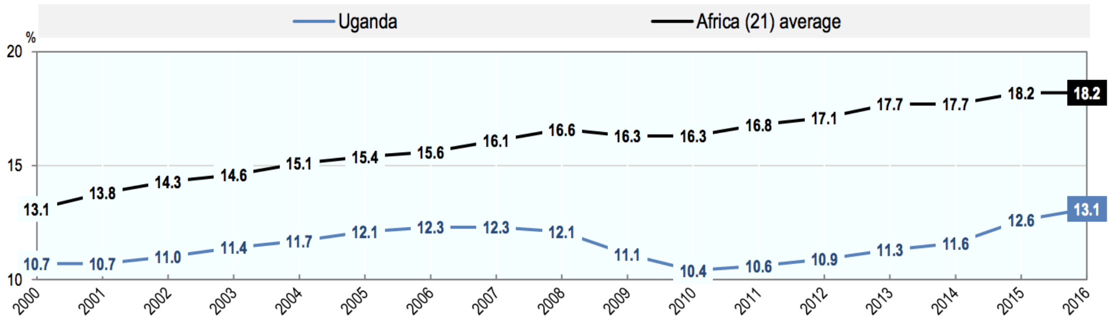
[6] URA's six main commissions are (i) Corporate Services; (ii) Domestic Taxes; (iii) Tax Investigation; (iv) Customs; (v) Internal Audit and Compliance; and (vi) Legal Services and Board Affairs.

interference. Appointed by the Minister of Finance, the board includes the permanent secretary of MFPED, a further government representative from Trade and also private sector interests.

Tax policy in Uganda

Uganda operates a fairly standard range of tax policies with rates set at comparable levels in regional terms. The main direct tax rates are personal income tax with 0, 10, 20, 30 percent as the main rates, and 40 percent applying to annual incomes over USh120m (equivalent to about 33,000USD per year). The standard corporate tax rate is 30 percent, as per the rest of the East African Community (EAC) region except for South Sudan. A Value Added Tax was introduced in 1996, and the current general rate is 18 percent – in line with other East African countries, such as Kenya (16 percent) or Tanzania (18 percent). Exports are zero-rated and a range of goods and services are exempt from VAT. However, the country performs poorly in comparison to its counterparts, both in terms of VAT and more broadly. Uganda has the lowest efficiency of VAT collection in the region, with a 'C-Efficiency'[7] rating of 28.6 percent as compared to the EAC average of 48.4 percent. In addition to problems with exemptions (see below), a recent report suggests that a major source of the problem here is that many firms simply do not report their transactions (Almunia et al. 2015). Uganda's tax-to-GDP ratio in 2016 (13.1 percent) was lower than the average of the 21 African countries in Revenue Statistics in Africa (18.2 percent) by 5.1 percentage points and also lower than the Latin American and the Caribbean average (22.7 percent; Figure 1).

Figure 1: Uganda's tax/GDP ratio 2000-2016



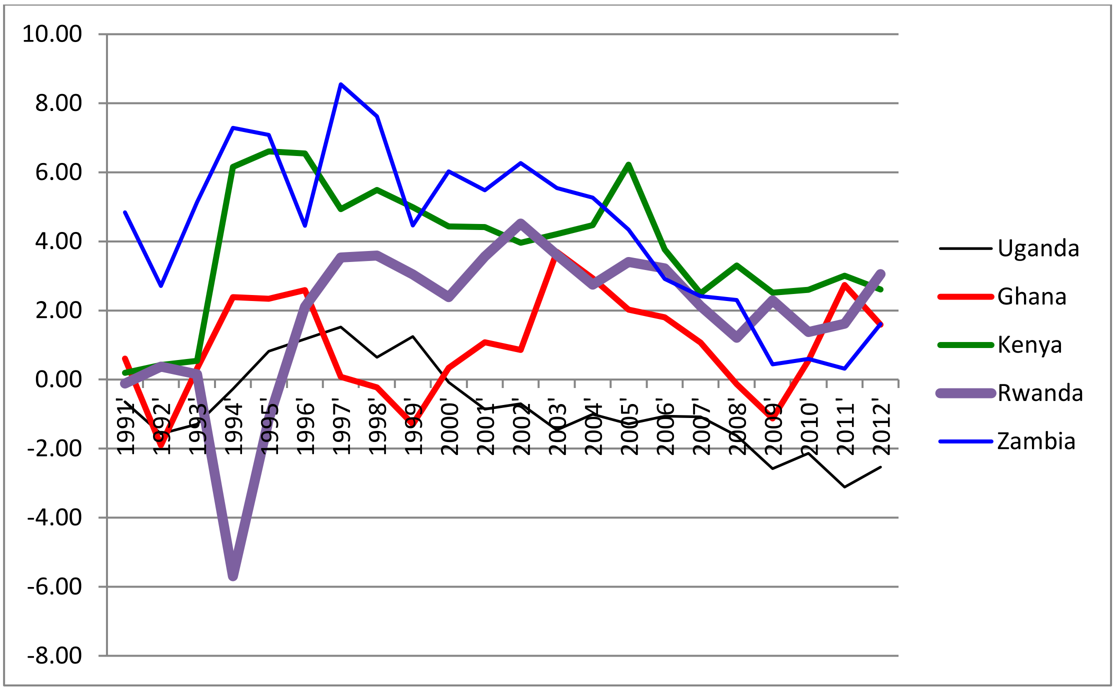
Source: Revenue Statistics in Africa 2018 oe.cd/revenue-statistics-in-africa

A more useful metric than tax-to-GDP ratios is 'tax effort', which assesses how close countries come to meeting their potential tax takes once structural vulnerabilities are taken into account. The key structural factors here include the nature of a country's economy (eg, its openness, sophistication and sectoral composition), plus human capital levels. Figure 2 shows that Uganda's performance on tax effort improved

[7] The 'C-Efficiency' refers to the performance and efficiency of a VAT system by comparing the actual VAT revenue to the theoretical revenue generated by enforcing the tax policy on all consumption.

significantly following the establishment of URA as a semi-autonomous agency in the early 1990s before then deteriorating from the early 2000s onwards.

Figure 2: Uganda's tax effort 1991-2012 in comparative perspective[8]



Source: Calculated from the database provided by Yohou and Goujon (2017).

Importantly, tax effort includes both the policy and administrative aspects of taxation. Several recent reports have highlighted the extent to which tax policy in Uganda undermines the capacity of the tax administration to perform effectively in terms of increasing overall rates of revenue generation, including because of the narrow VAT structure, reluctance to employ exceptional tax handles (eg, on property or airport departures) and generous exemptions (eg, Mweije and Munyambonera 2016, SEATINI 2012). More broadly, tax revenue growth has not been responsive to growth rates in Uganda in recent years (EPRC 2016).

The laws that provide for taxes in Uganda include the: Constitution of the Republic of Uganda 1995, the 1996 VAT Act and 1997 Income Tax Act, and the Public Finance Management Act (PFMA) 2015, which enshrines the main statutory framework for fiscal policy. However, there is no long-term tax policy strategy, with changes introduced annually during the budget process. This renders taxation policy subject to short-term pressures and incentives; as one close observer noted, "Unlike other places, our tax laws and policies change every 12 months".[9] VAT, which accounts for up to 4 percent of GDP and is one of the most significant sources of revenue, is the tax handle most affected by frequent policy changes, especially intended to expand the exemption regime. In Uganda, tax incentives take several forms, including tax holidays for a limited duration, current deductibility for certain types of expenditures, preferential rates, exemptions from VAT and withholding taxes, and reduced import

[8] Data is not available beyond 2012.
[9] Member of Parliamentary Committee for Finance, 21 March 2018.

tariffs or customs duties. Other reasons quoted by URA for poor performance on VAT were low staff ratio, low tax base and a difficult operating environment.[10]

Tax exemptions are highly revealing of the politics of tax policy. The Government of Uganda's (GoU) position on exemptions reflects the contradictory imperatives of increasing taxation revenue on the one hand whilst also creating a favourable investment climate in order to promote economic growth on the other. The Investment Code Act of 1991 sets out the economic case for exemptions, and the legal legitimacy of exemptions is further underscored in the 1995 Constitution (which offers exemptions to the President on all earnings aside from his official salary). Furthermore, the later Public Financial Management Act (PFMA) 2015 allows the Minister of Finance to give tax exemptions without first justifying them to parliament. On the other hand, GoU also has a strong mandate to maximise revenue generation and has made successive commitments to reducing tax exemptions within both policy changes (eg, in 2010 and 2013-14) and ministerial statements. The shifting emphasis between these two positions is evident between and sometimes within different financial years. For example, in FY2014-15 the VAT regime was tightened to reduce exemptions, whereas the budget for FY2017/18 introduced amendments that expanded the tax incentives regime.

