Editors and Members of the Editorial Advisory Board

Editors

• Chief Editor: Dr. Lazarus Nabaho, Uganda Management Institute
• Deputy Chief Editor: Dr. Paul Malunda, Uganda Management Institute
• Managing Editor: Dr. Rose B. Namara, Uganda Management Institute

Editorial Advisory Board

• Prof. Gelase Mutahaba, Department of Public Administration, University of Dar es Salaam, Tanzania
• Prof. Joy Kwesiga, Kabale University, Uganda
• Prof. Grace Bantebya, School of Gender Studies, Makerere University, Uganda
• Prof. Yasin Olum, Department of Political Science and Public Administration, Makerere University, Uganda
• Prof. Mande W. Muyinda, Nkumba University, Uganda
• Prof. Pamela Mbabazi, Mbarara University of Science & Technology, Uganda
• Prof. Samson Opolot, Centre for Basic Research, Kampala, Uganda
• Prof. William Kaberuka, Makerere University Business School, Uganda
• Dr. James Nkata, Director General, Uganda Management Institute, Uganda
• Dr. Martyn Davies, Gordon Frontier of Advisory, South Africa
• Dr. John Mary Kauzya, UNDESA/DPADM, United States
• Dr. Randhir Auluck, Coventry University, United Kingdom
• Prof. Muhamed Salih, Institute of Social Studies, Erasmus University, The Netherlands
• Prof. Paul Jackson, University of Birmingham, United Kingdom

Editorial Address: Uganda Management Institute (UMI), P.O.Box 20131, Kampala; Tel, 256-414-259722, Fax 256,414-259581; email: umijournal@gmail.com, journal@umi.ac.ug, web: www.umi.ac.ug

Printed and bound by: Uganda Management Institute, Kampala

First Published 2010

ISSN: 2078-7049

Copyright: Uganda Management Institute (UMI). All rights reserved. With exception of fair dealing for the purposes of research or private study, or criticism or review, no part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior permission in writing from the copyright holder. Authorization for photocopying items for internal and personal use is granted by the copyright holder for libraries in Uganda. This consent does not extend to other kinds of copying such as for advertising or promotional purposes and for resale. Institutions for paid up subscription to this journal may make photocopies for teaching purposes free of charge provided such copies are not resold.

Printed by Graphic Centre Ltd, Tel: 0701 446 340/0772 446 324
Introduction

The Ugandan Journal of Management and Public Policy Studies is a multidisciplinary Journal publishing a wide range of articles relating to public administration, management, leadership and public policy, from empirical studies and theoretical orientations to practical application. The Journal also reviews books, essays, and research notes that are relevant to both scholars and practitioners involved at all levels of administration and management from various organizational forms including business firms, non-governmental organizations, public institutions and individual networks.

Aim and scope

The Ugandan Journal of Management and Public Policy Studies is a scholarly Journal published to scientifically address the problems, interests and concerns of managers and intellectuals concerned with management science profession. It aims at improving the understanding and practice of management. The Journal is an essential reading, publishing articles from a wide range of authors, both well-established scholars and young scholars. Thus the Journal is an important resource for:

a) Management Development Institutions
b) Social Science Faculties and Research Institutions
c) Graduate teachers and researchers in management science
d) Civil service practitioners
e) Students of management
f) All people interested in the practice of Management
Editorial note

Volume 13 (1) of The Ugandan Journal of Management and Public Policy Studies is a collection of articles that focus on four thematic areas: education management and governance, public service reforms, gender, and the economy.

In the first article, Fred Wahitu uses a multiple case study approach to analyse the role of School Management Committees (SMCs) in the implementation of the Universal Primary Education Programme in Uganda. The findings reveal that SMCs participate in the planning, budgeting, and monitoring of activities of schools as well as mobilisation of parents and the community to participate in activities of the schools. The study reveals a high level of volunteerism in most of the SMCs and that the implementation of the activities varies across the SMCs as a result of differences in capacity, resources and the economic status of the communities. Wahitu recommends that the Government trains and regulates the SMCs for successful implementation of UPE in the country.

James Lam-Lagoro, James Lam-Lagoro, J.P. Ocitti, Peter Neema Abooki examine whether the triple missions of the University constitute core functions at Gulu University in Uganda. The study established that research and publication, and community engagement are yet to become core functions at Gulu University. The study recommends that the University should strengthen the research and publication function by formulating a comprehensive and standard research and publication policy and by adequately resourcing the research and community engagement functions.

