



THE STATE OF PUBLIC SERVICE DELIVERY IN UGANDA
*Achievements, Challenges and Measures for Better
Service Delivery*

Paper Presented at the National Budget Conference for FY 2016/17

By

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Rt. Hon. Prime Minister

Rt. Hon. Deputy Prime Ministers

Hon. Ministers

Hon. Members of Parliament,

Your Excellencies the Ambassadors and High Commissioners,

Colleague Permanent Secretaries present

Heads of various Government Agencies

Representatives from the various Local Governments

Distinguished Guests,

Ladies and Gentlemen

I. Introduction

1. The Government of Uganda has undertaken several reforms over the years in order to increase access and enhance the quality of public services across the country. The reform initiatives at the facility level have occurred against the backdrop on sustained economic growth and a massive reduction in poverty levels. GDP growth averaged at 6.6% per year and real income per head increased by more than 2.6% per annum. Poverty levels declined from 38.8% in 2002/03 to 19.7% in 2012/13. Consequently, Uganda has met the most important of the Millennium Development Goals (MDG) target of halving the proportion of its population living in extreme poverty by 2015.
2. As we transit from the Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs), following their endorsement by the UN General Assembly in September 2015, we need to commence addressing the underlying

constraints that impede our full achievement of service delivery. Achieving the 17 Sustainable Development Goals including ending poverty, fighting inequality and injustice, and tackle climate change by 2030, require a major rethink of how we deliver public services.

3. Increasing the effectiveness of public service delivery must therefore be addressed if we are to accelerate the basic progress we have recorded as of today.
4. In my presentation today, I will assess how Uganda has performed in service delivery in the recent years, with a focus on the infrastructure, social services and production sectors, while highlighting key achievements and challenges faced. I will then conclude with proposals on measures to improve service delivery in FY 2016/17 and the medium term.

II. Sectoral Performance and Challenges in Service Delivery

Infrastructure Sectors

5. Infrastructure development remains a key aspect in unlocking the key constraints to socio-economic transformation of the economy. As a consequence, Government has prioritized investment in infrastructure development for the past several years. Key emphasis has been on improving the quality and stock of our transport network and energy infrastructure, among others.

Roads and Transport:

6. In the Roads and Transport sector, the proportion of the national unpaved road network in fair to good condition currently stands at 67%, while that of national paved roads is 80% by the close of FY 2015. Service delivery in the transport sector also needs to be assessed in terms of the impact of investments on travel time, cost to the users, the rate of accidents and overall accessibility, and not only on Kilometres of roads constructed and maintained.

7. Despite the high investments in the roads sub-sector over the last several years, the state and quality of the roads across the country still requires a lot of improvement. This has arisen from the low operational capacities of the Uganda National Roads Authority (UNRA) and Local Governments and a weak local construction industry. Contract management remains poor with high price variations; and the sector is faced with high levels of corruption and outright incompetence of contractors. The recent revelations at the Commission of Inquiry into the alleged mismanagement, abuse of office and corrupt practices at the Uganda National Roads Authority shows gross irregularities in procurements, abuse of office and diversion of funds. **Inflated costs of land compensation** and delays in land acquisition also raises project costs and causes delays.

Energy

8. In the Energy Sector, major Hydropower projects are under construction, in addition to transmission lines under the Rural Electrification Programme. National electricity access has increased from 11 percent in 2011 to 14 percent in 2014. Currently, a total of 107 out of 112 (96.4%) district headquarters are now connected to the national grid and work is ongoing to connect additional 5 districts of Zombo, Koboko, Maracha, Yumbe and Namayingo. However, total installed energy capacity stands at only 959.14 MW, 29% of the initial target of 3,300 MW for 2015. The low generation capacity is largely attributed to failure by Government to attract private sector to invest sufficiently in rural electrification. The commensurate impact in terms of reduced economic growth and environmental degradation speaks to the need to enhanced service delivery on this front.