The evidence base on the potential trade-offs involved here are weak. There is no clear evidence that exemptions have the desired effect on investment and economic growth in Uganda.[11] Regional-level surveys of investors suggest that the availability of tax exemptions is not a priority for them when it comes to making investment decisions (as compared to concerns over the quality of infrastructure, business environment etc.). The costs in terms of lost revenue are somewhat easier to calculate, with one cross-national study estimating that Uganda currently invests around 5 percent of GDP in tax expenditures.[12] In simple terms (the potential costs from lost growth and employment would need to be accounted for here), the removal of these exemptions would mean that the current budget deficit of 4.8 percent gap would be eroded and more revenue would be available for service delivery and other spending priorities. Uganda's tax-to-GDP ratio would climb to around 18 percent, second only to Kenya in the EAC and in line with the average across all sub-Saharan countries. A further concern is the lack of a clear and accountable policy and governance framework for the award, audit and evaluation of exemptions. This raises the risk that tax incentives will distort internal market dynamics and encourage corruption. As a report by SEATINI notes:

> "Article 152 of the Constitution does not oblige the Minister to seek and/or account for his/her decision on tax waivers, but rather to notify Parliament

---

[10] A 2014 report by the IMF on Uganda's Tax Potential places the VAT Gap at 60 percent of which the Policy gap stands at 20 percent and the Administration gap stands at 40 percent. The current reforms (eg, Vat (Amendment Law) are aimed at addressing some of these gaps. See IMF: Uganda: *Revenue Administration Gap Analysis Program – The Value-Added Tax Gap*, Eric Hutton, Mick Thackray, and Philippe Wingender, April 2014.

[11] SEATINI completed a draft report on this in 2017 and a new cost-benefit analysis of exemptions is currently being undertaken by the International Growth Centre.

[12] See World Bank (2018).

> over the decision. This environment has ignited rent seeking and patronage leading in some instances to well-connected companies and individuals who may not merit the tax incentives and exemptions enjoying them".[13]

The discretionary powers of the Minister of Finance and limited oversight of parliament around exemptions were further underlined by the PFMA 2015, which empowers the Minister to award tax exemptions first and only later justify the award to parliament. This sends a strong signal to Ugandans that the tax system is essentially unfair and stacked in favour of those with political connections and economic wealth. The fact that MPs exempted themselves from paying taxes on their allowances in 2016 further amplifies this.

URA leadership over time

Research on revenue authorities in sub-Saharan Africa, and on PoEs in general, often refers to the importance of organisational leadership in shaping performance. Following other work in this area (eg, Roll 2014), we identify three main dimensions of leadership that matters here: the political support and relationships between the leader of URA and the country's political leadership; the technical capacity of the leader, and their leadership style. A brief characterisation of each of URA's commissioner generals since the URA's establishment is offered below and will be referred to in the next section's analysis of URA's trajectory over time.

Table 1: URA leadership 1991 to date

Time period	**Name**	**Political, technical, leadership**
1991-1997	Edward Larbi Siaw (expat)	Politically supported, technically strong, leadership style (?)
1997-2000	Elly Rwakakooko	Politically connected, technically weak, detached leadership style
2001-2004	Annebrit Aslund (expat)	Politically marooned, technically strong, rules-based leadership style
2004-2015	Allen Kagina	Politically supported, technically strong, innovative leadership
2015- (now in 2nd term)	Doris Okol	Politically marooned, technically strong, problematic leadership style

4. Evaluation of URA performance over time

This section examines URA's performance since being established in 1991, as located within the wider domain of Uganda's tax regime. As discussed in the Introduction and

13 SEATINI (2012).

summarised in Table 2, the following periodisation, which notwithstanding the difficulties of measuring revenue authority performance, draws on a mixture of objective and subjective sources and will be used to explore the politics of URA performance over time.

Table 2: The politics of URA Performance over time: 1991-2018

Period/ performance	**Policy environment**	**URA leadership and capacity**	**Tax effort data**	**Other performance data**
1991-97: Very good	Enabling Reform period: VAT, personal income tax, exemptions under control but MoF loses capacity through loss of staff to URA.	Strong technocratic leadership with political backing.	Significant improvement	Tax/GDP ratio: from 6.8% in 1991/92 to 11.3% in 1996/97.
1998-2004: Weak	Disabling Tax policy politicised (2001 elections and budget); increase in exemptions.	Politicised/inactive then rules-bound / disconnected. Salaries level out.	Significant decline	Revenues dip, then recover (flatline); URA only meets targets twice.
2005-12: Good	Disabling Graduated Tax abolished, exemptions increase.	Politically connected, political management. Radical reform, PDIA, capacity-building.	From steady to decline	Revenue collections up 317%. Tax contribution to budget 59%-72%. Tax/GDP flatlines.
2013-2018: Average	Disabling Politicised, ad hoc/incoherent policy regime.	Technically strong but politically marginal. Hierarchical style.	N/A	Targets frequently missed. Tax/GDP ratio improves 13%-14%.

1991-1997: Political commitment, wider reforms and high-capacity leadership

Prior to the National Resistance Movement (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 1986-1991, 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 made it one of the first of many Anglophone countries to make this move. International development agencies were influential here, and this move coincided with Uganda's most significant period of reform, particularly within the realm of economic governance.[14] The reforms worked, initially at least, with the tax-to-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). As per the earlier Figure 2, the tax effort rose significantly during this period, indicating that both tax policy and administration were being actively and effectively pursued.

The formation of URA in September 1991 was apparently inspired by a discussion between Uganda's minister of finance and his Ghanaian counterpart during a Commonwealth finance ministers meeting in 1990, with a technical assistance team from Ghana also helping to implement the new entity (Cawley and Zake 2010: 115). Carved out of the Ministry of Finance, URA was given semi-autonomous status and, in a bid to reduce the incentives for corruption, URA officials were paid wages significantly above the average for civil servants. Levels of political commitment to reform were relatively high and government was in a dominant enough position to push through a range of difficult reforms. All senior positions within URA, including the post of commissioner general and all key commissioner roles, were initially filled by experienced expatriates, who were charged with training-up Ugandans to replace them (Cawley and Zake 2010: 116).

This period also saw an ambitious set of moves to reform the policy agenda in line with GoU's announcement in 1992 that, to reduce its dependence on aid and achieve fiscal sustainability, it would seek to improve its ratio of tax revenue to GDP average by 1 percent per year (Cawley and Zake 2010: 103). The most important reform involved the introduction of value added tax in 1996 and a new Income Tax Act in 1997. VAT was introduced after the elections in 1996, albeit with little sign of political commitment. The President took a long time to be persuaded of the case for this tax, which he worried would be politically unpopular and only concerted efforts by bureaucrats within the Ministry of Finance ensure that the reforms were passed.[15] However, when MFPED introduced additional tax measures in the 1996/97 budget on second hand clothing and increased fuel taxes, the 30,000 small traders affected reacted strongly, including those who lacked the capacity to meet the accounting demands of the new VAT law (Cawley and Zake 2010: 109). A 'VAT strike' in September 1996 led the President to undertake a media campaign 'to avert a crisis' by 'stating clearly that there would be no turning back on VAT', as well as holding sensitisation sessions with MPs

[14] See Kuteesa et al. (2010) for further details of this reform period.

[15] Trade liberalisation in the mid-1990s also helped catalyse this new revenue-generation as a means to replace revenue lost through the removal of tariffs.

(op. cit.). This eventual willingness by President Museveni to expend political capital in support of revenue generation has strong parallels with his forthright and committed support for other economic reforms during the 1990s (Kutesa et al. 2010), including fiscal discipline and macroeconomic stability (Bukenya and Hickey 2019 on MFPED, Hickey and Matsiko 2020 on Bank of Uganda). Importantly, 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).