In an article on New Public Management (NPM) inspired reforms, Hilda Musubira applies a descriptive analysis to explore the readiness of the ministries in Uganda to implement Open Performance Appraisal (OPA) and a regression model to determine the effect of readiness on the implementation of the OPA. The findings underscore the positive significance of readiness of ministries on the implementation of the OPA but with a missing sense of efficacy and commitment for successful implementation of the OPA. The article sketches the implications for the implementation of future reforms in the public service.

Tom Darlington Balojja, in yet another article on education management, probes the effects of Government of Uganda’s prioritization of funding of primary education on the sub-sector’s performance against the established quality indicators. The article observes that the level of funding is inadequate to address the salient factors in pursuit of quality indicators and hence quality of primary education falls below the threshold indicators. To enhance quality of primary education, he recommends an increase in funding to the primary education sub-sector and an increase in the frequency of school inspection.

Jason Nkyabonaki introduces the gender dimension by analysing the level of women participation in decision-making at the political and managerial spheres in Tanzania. Nkyabonaki observes that women are under-represented in decision-making positions despite the initiatives by responsible institutions to enhance their level participation. Nkyabonaki recommends increasing the number of women leaders in political and managerial domains.
Asumani Guloba uses International Monetary Fund (IMF) external vulnerability assessment framework to analyse Uganda’s Balance of Payment (BoP) data with the objective of establishing whether BoP deficits should be a cause of concern for the country. The findings indicate that while the BoP is largely sustainable based on external vulnerability assessment, persistent current account imbalances should be addressed. Furthermore, Guloba notes that increased reliance on external loan financing instead of more sustainable foreign direct investment (FDI) steadily contributes to a build-up of debt. Finally, the author observes that international reserve financing of recent BoP deficits risks the reserves falling below sustainable levels. To incentivize capital goods while discouraging consumer goods imports, Guloba recommends a long term trade policy that encourages production and discourage consumption goods imports.

In the final article of this Volume, Edward Ngobye and Asumani Guloba analyse the debt sustainability exercise undertaken by Uganda to determine whether it provides solutions to management of the public debt. The findings reveal that the Government of Uganda uses results of the debt sustainability analysis to justify additional public borrowing instead of guiding public debt management. The study further established that the macroeconomic assumptions used, especially on domestic debt stance, do not reflect the out-turn fiscal policy being implemented which underestimates the domestic interest cost burden to public debt sustainability. Ngobye and Guloba recommend that new borrowing, even on concessional terms, should be pursued with caution, based on prudent economic projections and in recognition of the country–specific circumstances and risks.
Contents

Introduction..............................................................................................................................................

Aim and Scope........................................................................................................................................

Editorial Note ....................................................................................................................................... 1

Accounting for UPE implementation: the contribution of School Management Committees:
Fred H, Wahitu ........................................................................................................................................ 1

Massification and Quality Management of Research, Publications and Community Engagement in Higher Education; a case of Gulu University:
James Lam-Lagoro, J.P. Ocitti, Peter Neema Abooki .................................................................... 12

Readiness and Implementation of the Open Performance Appraisal in the Uganda Public:
Hilda Musubira ......................................................................................................................................... 26

Funding and the Quality of Primary Education in Uganda:
Tom Darlington Balajja ....................................................................................................................... 45

Women in Governance at Central and Local Government Institutions: Tanzania’s Experience:
Jason Nkyabonaki ............................................................................................................................... 61

Balance of Payments Deficits in Uganda: Should they Concern Us?
Asumani Guloba...................................................................................................................................... 74

Uganda’s Debt Sustainability: Is it a Cause of Concern?
Edward Ngobye and Asumani Guloba. ................................................................................................. 89
Accounting for UPE implementation: the contribution of School Management Committees

Fred H. Wahitu, Uganda Management Institute, Uganda

Abstract

Uganda embraced Universal Primary Education (UPE) in 1997, partly as a fulfilment of the political promise of free primary education but also for the wider reasons of closing the education gap of Access, Quality and Equity. The introduction of UPE coincided with the abolition of Parents Teachers’ Associations (PTAs) which were associated with the collection of fees from especially parents to supplement government grants to schools. The Education Act 2008 introduced School Management Committees (SMCs) to be in charge of public primary schools on behalf of government. Using a multiple case study approach involving four SMCs representing the four regions of Uganda, this article investigated the role of SMCs in Universal Primary Education. The selection of the four SMCs representing the four regions of Uganda was purposive. The findings indicate that SMCs were involved in the planning, budgeting, mobilization of the community and monitoring of the school activities. What was apparent, though, was that such activities were implemented differently across the SMCs due to differences in technical and financial capacity. Of unique importance was the high level of volunteerism recorded in the three out of four SMCs. As a way of conclusion, SMCs are very supportive of UPE, but government needs to train and regulate them.