Social sectors

Education

9. In the Education Sector, consistent investments at primary, secondary and post primary levels, have impacted positively on access in light of universalization. The

Universal Primary Education (UPE) programme has resulted into increased access from 2.7 million pupils in 1996/97 to 8.7 million in 2014/15. To support this rapid growth, more than 100,000 classrooms have been constructed and 15,309 schools built between 1996 and 2015. The teacher- classroom ratio has improved from 90 in 2009 to 68 in 2013; gross primary completion rate from 49% in 2002 to 72% in 2014/15; and the transition from primary to S1 from 47% in FY 2006/7 to 73% in FY 2013/14. At secondary education level, the schools increased from 2,531 in 2010 to 2,950 in 2015 while the total enrolment increased from 1,251,507 in 2012 to 1,391,250 in 2015.

10. Despite the increased investment in infrastructure, learning materials, and training of teachers in primary schools, evidence suggests, that outcomes are not improving at a commensurate rate. Key ratios have stagnated: the net enrolment ratio has stagnated at about 95% over the last 3 years; the pupil-book ratio remains at 4:1 since 2010; and the pupil-teacher ratio at 49:1 over the same period. The biggest challenges in the Sector is the high rate of teacher absenteeism especially in primary schools, which contributes immensely to the low quality of education. At secondary level, the emerging problem seems to be retention and staffing gaps especially of English and Science Teachers.

Health

11. In the Health Sector, public confidence in the Health System improved from 46% in 2008 to 69% in 2014 according to the UHSSP client Satisfactory Survey. The under-five mortality rate declined by 42% from 156 per 1000 live births in 1995 to 90 per 1000 live births in 2011, while the infant mortality rate declined from 86 to 54 per 1000 live births over the same period.
12. Although significant achievements have been made in controlling Malaria and other diseases, there is still slow progress in achieving universal access to

reproductive health and stagnated progress on reducing maternal mortality. Maternal mortality is still far above the MDG target of 131 maternal death per 100,000 live births, WHO estimates at about 300. In addition, past gains in the fight against HIV/Aids have begun to reverse with a rise in new infections especially in young adults.

13. The key challenges in the delivery of services include: staff absenteeism at health units across the country; unexplained high drug stock outs of essential medicines; and lower quality of service and staffing gaps at most health facilities.

Water and Sanitation:

14. In the Water and Sanitation sector, Uganda is on track to halve the number of people without sustainable access to safe drinking water and basic sanitation facilities. Sixty-five (65%) of our population have access to safe water within 1km radius and the functionality of water supply points in rural areas ranges between 83% to 85%. Investments in urban areas have also started to bear fruit with 90% of urban dwellers accessing safe water.
15. However, service delivery in the sector is faced with poor functionality of water supply systems in both rural and urban areas, pollution of urban water sources, frequent changes in project designs, limited access to equipment to excavate water for production facilities and delayed land compensation. These factors negatively affect service delivery in this sector and need to be urgently addressed.

Production Sectors

16. In the key sector of Agriculture, it is noteworthy that most of the progress on poverty reduction was attributed to higher agricultural incomes, as reported by the **2015 World Bank Systemic Country Diagnostic** report on Uganda. Overall, poverty reduction among households primarily engaged in agriculture accounted

for 77 percent reduction in poverty from 2010 to 2013. Among the factors for this performance is an increase in aggregate crop production, high prices in domestic and regional markets, improvements in access to markets and extension services.

17. Agricultural extension services represent one of the key service delivery areas that Government has heavily invested in the past with an emphasis on rolling out the NAADS programme. However, a recent study by the Economic Policy Research Centre shows that NAADS has not had any significant impact on farmers' adoption of improved technologies, notwithstanding the contribution of agriculture to poverty reduction. The share of households and communities who benefit from the NAADS programme remains low and is declining. Agricultural inputs provided under the NAADS programme were mostly accessed by richer people which suggests of poor supervision and monitoring. In addition, despite my ministry streamlining the release of funds according to the planting season, in many local governments, most agricultural inputs are delivered late towards the end of the season. The Sector also faces a challenge of post-harvest loses.