1998-2004: Declining URA performance as political commitment falters and organisational leadership weakens

The reformist impetus around revenue generation within Uganda faded 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 dipped and finished at 11.3 percent, below the level inherited at the start of the period. Tax effort tailed off 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 (Figure 2).

This was apparently due in part to URA's failure to curb evasion and corruption (Cawley and Zake 2010: 120), with President Museveni famously referring to URA in 1999 as 'a den of thieves'. Part of the problem here may have been that the salary improvements experienced by URA officials during the initial period waned:

> 'In 1993, URA staff salaries were higher than for other civil servants. The high salaries arguably improved institutional capacity and revenue performance. In contrast, by 2000, when the salary scales of URA employees were almost equal to those of other civil service employees, specialized skills and institutional knowledge were lost as staff left the URA' (Kjaer et al. 2017: 20).

Leadership was also a problem. The commissioner general from 1997 to 2000 was apparently appointed on the basis of political connections rather than technical or leadership capacities and did not have his term renewed.[16] The next appointment reflected a change of tack with a reversion to appointing an expatriate expert, who also only served for three years (2001-2004). As one former URA employee explained,

> 'Her contract could not be renewed because she wanted to stick to the standards and not listen to the big taxpayers who didn't want to pay tax but instead reported her to President Museveni for killing their businesses'(Katusiimeh and Kangave 2015: 6).

At a broader level, the political dynamics were also shifting, with the processes of elite exit from the ruling coalition leading to the NRM receiving a credible challenge at the 2001 elections. As discussed elsewhere, this marked the loosening of political commitment to high levels of autonomy and technocratic expertise in the realm of

[16] One story, which needs to be corroborated, suggests that the CG for 1997-2000 demanded his salary for the entire three-year term on taking office, and on receiving this did little to justify the remuneration or the appointment (interview with ex-URA employee, March 2018).

economic governance. During the 2001 election campaign, 'President Yoweri Museveni, promised to reduce the minimum tax payable from UGX 11,000 (USD 4.3) to UGX 3,000 (USD 1.2) per year, a promise which he honoured after the elections'. (Kjaer et al. 2017: 18). This reduced the tax collected by local government (the Graduated Tax) and so did not affect the revenues collected by URA but was an indication of Museveni needing to use tax reductions to secure political support. Since then, those working in the informal sector (around 70 percent of the population) have not been directly taxed, although some do pay presumptive taxes to the URA and local government business license fees.

The budget discussions around taxation reforms in 2000-01 were directly skewed by electoral concerns, as recounted by a senior advisor at the time:

> '2001 budget I remember it happening. Normally, just before budget would be settled they would have a cabinet meeting. Gerald (the minister) went with Kassami (PS) and maybe Kiiza (Director Economic Affairs) and made budget proposals. Earlier on Museveni had made some suggestions of tax exemptions, we (Bank of Uganda) had rejected this after discussing with Finance. When they went to present it there were no tax exemptions. Museveni may not have stayed for the whole meeting and it got agreement with Cabinet. The following afternoon, the minister read it (in parliament), and Museveni pretended to be asleep, before he then made critical comments. He called finance minister and demanded tax exemptions including for hotel owners some of his friends … and from that moment on, MoF has been undermined.'[17]

2005-2012: Administrative reform and leadership improves performance amidst the continued politicisation of tax policy

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 and organisational capacity all returning to high levels. The commissioner general throughout this period, Allen Kagina, would later write a masters dissertation on the period, within which she recounts the achievements of the URA's reforms.

> 'Uganda Revenue Authority (2014) reported that revenue collections had grown rapidly by 317% in the period [2004 – 2012]. Tax contribution to the National Budget grew from 58.7% to 71.5% in the same period. Public perception made a complete turnaround with various sections of society and leaders calling [the] URA a model public institution. The tax education program has increased tax literacy in the business community resulting in increased tax compliance. (Kagina 2015: 3-4)', cited in (Magumbu: 2019: 2).

Katusiimeh and Kangave (2015) note that the percentage of domestic revenue contribution to the national budget rose from 52.06 percent in the mid-2000s to 67.7

[17] Interview with senior advisor to MFPED and Bank of Uganda, 6 November 2017.

percent in 2010/11. Whereas most measures of economic governance remained unchanged or declined over this period, the four indicators that registered improvement within the Public Expenditure and Financial Accountability assessment (that measured progress between 2008 and 2012) concerned improvements in tax policy and administration. Nonetheless, between 2005-2015, tax revenues were not responsive to overall GDP growth, with the tax/GDP ratio flatlining at 13 percent for most of the period (Mweije and Munyambonera 2016). The data on tax effort in Figure 2 suggests that from 2004/07, tax effort was steady at -1 but this was followed by continued deterioration.

We would argue that part of the answer to this puzzle lies in the lack of political commitment to reforming tax policy during this period – or more directly, its overt politicisation in pursuit of other economic and political objectives – which undermined the gains being made on the administrative side, including the serial awarding of exemptions (Katusiimeh and Kangave 2015). Importantly, this was also a period within which standards of both governance and democratisation were perceived to falling more broadly in Uganda, with rising levels of corruption going unpunished (Tangri and Mwenda 2013). It is more difficult for a tax administration to perform effectively in a sea of patronage, given the extent to which revenue raising requires not only a high-degree of cross-government coordination and commitment but also positive state-society relations.

The reforms undertaken by URA from 2004 onwards were comprehensive and driven through with zeal. The entire staff of URA was fired in 2004 by the new commissioner general (CG), before a process of selective re-hiring led to a more streamlined organisation, with six rather than 11 departments, no deputy commissioners and 1,500 rather than 2,100 staff, many of whom were recruited from the private sector. The 2006-10 Modernisation Plan established a new set of priorities through a participatory process. These included a tax amnesty in 2007, efforts to avoid competition between departments, the institutionalisation of high-levels of oversight over URA operations, the automation of revenue collection and customer-facing processes to help reduce discretion and collusion, and a major investment in developing human capacity. Relationships with donors were reportedly cordial during this period.

The leadership of URA from 2004 was distinctive in several ways. Interviews with many stakeholders, including current and former URA staff, and a recent report on URA (SUGAR, n/d), suggest that the reforms undertaken by Kagina after the initial firings and the style with which she delivered them reflect the type of 'problem-driven-iterative-adaptive' (PDIA) approach currently in vogue with regards governance solutions (Andrews et al. 2013). PDIA refers to a framework and method of resolving development problems in which local stakeholders define the problem to be solved and space is created within organisations for innovative solutions, which are tested, learnt from and inform on-going approaches to problem-solving (ibid). Under Kagina's leadership, this PDIA approach is seen in her focus on team (rather than individual) leadership through which the executive team of commissioners was empowered to influence the overall direction of URA and supported to take risks within their own domain. This was a problem-solving approach that was linked to clearly established and shared priorities and an acceptance of failure that occurred via learning by doing.

Kagina also made extensive efforts to engage with key stakeholders, meeting regularly with major taxpayers from the private sector to discuss their concerns. MPs report that she would regularly meet with parliamentarians to explain and persuade them of the logic behind revenue raising measures. She also maintained a regular presence within the corridors of MFPED. This effort to ensure that URA was 'embedded' in relationships with key stakeholders helped to reduce the often-high transaction costs involved in tax policy processes and enable higher levels of coordination within the realm of tax governance. URA staffers argue that Kagina significantly raised the profile of the agency, including in the media, and that they felt proud and motivated to work for URA because of the positive image that she helped to project. The early removal of politically connected staff from URA who had been deemed 'untouchable' helped to establish the CG's reputation for probity and integrity.

All of this was greatly enabled by the close political connections that Kagina enjoyed in terms of a close relationship with the president, which gave her considerable clout both within and beyond URA. Examples include making a direct and successful appeal to State House to increase salaries for URA staff after MFPED had refused the requested increment. The CG's capacity and commitment to implementing tough decisions was significantly enhanced by the strong support that she received from the President, who often praised her in public. Katusiimeh, Mescharch and Kangave (2015) report that Kagina was able to use her connections to secure extra resourcing for URA and gain support for improved salaries. However, observers also note that being politically close to the President during this period had a downside in terms of allowing his elite/wealthy supporters to enter tax bargaining arrangements that reduced revenue flows.[18]

Further reforms were undertaken under the 2010-16 'Managing Compliance Program', although insiders note that it was difficult to maintain the reformist zeal during this period. Questions were raised over how far staff were consulted around this strategy, and with regards the prioritisation of technical solutions ahead of issues of human resource management and change management. There was also less involvement of external actors.

It seems likely that, from the early 2010s onwards, URA struggled because of the deepening malaise of governance that was affecting Uganda during this period. Indeed, the reforms undertaken to URA during the mid-2000s were somewhat contradictory in terms of the political economy context. On the one hand, the growing crises within URA, and perhaps also a drive to move beyond donor dependency, helped to catalyse a significant period of reform within URA that benefitted from Presidential support for at least the first five years. On the other hand, this momentum was eventually undone by the wider politicisation of tax policy during this period. In the early 1990s, there was a greater unity of purpose with regards to tax policy and tax administration with both receiving high levels of political support. This era, in contrast,

[18] Interview data.

involved a move to significantly reform and strengthen URA on the one hand, whilst this was being undermined on the other by a reduced political commitment to a coherent and productive tax regime. The most telling example was the abolition of the graduate tax in 2006, after the policy became politicised on the campaign trail (Therkildsen 2006, Kjaer et al. 2017), revealing a calculation by the President that in a context of increased electoral competition he could not risk alienating his rural base. This period also saw a significant loosening of the approach to exemptions, especially in comparison to 1991-97. According to one study of the 2005-12 period,

> 'The business sector has been able to obtain tax exemptions and reduce the levels of income tax liability through their institutional affiliations or umbrella organizations such as the Private Sector Foundation (PSF), the Uganda Manufacturers Association (UMA) and the National Chamber of Commerce (NCC). For instance, the PSF was able to push for changes to the individual income tax threshold and for the elimination of initial allowances under the Income Tax Act (Private Sector Foundation 2009; Government of Uganda 2014b).' (Kjaer et al. 2017: 16).

Politically connected businesspeople have been particularly well-placed to avoid paying taxes. URA estimates that out of a sample of 71 government officials who also own businesses, only one was paying income tax (Kangave et al. 2016: 12).

2013-2018: From institutional reform to a new form of politicisation

> '…you don't have government talking to the country on tax, not the Minister, not the PS. We haven't engaged, explained, so there is a serious issue on this.'[19]

> 'I am not sure how Doris Okol has stepped into the big-shoes. Does M7 back URA as under Kagina? I don't see that. She is trying hard to fit into things, re the church run by the first family daughter. How did she get the job? She was recommended by Allen partly because she is a born-again and prays at that church. Some people say she is a good lawyer and so on but you can't look beyond the politics of regional balancing, ethnicity, gender. Ethnicity: she is from the north/east, Allen was from the West.'[20]

The most recent period has seen a somewhat different configuration of drivers regarding the domain of taxation in Uganda. On the one hand, the political commitment to reforming URA and empowering it to deliver on its mandate has declined, as it had arguably started to from around 2011-12. On the other, tax policy has come under renewed attention, with a series of somewhat panicky measures issued to help drive up revenue generation in response to budgetary shortfalls. After 2015-16 saw strong growth in the level of revenues collected, URA has repeatedly failed to meet its revenue raising targets. Nonetheless, the same the overall tax/GDP ratio improved from around 13 percent to 14 percent. Experts suggest that this is likely to be an outcome of reforms that were undertaken during the Kagina period and direct

[19] TPD official, 19 March 2018.
[20] Leading political journalist in Uganda, 10 November 2017.

responses to some of the ad hoc policy measures introduced during this period,[21] along with growth rates being subdued during this period too.

Allen Kagina came to the end of her second five-year term in 2014 and was (according to some informants) influential in the process of selecting a replacement.[22] Of the several internal candidates vying for the position, Doris Okol was chosen by the then minister of finance as the new CG. Okol had joined URA in 1995, becoming a legal officer in 2005 and then commissioner for legal affairs and board matters in 2014.[23] To the surprise of some, her four-year term was renewed in October 2018.

Interviews with stakeholders and staff who had witnessed at first-hand and/or worked under both the current and former CGs generally suggest that the current CG is highly competent in a technical sense and is also a person of integrity. However, there was unanimity that she lacked several of the hallmark characteristics of successful bureaucratic leadership in Uganda, particularly in terms of her lack of a close working or personal relationship with the political leadership, a reluctance to empower senior staff to make decisions and take risks, and a declining emphasis on staff training, including with regards to the significant investments that had been made earlier in leadership training. Lacking either political connections or personal charisma, networking with key stakeholders has largely been absent: officials in MFPED and MPs complain that the current CG is rarely seen on their corridors, whilst leading businesspeople have tried and failed to gain an audience with her.

Although there is no evidence that the current CG has personally engaged in any level of systematic corruption, the fact that she recently accepted cash as part of the 'golden handshake' (awarded to several leading public servants after GoU gained a windfall payment from a dispute around oil taxation case) has dented the credibility of both herself and the URA:

> 'URA has improved so so much (under Kagina), now it seems that they are not as holy as they were.'[24]
>
> 'No commissioner has been disciplined or sacked – it sends a message, URA officials see this. One person was sacked for taking 100,000Sch in one service operators …. then there are the big people taking hundreds of millions.'[25]

The increasing personalisation of political rule and governance noted has directly affected the arena of tax policy. Relations between the President and URA seem to have deteriorated. One URA commissioner notes that over 'the last six years you can definitely see a shift towards [the President] not trusting what the URA says'.[26] This

[21] Personal communication with IFI specialist, May 2018.
[22] Kagina went on study leave for a year, writing a Master's dissertation on her experiences at URA, before being appointed as the head of UNRA. Having failed to turn the performance of that organisation around, she was sacked in 2018.
[23] Appointing from within has not worked well, to the extent that it helped foster resentment amongst other commissioners who felt themselves to be better suited to the opportunity, with internal power struggles hampering team cohesiveness.
[24] Private sector leader, 20 March 2018.
'[25] Ex-URA commissioner, 22 March 2018.
[26] 24 April 2018.

partly reflects the lack of a close relationship between the President and the current CG but also the increased level of fragmentation and incoherence at the apex of power, whereby there are ‘a lot of backseat drivers out there on tax who are talking to these leaders of ours… (it is) not really a conversation between us and leaders” anymore (op. cit.). In addition, the PFMA 2015 allows MPs to review tax measures before the Budget Act is passed, which increases their influence over tax policy that may directly threaten their political security, such as efforts to increase DRM.

In terms of tax policy, and in contrast to the earlier period, recent years have seen a great deal of activity. Some of these moves have been evidence-based and directly aimed at rendering the tax system in Uganda both fairer and more effective, such as a new effort to tax the informal sector via ‘high net worth individuals’ (HNWIs). According to Kangave et al. (2018), the new unit gathered an extra UGX19 billion (USD5.5 million) of revenue in its first year of operation and managed to increase the proportion of wealthy individuals who filed income tax returns from 13 to 78 percent. However, this has proved to be an exception, with most other initiatives aimed at raising money quickly through policy changes rather than a concerted effort to build either taxpayer confidence in the sector or URA capacity.[27] The raft of policy measures introduced for the most recent budget for FY2018-19 are characterised by measures that have not been subject to rigorous analysis and forecasting, are often regressive in nature (eg, adding a tax to mobile money transactions) and that avoid the tough challenge of building the institutional capacities required to generate revenue over the longer term.

The need to increase the level of revenue mobilisation in Uganda is now clearly understood at the apex of government, following two successive years of missed revenue targets and gaps in the budget vis-a-vis ambitious expenditure plans, including some of the President’s favoured infrastructure investments. The International Monetary Fund (IMF) has refused to sign-off on Uganda’s Policy Support Instrument since 2016, citing concerns with tax revenue as well as concerns of rising debt and public expenditure.

The budgetary process for 2018-19 saw a marked increase in the emphasis accorded to DRM. Senior government figures from TPD and URA report being called to State ‘House much more regularly than previously, with the President now emphasising revenue ahead of expenditure during budget discussions, in contrast to the past decade and more.[28] The President issued a strong letter in April 2018 ordering the Ministry of Finance to explain why it has failed to meet targets; as one senior URA official noted, ‘The President’s letter has put us under fire; it was both to URA and Finance, “that we are depriving Ugandans of their money”’.[29] Senior officials within MFPED report that the political impetus behind DRM is being directly felt within Cabinet

[27] For example, during the budget reading of FY 2016/17, the government made numerous tax policy pronouncements aimed at improving revenue collections and protecting government revenues by closing loopholes in the tax laws and raising tax rates in some areas. Major areas where changes were made include; excise duties (on petroleum products, cigarettes, ready to drink spirits, cement, motor spirit (gasoline), and sugar confectionaries), VAT and income tax.