Cross-cutting Challenges

18. Apart from the sector specific challenges to service delivery, there are cross-cutting challenges that continue to constrain service delivery. These challenges relate to Human Resources, Financial, Procurement and Contract Management.

Financial Management

19. In respect of Financial Management, Budget Monitoring and Audit Reports continually highlight weak compliance to financial regulations. There is evidence of mischarge of expenditures; wasteful expenditures and an increase in audit queries. I have also noted a high number of unspent funds, which reflect absorptive capacity constraints within a particular spending agency. In addition,

there is an increasing trend in domestic arrears accumulation including misreporting, despite allocations being made available by Ministry of Finance.

20. In order to stem these flaws in financial management, I will not appoint Accounting Officers who have been found misreporting expenditures or accumulating arrears. I will also request the appropriate authorities to investigate Accounting Officers for any financial loss arising from these actions.

Procurement and Contract Management

21. In respect of Procurement and Contract management, the Auditor General and Procurement Audits conducted by the PPDA have revealed a number of weaknesses in public procurement management including the following:

- (i) Poor Procurement Planning as evidenced by failure to prepare adequate designs/specifications leading to cost overruns and design reviews as well as onsite delays. Accounting Officers will be held personally liable for contract variations leading to increased costs to Government. They should undertake market price assessment in accordance with Section 26 (4) of the PPDA Act, 2003 prior to commencement of a procurement process in order to eliminate unnecessary price variation between estimated and actual contract prices and associated problems that come with the variance.
- (ii) Weak Procurement and Contract Management including delay by institutions to initiate procurements; poor supervision and management of contracts; the award of contracts to proven incompetent contractors unable to complete work in time; and unexplained delays in processing contractors' payments which further affects programme implementation and makes them quote high for future jobs.
- (iii) Irregularities during the Bidding Process which has led to several complaints and requests for reviews during the procurement process which further delays the award of contracts.

Human Resources Management

28. Sectors such as health and works are still facing shortage of human resources to deliver key services. For instance in health, there is a critical gap in the number of health workers at a lower level such as midwives and dental personnel. In works and transport most Local Governments are failing to attract registered engineers. In some cases, the quality of personnel to deliver services has been questioned.

29. Following decentralisation of Salaries, Pension and Gratuity payments, my Ministry has established that some Local Governments do not have functional Human Resource Units due to absence of substantive Human Resource Officers. It has been brought to my attention that some LGs are using Office Typists to perform Human Resource functions. This has partly attributed to delays in processing payment for Pension/Gratuity to beneficiaries. Whereas some District genuinely could not recruit Human Resource Officers, others have stubbornly refused to recruit for reasons of alleged selective recruitments or lame excuses of not having District Service Commissions in place.

III. Proposed Measures for Improved Service Delivery

30. To address the challenges stated above, Government is implementing the following fundamental reforms within the public sector which are aimed at developing a results-oriented culture, and in particular new incentive structures to drive mindset change and allow greater innovation, responsiveness and cooperation:
 - (i) ***Project Implementation Management (PIM)***; You will recall that as part of the restructuring of Government in the 1990s, project implementation units were abolished and the function mainstreamed. This seems to have weakened project implementation in the whole of Government leading to delayed project implementation with cost over-runs. To restore PIM capacity,

my Ministry has created a dedicated Department to coordinate project implementation and build capacity in project investment management.