[28] “We usually have 15 minutes to explain ourselves and then the discussion is all about spending; last week was different, also the Budget will major on DRM … up front not expenditure’ (MFPED official, 19 March 2018).

[29] 21 March 2018.

and the leadership of MFPED. According to one senior MFPED official, the pressure has now been on for around two to three years but it seems to be particularly intense this year; with regards the Cabinet discussions on the last budget process:

> '…we went back Monday to Thursday every day, and it was always on revenue. We were being abused badly for our failure on this, our corruption with taxpayers with URA. Same as the time before, last financial year, last 2-3 years. If anyone is sacked today, minister or the PS-ST it would be on revenue.'[30]

This has not resulted in a coherent policy agenda; rather, tax policy is strongly influenced by advisors operating within State House but at the service of particular interests and in a factionalised manner and with little expertise on matters of taxation. The economic policy process in general has been rendered more incoherent still in recent years by the growing role of the President's Economic Council, which advises directly on revenue as well as other issues, and which often issues advice that is contradictory to that coming from MFPED.[31] One political expert neatly captures this dilemma whilst also noting that it is a trap that the President does have the capacity to dodge when he chooses to:

> 'He is conveniently confused by these discordant noises that typify Uganda – he is distracted by all of this. He has the capacity and legitimacy in many ways to enforce this (increased DRM) if he wanted to … he has stood up to university lecturers, and they have gone back. He hasn't paid army their gratuities … but his politics doesn't incentivise him to stand-up to people all the time.'[32]

Internal missives from State House to government demanding that tax revenues be driven up have yet to be matched by public statements. Senior officials and political insiders note that the President lacks the political capacity and commitment to openly campaign to raise revenue, unlike in previous eras of reform (including the imposition of macroeconomic stability and also the PEAP in the 1990s). This situation is likely to worsen towards the next elections, scheduled for 2021. Contradictory messages continue to be sent: exemptions continue to be granted and in mid-April 2018, State House and government were swift to squash calls from URA to use bank account records to identify taxpayers who were slipping through the net. According to one senior insider: 'In Cabinet, the President is deciding on matters of tax himself', a feature that undermines efforts to formulate tax policy in a coherent and evidence-based manner.

The current impetus towards driving up revenue is therefore instrumental and short-termist rather than a longer-term and strategic commitment to revenue generation and state-building or a vision of a self-reliant country, as these quotes suggest:

[30] 23 March 2018.
[31] Interview with MFPED advisor, 23 April 2018.
[32] Senior political observer, 20 March 2018.

> 'I don't think that there is an appropriate strategy to drive up DRM because the political willingness is not there; if it is there, it is not consistent and coherent, with regards a political class who really wants to go for it'.[33]

> 'We are doing desperate things now … the banking request has been coming for a while, we wanted it three years ago…' (URA commissioner).[34]

There is also a sense that URA is being forced to undertake political work on behalf of government. According to one civil society leader,[35] '…if you are critical, they (URA) will come and freeze your assets'. The recent closure of *The Observer* (in June 2019, and with echoes of ZRA's earlier closure of *The Post* in Zambia) may be another case in point.

In a somewhat parallel process, the growing international agenda on taxation that has gained prominence since the 2015 Addis Conference on Financing for Development has been gaining momentum in Uganda. International development agencies and civil society organisations within Uganda have registered increased levels of interest in issues of domestic revenue mobilisation and have begun to support this agenda. In particular, work is under way to establish a Medium-Term Revenue Strategy (MTRS), or what Ugandan officials have renamed a Domestic Revenue Mobilisation Strategy (DRMS).

5. Explaining the politics of URA performance over time

This section analyses the trajectory of URA's performance since 1991 in relation to the nature of the political settlement in Uganda. To recap, our main narrative has been that URA's performance has been shaped by the nature of political commitment to tax policy as well as tax administration over time, and also in terms of the changing nature of URA leadership, which in itself reflects the broader political dynamics at play. Below we argue that the shifting political settlement in Uganda can help explain the nature of this trajectory over time, which was set out in Table 2. In particular, the nature of elite-level politics in Uganda, and the bargains that the ruling coalition needs to make with social actors in order to remain in power (Kjaer et al. 2017), have been strongly and largely negatively shaping efforts to promote revenue reforms and mobilisation in Uganda over the past decade. Since 1997, there has been a reduction in the commitment of President Museveni to enable even specific bureaucratic enclaves to function effectively, particularly if their mandate runs counter to the new politics of regime survival that has seen Uganda's political settlement operate in 'vulnerable-populist' mode since the mid-2000s. Combined with high levels of dissatisfaction over poor levels of service delivery and continued problems of corruption at multiple levels, this has led to very low levels of compliance amongst taxpayers at all levels.

---

[33] Ex-advisor to MFPED, 21 March 2018.

[34] In March 2018, the URA commissioner general issued a letter from URA to commercial banks that 'directed all industry players to submit details of their customers for purposes of effective tax assessment, a move that left banks concerned about possible fallout on customer trust, financial inclusion initiatives and legal battles with aggrieved clients' (*The East African*, 14 April 2018). Following strenuous lobbying by the Uganda Bankers Association, Cabinet rejected URA's request.

[35] Interview, 7 November 2011.

However, this also needs to be understood in historical terms: taxpayer compliance was a significant factor, and cannot be entirely blamed on the current government – there are also colonial roots to the reluctance of Ugandans to pay taxation (as elsewhere in Africa (Ekeh 1975) and this became strongly embedded during the period of instability under Amin and Obote II. The episodic commitment of President Museveni to revenue mobilisation since 1991 has been insufficient to overcome this and has not enabled URA to deliver on its mandate for sustained periods of time. This is in part because revenue mobilisation constitutes a highly transactional challenge that goes beyond the purview of any single organisation.

Political settlement type and dynamics

> 'We find that in Uganda, a low-income country with competing political factions, there are specific challenges to mobilizing resources for social development. The need to maintain political power has led to reduced tax intakes, as a result of abolishing taxes levied on rural voters and introducing tax exemptions for powerful supporters' (Kjaer et al. 2017: 1).

The above quote suggests two important mechanisms through which Uganda's political settlement directly shapes the taxation effort, namely through the need to manage both the horizontal and the vertical relations of power that define the country's settlement. As the ruling coalition has become more vulnerable to pressures along both of these dimensions, tax policy has shifted accordingly. The most glaring examples of this are the reluctance to impose taxes on the NRM's natural support base (rural voters and low-income urbanites within the informal sector), to remove exemptions and a reluctance to ensure that politically connected firms and business-people are tax compliant. Increasingly vulnerable, the ruling coalition has become much less willing to expend political capital in pursuit of policy objectives that are likely to be unpopular amongst key constituencies and much less capable of formulating and delivering on coherent policy agendas (including as a result of internal factionalism at the apex of power). This has been particularly apparent in the recent spate of ad hoc policy initiatives emanating from State House.

More broadly, the entrenchment of a particular politics of patronage in Uganda over a prolonged period has helped to generate a system of politics and governance that is heavily skewed towards expenditure rather than revenue generation. This has been driven largely by political incentives, although donor priorities and interventions since the early 1990s have deepened this imbalance (see below). This is evident in the lowly status of the Tax Policy Department in MFPED and of compliance with taxation responsibilities across government. The emphasis on expenditure is also apparent within Parliament, which has played an increasingly influential role in shaping DRM since the PFMA 2015, which enabled MPs to have a say in tax matters before the Budget Act comes through. Several revenue-raising proposals have run aground due to opposition in Parliament, both from within the Finance Committee and then on the Floor of the House, including in the last two years regarding measures like VAT on certain agricultural imports. MPs tend to resist passing measures that will be unpopular with their constituents and are also heavily compromised on taxation issues, having voted in 2016 to exempt themselves from a tax on emoluments. Committee hearings reflect the broader uneven playing field that shapes the realm of tax governance and policymaking in Uganda, with private sector actors present in much greater numbers than those who might help to make the case for fairer and more effective forms of DRM, including CSOs, government officials and certain parliamentarians.

To this the paper adds two further mechanisms through which Uganda's political settlement has increasingly undermined both tax policy and tax administration over the past decade, namely the unwillingness to build and protect institutional capacity as part of a wider state-building project and the collusive forms of state-business relations.

The political settlement and URA

Political support for building up URA has existed at key points, most notably during the 'dominant-developmental' phase of the early 1990s, where there was an alignment of political commitment to tax reforms in both policy and administrative terms. Support for URA also reappeared in 2004, with the appointment and empowerment of a well-connected commissioner general. Given that this was against the tide of political dynamics at the time, some further digging is required here, including into whether the appointment of Kagina was heavily influenced by international actors and/or presidential ideas of achieving self-reliance and reducing donor dependence. In any case, the support was short-lived and did not extend to the realm of tax policy, which became heavily skewed by political incentives during this period. URA argues that Uganda fares badly in relation to the international benchmark for effective tax administration. In 2016, the African Tax Administration Forum produced a study of 15 tax authorities in which the URA was ranked as 'the second most understaffed tax authority (after the Burundi Revenue Authority), with the population to tax administrator ratio being over 6,000:1' (African Tax Administration Forum 2016, cited in Kangave et al. 2018: 18).

According to one current commissioner,

> '…we (URA) used to have a training budget of 3-5bn pa, plus a reform budget, 1/3 of which would be on capacity. This has been cut to UGX1.9bn, and then they cut it by half again. We are a knowledge-based agency: training has to be between 1-2 percent, 5bn would have been 1 percent, so it is really painful, and this has been going on for past five to six years.'[36]

The formal training programme for cadre development has been downscaled: whereas other revenue authorities insist on long-term training, eg, a two-year diploma on tax administration, as did URA ten years ago, this is now only offered at around three to four months duration. Leadership training has also been cut. Postgraduate training is also significant; a recent International Growth Centre report found that URA auditors who had received postgraduate training (whether or not they received professional training) tended to lead more successful audits with regard to securing VAT returns from companies (Almunia et al. 2015).

It is important to note that 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

[36] URA commissioner, 24 April 2018.

offer higher salaries and attract staff away from URA (including Uganda National Roads Authority, Kampala City Council Authority, the Petroleum Authority of Uganda and the Uganda National Oil Company). As one commissioner told us, these agencies:

> '… offer much higher salaries and a better package, so we are losing very experienced staff, and left under-capacitated. The problem is that we don't have the funds to train the new ones. For some of staff who have left, some of the funding for training, especially in oil and gas, was from development partners. This leaves a skills gap and means that URA struggles to retain the best-skilled people.'

There is also a sense that appointments within URA have been politicised over the years, with a mixture of ethno-regional bias and nepotism. In addition to the concerns indicated in section four with regards to the appointment of the current CG, it is interesting that the commissioner for customs, known to be the department with the most lucrative pickings, has only ever been held by someone from the President's region since 1991. It is also notable that the last two commissioner generals have both come from the same born-again Christian community as the President's wife, Janet Museveni.

More generally, the willingness of the President to expose key bureaucratic agencies to the full force of political capture has increased over the past decade. This was apparent around the 2011 elections, when the BoU was directed to help fund the campaign by re-issuing old bank notes and massive supplementary budgets were forced on the Ministry of Finance by State House. In terms of URA, this coincides with an apparent decline in high-level political support for the then-incumbent CG and a lack of interest in ensuring that her successor (the current CG) was a close ally. The 2016 elections brought some of these tendencies to the fore: whereas URA was exceeding its annual target for the first two quarters of 2015-16, its tax take was heavily reduced in the second two quarters that coincided with the election, and it ended up missing this target.[37] Limitations were also placed on KCCA in 2016 to prevent it from performing its role effectively, including with regards revenue generation.[38]

State–business relations and taxation in Uganda

Collusive forms of state–business relations are typical in clientelist political settlements (Khan 2010, 2018), and highly prevalent within Uganda's still highly informal economy. The nature of growth in the last two decades in Uganda has also generated a new configuration of 'capitalists', each of which holds different implications for revenue generation in Uganda (Buyenya and Hickey 2018). In addition to the problems created by the growth in the informal service sector, there has been a rise in the power and wealth of those in charge of rent-heavy sectors that are competitive only to a certain extent, including in telecommunications and energy. These major domestic firms have proved largely adept at avoiding revenue-raising measures, with URA struggling for around seven years now to gain political support for targeting telecommunications firms in particular. Conversely, the growth in rentiers within the oil sector has brought

[37] Interview with URA commissioner, July 2016.
[38] Golooba-Mutebi and Hickey (2016).

in new opportunities for taxation; GoU seemed willing to take a strong line on taxing oil companies during the initial stages of exploration.

Collusive state–business relations have not only generated contradictions in tax policy (eg, around exemptions) and mean that private sector interests strongly influence policy reforms, they have also made it very difficult for URA to perform its role in the face of opposition from politically-connected businesses. The current political dynamics in Uganda clearly generate strong incentives to offer exemptions to companies in return for financial and political support.[39] Uganda's struggle to generate significant levels of corporation tax also reflects the collusive nature of state-business relations (as one key informant noted, if business people have already had to make informal payments, to get a licence to operate for example, then they are unlikely to perceive it as fair to have to pay out again through the more formal mechanism of taxation). There is clearly an uneven playing field with regards who wields influence within the realm of tax policy and governance in Uganda, with private sector interests wielding far more influence than civil society actors and ordinary citizens (also see Kjaer et al. 2017).

However, ideas also matter here. The President takes a leading role in establishing the government's economic policy agenda and has firm ideas about what works, most of which are of a market-friendly persuasion. His tendency to offer exemptions to investors should not be seen as simply an act of patronage designed to secure political loyalty and financial backing; it is also founded in a strong belief that exemptions are necessary to attract and maintain foreign investment.

Leadership

In terms of the leadership of URA during this period, there is a sense that this has swung from those appointed largely on the basis of connections rather than capacity to those who were arguably too disconnected and autonomous to manoeuvre effectively in Uganda's political context. The appropriate balance appeared to be reached with the appointment of Allen Kagina as CG in 2004, in that Kagina was not only a highly capable bureaucrat but was also known to have close connections to the President and to enjoy his full support. Kagina represented the kind of 'embedded autonomy' associated with effective forms of political-bureaucratic relations (Evans 1995). Along with a particular style of leadership, this is credited with helping to instigate URA's most energetic period of reform between 2005-10. URA increasingly came to resemble an 'island' during this period – performing effectively within its narrow mandate whilst struggling to reshape the broader picture of revenue generation in Uganda.

Governing tax in Uganda: The Tax Policy Department and MFPED–URA relations

Relations between MFPED's tax policy department and URA have frequently been strained since the latter was carved out of the former during the 1991-92 reform

[39] This level of complicity also makes it less likely that businesspeople with the resources to mobilise against the ruling party will choose to do so.

process. As indicated earlier, taxation is accorded only a lowly status within MFPED, and leading MFPED officials state that revenue has historically been under-represented within senior management meetings, with the official agenda dominated by other issues until the recent flurry of interest.[40] The new permanent secretary/secretary to the Treasury (PS/ST) at MFPED did make increasing tax revenue one of his major policy objectives on taking up the post in 2013, although other priorities (including introducing reforms following a major corruption scandal) ensured that revenue remained low down the list of priorities until recently. Tax policy is also influenced by the neoliberal ideas that continue to dominate within MFPED, which may lead several senior officials within the ministry to take a relaxed view on issues such as exemptions. This may in part be a function of TPD being located within the Directorate of Economic Affairs, which also concerns itself with issues of growth and investment. Donors have been complicit in this, to the extent that their capacity-building efforts within the Ministry have focused more strongly on the budgetary than the revenue side. Whilst the IMF has had a longstanding focus on taxation in Uganda, the more recent interest shown by a wider range of donors now is to some extent running up against the legacy of the neoliberal sensibility that donors did so much to embed within MFPED during the 1990s (see Bukenya and Hickey 2019).