- (ii) Arising from the inadequacy of programme execution highlighted in the Government Annual Performance Report (GAPR), Government will enforce penalties against Accounting Officers, who do not achieve Government's programmed targets.
- (iii) In order to address problems of procurement, Procurement Units in all MDAs will be strengthened and PPDA will not hesitate to blacklist incompetent contractors; service providers will be made more accountable for their performance and we shall not hesitate to terminate contracts. Disciplinary actions shall be taken against Accounting Officers who fail to take appropriate disciplinary action against the Procurement and Disposal Units for using wrong procurement methods, failing to adhere to the recommended procurement methods and irregular disclosure of confidential information during evaluation.
- (iv) The new Public Finance Management Act 2015 has increased the demand for transparency and accountability in the purpose and impact of the budget. This will help to instill a results culture and ensure MDAs compete to deliver effective services rather than for resources or over mandates. In FY 2016/17, focus will be put on adherence and full implementation of the PFMA Regulations that are being finalized.
- (v) Given the increased function of Human Resource under the decentralized Salary, Pension and Gratuity payments, in FY 2016/17, priority will be given to recruitment of Human Resource Officers. Where a district has no District Service Commission (DSC) in place, the district should make use of DSC of a neighboring district according to the Public Service guidelines.

- (vi) To further streamline and reduce irregularities in Salary, Pension and Gratuity payments, I have instructed Internal Auditors in every Government Institution to pre-audit the payrolls on a monthly basis before Salaries, Pension and Gratuity are paid. To facilitate this arrangement, my Ministry will orient all Internal Auditors on Salaries, Pension and Gratuity management. Accounting Officers and Internal Auditors will therefore be held personally responsible for clearing payment files that have inconsistencies.
- (vii) Efficient payment systems have been developed and are being rolled out progressively. The Integrated Financial Management System (IFMS) has now been rolled out to most of Government and has been complemented by the Treasury Single Account (TSA) which was introduced last years. Financial transactions can now be concluded within 48 hours even to the remotest Local Government, which are under the TSA. We shall therefore continue to roll-out the IFMS to increase its coverage.
- (viii) We shall continue to deepen Fiscal Decentralisation by devolving more financial decisions closer to the frontline service delivery units. Budgeting and payment of salaries, pension and gratuity have been decentralised; and fiscal transfers have been consolidated to give liberty to the Local Government Accounting Officers to manage their inputs and concentrate more on delivering results.
- (ix) My Ministry will deepen the budget reforms further by focusing the budget on achievement of results/outcomes rather than outputs only, through programme based budgeting.
- (x) Government is strengthening its rewards and sanction regime and is progressively rolling out performance contracts for all public servants. Already, many prospective Accounting Officers were not appointed in FY 2015/16 because they had outstanding audit issues. This measure will be further enhanced next FY.

- (xi) We are also working out a star-rating system to motivate public service delivery units especially individual education and health facilities to recognize and reward managerial effort. This has already been tried before in education but met some challenges which we hope to address.
- (xii) The operational capacity of the UNRA and URF will be strengthened further to ensure proper planning, procurements, funds disbursement and supervision of works. Emphasis will be on completion of the UNRA restructuring exercise and its implementation over the medium term. In the current financial year, US\$ 69 bn has been earmarked to kick-start the restructuring exercise at UNRA. This will solve incidences of a Secretary expending functions of head procurement and disposal unit, as has been found.

IV. Conclusion

31. While service delivery in Uganda has improved tremendously in recent years as a result of the direct investments made by Government in the key sectors, several challenges remain if we are to achieve the Sustainable Development Goals by 2030. There are certainly no simple or easy solutions. Government is faced with limited flexibility on increasing budget allocations in light of the commitments we have made towards key infrastructure developments in the medium term. In addition, contracting debt is also not an option as Government has already committed all the available headroom towards key infrastructure projects such as the Standard Gauge Railway. Uganda's debt to GDP ratio in the medium term is already fully committed and the contracting of additional debt for new areas will therefore not be an option. Therefore, progress on service delivery needs to come from greater efficiency gains.
32. It is noteworthy that many reforms to the way we do work also do not need extra financial resources but rather a different approach to the way we work.

Government has to aggressively improve the quality of public services and work towards the post-2015 Sustainable Development Goals (SDGs).

I thank you for listening to me