The ministry’s capacity to influence either State House or Parliament over issues of taxation policy has declined in recent years. Its reputation suffered a significant dent with regards the steep rise in supplementary budgets around the 2011 selections and the subsequent Office of the Prime Minister scandal that implicated senior MFPED officials in high-level corruption (Bukenya and Hickey 2019). The Ministry’s leading bureaucrat on taxation issues had hitherto been able to stand up to politicians both within cabinet and parliament; however, his implication in a corruption scandal around oil contracts and then the Oil Handshake undermined his authority, as did the change in ministerial leadership around 2012/2013 which saw his rival gain the position of PS/ST.

Part of the problem flows from the semi-autonomous status of URA, including the direct line that this seems to open up between URA and State House. At times, the political leadership has found it convenient to engage with URA directly, and the URA leadership has also sought direct recourse with State House. There is some acknowledgement of this problem amongst stakeholders; one URA official admitted that: “we have not created the relationships with TPD to manage these things effectively”.[41] Some of these problems are perennial with regards the interface of semi-autonomous agencies and mainstream government structures. Others seem to be more informal in nature, regarding efforts by TPD to rebalance a relationship following the political ascendancy of URA under the previous CG and personalities involved on both sides.

Conversely, some within URA argue that its lack of financial independence from MFPED hampers its ability to operate effectively, including through a lack of investments in new technological solutions and staff training. Despite URA budget

[40] Interviews with author.
[41] 21 March 2018.

being prioritised and ring-fenced, it was not spared in recent budget cuts across government (URA's budget for FY 2017/18 was cut by up to UGX 30bn). URA insiders cite examples from Kenya and Rwanda where the Revenue Authorities have increased financial independence through retention of a percentage of revenue collections (3 percent per quarter in Rwanda) to finance investments and operations. However, it is not clear that more autonomy is necessarily the key to greater success for revenue authorities. A recent study[42] on semi-autonomous revenue authorities (SARAs), covering 46 African countries over the period 1980-2015, notes that there is limited evidence of a correlation between the presence of a SARA and total tax revenue in sub-Saharan Africa. The study surmises that ring-fencing SARA finances is unlikely to increase domestic revenue collections unless political and societal issues are taken into consideration and addressed.

Transnational influences

International support has played an important critical role in shaping Uganda's approach to tax administration, particularly in terms of early support from the IMF and also other African countries such as Ghana. This has included support for salaries, training and organisational design. However, the approach has rarely been coordinated and sustained, as compared with the approach undertaken in other areas of economic policy and governance. Recent progress notwithstanding, the international development community in Uganda still lacks the high levels of commitment, capacity and coordination to promote DRM in an effective manner. There is also the problem of credibility, given that most donor activities go untaxed:

> 'Donors don't want their grants to be subject to taxation – it causes a lot of distortions. Why is this the case? It creates headaches, from an accounting and economic perspective. Expats should also pay taxes within country'.[43]

Donors are also somewhat compromised in relation to broader issues of exemptions and potentially also corporate tax evasion. Indirectly, diplomats (who also benefit from tax exemptions in Uganda) are closely related to commercial business interests based in their domestic jurisdiction. Given that diplomats frequently represent such companies during engagements with GoU, there is clearly potential for conflicts of interest to emerge between efforts to secure trade and investment opportunities on favourable terms for particular firms on the one hand, and efforts to promote DRM on the other. These contradictions may be particularly evident given the recent shift back to a more self-interested approach to aid in European countries, whereby aid is increasingly viewed as a means to enable trade relations and opportunities that benefit companies based in lending countries.

6. Conclusion and emerging policy implications

Political economy factors constitute a significant constraint on taxation in Uganda, particularly in terms of the nature of bargains amongst elites and between elites and

---

[42] ICTD – International Centre for Tax and Development: Semi-autonomous revenue authorities in sub-Saharan Africa: Silver bullet or white elephant? Roel Dom, 18 March 2018.
[43] TPD 19 March 2018.

citizens, and the related asymmetries of power and collective action problems that characterise the realm of tax governance. These and other factors, including the informal nature of the economy, have made it very difficult for the URA to perform at a high level. Uganda's record of undertaking institutional reforms that have helped to generate developmental success since the early 1990s has generally been characterised by the combination of political leadership, bureaucratic expertise and capacity, and carefully targeted international support. This largely holds for the realm of taxation in Uganda during the early 1990s, and, to a lesser extent, from around 2005-14, when the URA performed as an (increasingly compromised) PoE. However, these periods of stronger organisational performance have not necessarily translated into improved outcomes because (a) they have not always been matched by political support for coherent reforms in the realm of tax policy and (b) driving up revenue generation cannot be achieved by a single agency operating as an 'island of effectiveness in a sea of patronage'. Domestic revenue mobilisation in particular constitutes a highly politicised and transactional policy challenge that is not amendable to being fixed by administrative procedures alone. Low levels of tax compliance are historically embedded in the experience of colonial rule and state collapse, as well as the contemporary context of popular discontent with corruption and low-quality service delivery.

Although a window of opportunity for making some progress has opened up in the last two years, this nascent commitment to DRM seems to be instrumental and short-term in nature, driven by a need to respond to budgetary shortfalls. This is reflected in the absence of any movement towards a sustained process of institutional reform, development of a coherent and evidence-based tax strategy or attention to issues of equity within the tax system. There are no signs that the ruling elite intends to expend significant political capital articulating the case for a nationwide drive towards higher levels of taxation.

Tackling this problem will require a concerted, coordinated and long-term response from a full range of relevant national and international actors, particularly the country's political and bureaucratic leaders, which includes but also goes beyond the role of URA. This is highly unlikely within the current political context, although there is at least some political momentum behind the taxation agenda in Uganda at present. The challenge is whether this can be cohered into a much stronger focus on revenue-raising within and across government, that includes but also goes beyond the current DRM-Strategy. Other useful moves would be to raise the profile and status of the Tax Policy Department (TPD) within MoFPED to Directorate level, and perhaps also to appoint a Minister to take direct responsibility for revenue raising (as in some other countries such as Ghana and Cambodia). Both could help to address some of the coordination problems that beset tax governance in Uganda and could send a signal that taxation is now a political priority.

International actors can play a useful role in addressing some of these challenges, although this will likely require moving beyond traditional forms of financial and technical assistance to a more politically attuned approach that is closely aligned to the specific problems at hand (Booth 2014). This could include efforts to not only support capacity-building within URA but also to help build a broader coalition in support of domestic revenue mobilisation at multiple levels, operate in a more coordinated manner and make long-term commitments which go beyond the immediate realm of tax governance in support of longer-term drivers of DRM. This should arguably include a strong focus on longer-term drivers of revenue mobilisation in Uganda, including processes of structural transformation that are driven by the (highly taxable) areas of agro-processing and light manufacturing and an increase in the size of the formal economy.

References

African Tax Administration Forum (2016). *African Tax Outlook 2016*.

Almunia, M., Gerard, F., Hjort, J. and Knebelmann, J. (2015). 'Fiscal capacity and tax revenues in Uganda'. *IGC Research Report*. *Reference No: S-43118-UGA-1*. London: International Growth Centre.

Andrews, M., Pritchett, L. and Woolcock, M. (2013). 'Escaping capability traps through Problem-Driven Iterative Adaptation (PDIA)'. *World Development*. 51(11): 234-44.

Barkan, J. D. (2011). *Uganda: Assessing Risks to Stability*. Washington, DC: Centre for Strategic and International Studies.

Bird, R. (2012). 'Smart tax administration'. *Economic Premise* 36: 1–5.

Bukenya, B. and Hickey, S. (2018). 'Dominance and deals in Africa: How politics shapes Uganda's transition from growth to transformation'. In L. Pritchett, K. Sen and E. Werker (eds.), *Deals and Development: The Political Dynamics of Growth Episodes*. Oxford: Oxford University Press.

Bukenya, B. and Hickey, S. (2019). 'The shifting fortunes of the economic technocracy in Uganda: Caught between state-building and regime survival?' ESID Working Paper 121. Manchester, UK: Effective States and Inclusive Development Research Centre, The University of Manchester. Available at www.effective-states.org

Cowley, G. and Zake, J. (2010). 'Tax reform'. In F. Kuteesa, E. Tumusiime-Mutebile, A. Whitworth and T. Williamson (eds.), *Uganda's Economic Reforms: Insider Accounts.* Oxford: Oxford University Press.

Dom, R. (2019). 'Semi-autonomous revenue authorities in Sub-Saharan Africa: Silver bullet or white elephant?'. *The Journal of Development Studies* 55(7): 1418-1435.

East African (The) (2018). 'URA loses battle to go after bank customer details'. The East African, 14 April. Available at: www.theeastafrican.co.ke/tea/business/ura-loses-battle-to-go-after-bank-customer-details--1388246 (accessed 12 December 2023).

Ekeh, P. P. (1975). 'Colonialism and the two publics in Africa: A theoretical statement'. *Comparative Studies in Society and History* 17(1): 91–112.

Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.

Fjeldstad, O.-H. and Rakner, L. (2003). *Taxation and Tax Reforms in Developing Countries: Illustrations from Sub-Saharan Africa*. Bergen, Norway: Chr. Michelsen Institute. Available at: www.cmi.no/publications/file/1551-taxation-and-tax-reforms-in- developing-countries.pdf (accessed 12 December 2023).

Golooba-Mutebi, F. and Hickey, S. (2013). 'Investigating the links between political settlements and inclusive development in Uganda: Towards a research agenda'. ESID Working Paper 20. Manchester, UK: Effective States and Inclusive Development Research Centre, The University of Manchester. Available at www.effective-states.org

Golooba-Mutebi, F. and Hickey, S. (2016). 'The master of institutional multiplicity? The shifting politics of regime survival, state-building and democratisation in Museveni's Uganda'. *Journal of Eastern African Studies* 10(4): 601-618.

Hickey, S., Sen, K. and Bukenya, B. (eds.) (2014). *The Politics of Inclusive Development: Interrogating the Evidence.* Oxford: Oxford University Press

Hickey, S. and Izama, A. (2017). 'The politics of governing oil in Uganda: Going against the grain?' *African Affairs* 116(463): 163–185.

Hickey, S. and Matsiko, H. (2023). 'The politics of central banking in Uganda: Exploring the rise and fall of Uganda's premier 'pocket of effectiveness''. *ESID Working Paper*. Manchester, UK: Effective States and Inclusive Development Research Centre, The University of Manchester. Available at www.effective-states.org

Hickey, S., Bukenya, B. and Matsiko, H. (2021). 'Pockets of effectiveness, political settlements and technopols in Uganda: From state-building to regime survival?'. ESID Working Paper 172. Manchester, UK: Effective States and Inclusive Development Research Centre, The University of Manchester. Available at www.effective-states.org

Hutton, E., Thackray, M. and Wingender, P. (2014). *Revenue Administration Gap Analysis Program –The Value-Added Tax Gap*. April. Uganda: IMF.

Izama, A. and Wilkerson, M. (2011). 'Uganda: Museveni's triumph and weakness'. *Journal of Democracy* 22: 64-78.

Kagina, A. C. (2015). *The Transformation of Uganda Revenue Authority: What Lessons Can We Learn from the URA Case Study?* MA thesis. Uganda: Uganda Christian University

Kangave, J. and Katusiimeh, M. (2015). 'Tax bargains: Understanding the role played by public and private actors in influencing tax policy reform in Uganda'. UNRISD Working Paper, 2015-2. Available at www.unrisd.org/kangave-katusiimeh pdf (accessed 12 December 2023)...

Kangave, J., Nakato, S., Waiswa, R. and Lumala Zzimbe, P. (2016). 'Boosting revenue collection through taxing high net worth individuals: The case of Uganda'. ICTD Working Paper 45. Brighton: Institute of Development Studies.

Kangave, J., Nakato, S., Waiswa, R., Nalukwago, M. and Lumala Zzimbe, P. (2018). 'What can we learn from the Uganda Revenue Authority's approach to taxing high net worth individuals?' ICTD Working Paper 72. Brighton: Institute of Development Studies.

Katusiimeh, M. and Kangave, J. (2015). 'Politics and organizational capacities of selected key fiscal and social institutions in Uganda'. UNRISD Working Paper 2015-12..

Khan, M. (2010). 'Political settlements and the governance of growth-enhancing institutions'. Mimeo. London: SOAS.

Khan, M. (2018). 'Political settlements and the analysis of institutions'. *African Affairs* 117(469): 636-655.

Kjær, A. M. and Ulriksen, M. S. with Kangave, J. and Katusiimeh, M. (2017). 'A political economy analysis of domestic resource mobilization in Uganda'. UNRISD Working Paper 2017-8.

Kuteesa, F., Tumusiime-Mutebile, E., Whitworth, A. and Williamson, T. (2010). *Uganda's Economic Reforms: Insider Accounts*. Oxford: Oxford University Press

Logan, C. and Conroy-Krutz, J. (2011). 'Museveni and the 2011 Ugandan election: Did the money matter?'. Afrobarometer Working Paper 135. Afrobarometer. Available at: www.afrobarometer.org/publication/wp135-museveni-and-2011-ugandan-election-did-money-matter/ (accessed 12 December 2023).

Magumbu, M. (2019). 'Tax administration reforms: Lessons from Georgia and Uganda'. ICTD African Tax Administration Paper 5. Brighton Institute of Development Studies. Available at: /opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/14441/ATAP5.pdf?sequence=1&isAllowed=y (accessed 12 December 2023).

Mweije, J. and Munyambonera, E. F. (2016). 'Tax revenue effects of sectoral growth and public expenditure in Uganda'. *South African Journal of Economics* 84(4): 538-554.

Robinson, M. (2007). 'The political economy of governance reforms in Uganda'. *Commonwealth & Comparative Politics* 45(4): 452-474.

Robinson, M. (2006). 'The political economy of governance reforms in Uganda'. Discussion Paper 386. Brighton: Institute of Development Studies.

Roll, M. (ed.) (2014). *The Politics of Public Sector Performance: Pockets of Effectiveness in Developing Countries*. London and New York: Routledge.

SEATINI (2012). *Tax Exemptions: Socio-Economic Implications on Development*. Kampala: SEATINI.

SUGAR (n/d). *A Journey of Transformation: Understanding the Factors behind Successful Institutional Transformation at the Uganda Revenue Authority*. SUGAR Technical Advisory Facility.

Tangri, R. and Mwenda, A. (2013). *The Politics of Elite Corruption in Africa: Uganda in Comparative African Perspective* (1st ed.). London: Routledge.

Therkildsen, O. (2006). 'The rise and fall of mass taxation in Uganda 1900–2005'. DIIS Working Paper 2006/25. Copenhagen: Danish Institute for International Studies. Available: www.econstor.eu/dspace/bitstream/10419/84597/1/DIIS2006-25.pdf (accessed 18 December 2023) .

Therkildsen, O. (2004). 'Autonomous tax administration in sub-Saharan Africa: The case of the Uganda Revenue Authority'. *Forum for Development Studies* 31(1): 59-88.

World Bank (2018). *Tax Administration Assessment for the Uganda Revenue Authority.* Washington, DC: World Bank Group

Yohou, H.D. and Goujon, M. (2017) 'Reassessing tax effort in developing countries: A proposal of a vulnerability-adjusted tax effort index (VATEI)', Ferdi Working Paper 186. Clermont-Ferrand: Fondation pour les études et recherches sur le développement international.

The Effective States and Inclusive Development Research Centre

The Effective States and Inclusive Development Research Centre (ESID) aims to improve the use of governance research evidence in decision-making. Our key focus is on the role of state effectiveness and elite commitment in achieving inclusive development and social justice.

ESID is a partnership of highly reputed research and policy institutes based in Africa, Asia, Europe and North America. The lead institution is The University of Manchester.

The other institutional partners are:

- BRAC Institute of Governance and Development, BRAC University, Dhaka
- Center for Democratic Development, Accra
- Center for International Development, Harvard University, Boston
- Department of Political and Administrative Studies, University of Malawi, Zomba
- Graduate School of Development, Policy & Practice, Cape Town University
- Institute for Economic Growth, Delhi

In addition to its institutional partners, ESID has established a network of leading research collaborators and policy/uptake experts.

email: esid@manchester.ac.uk
Effective States and Inclusive Development Research Centre (ESID)
School of Environment, Education and Development, The University of Manchester, Oxford Road, Manchester M13 9PL, UK
www.effective-states.org