Key words: School-Based Management, Governance, Accountability, Universal Primary Education (UPE)

Introduction

The adoption and implementation of universal basic education policy reform, commonly known as UPE in Uganda, has been recognized as a worldwide phenomenon (Willems, 2017). The impetus for this drive ranges from the need to increase national competitiveness, reduce illiteracy levels, correct the disparities of inequality especially for the minority groups, and improve the overall education quality (The Government of Uganda (GoU), 2008).

The continuum of universal basic primary education forms from which governments choose ranged from contributory to free primary education delivery (Dauda, 2004; Onderi & Makori, 2013). Uganda opted for free primary education delivery; where government would provide all scholastic requirements including uniforms, meals and books (The Government of Uganda (GoU), 2008; Aligned et al, 2009). In a comparative study of Kenya and Tanzania, Orodho (2015) reveals that the two East African countries implemented free primary education to attain Education for All.

To achieve the new thrust for Universal Primary Education, governments introduced education governance reforms. Uganda came up with an institutional structure entrusting different partners with a range of responsibilities (Suzuki, 2010). Such institutions included: the central government, local government authorities and school management committees.
(SMCs). The central government’s roles were in line with the assertion by Bayat, A., Louw, W., & Rena, R. (2014) that school boards must stay within the policy framework of the central government in all their decision-making. The local authorities were to supervise the SMCs on behalf of government under the decentralized education delivery system. The tier close to the school was the SMC. Under site-based primary school governance, schools would benefit from citizens’ participation which would increase performance, perception of fairness and was likely to lead to greater support (Nakabugo, 2008; Willems, 2017). This new participatory and inclusive style of school governance was a radical shift from the centralized system (Bayat et al, 2014).

Who constitutes the SMCs?

SMCs draw from constituencies such as foundation body, local council, sub-county, parents’ representatives, old girls/boys, and staff including head teachers (Prinsen & Titeca, 2008; Government of Uganda (GoU), 2008; Suzuki, 2010). In reviewing literature from elsewhere, what seemed apparent is that in most forms of school boards, parents’ representation was recognized (Hofman et al, 2010; Onderi & Makori, 2013; Bayat et al, 2014; Young, 2016).

Main responsibilities of SMCs

As provided for in the Education Act (2008), SMCs would be judged on their ability to implement the following:

1. Management of the school subject to the Education Act and any directions by the Minister on matters of general policy;
2. The day-to-day administration, proper and efficient conduct of the school, by the headteacher on behalf of the management committee;
3. Consultation with the foundation body before transfer or posting of a headteacher and deputy headteacher to a school;
4. Declare vacancies of non-teaching staff for the school to transmit to the District Service Commission to recruit the required staff; and
5. To enable the members of staff to submit their views, proposals or representation to the management committee.

Current Research

The need for investigation of the SMC accountability for UPE in Uganda has been expressed (Approach, 2013). With the introduction of UPE, there was need to adapt a system of primary public school governance that would ensure its successful implementation (Guidelines for the implementation of Ministry of Education and Sports (MOES), 2009). The cornerstone for this study was especially on accountability for UPE using measures such as: access, quality and equity. Contrary to the government trust and legislation devolving power to SMCs to be the ‘owners’ of public primary schools on behalf of government, the SMCs did not understand their roles and as such were not implementing them.
Two research questions regarding this investigation were explored. The first research question explored the SMCs roles. The second question pertained to the strategies used by SMCs to implement their accountability role for UPE achievement. This part of analysis enables better assessment of SMC accountability for achievement of UPE with empirical insights from four different SMCs. Furthermore, it enables verification of parents’ contribution to supplement government grants through informal parents-teachers’ associations (PTAs). Hence the concrete research questions of this study were:

1) What roles do School Management Committees perform in the accountability for the management of Universal Primary Education in Uganda?

2) In what ways do SMCs exercise and account for the implementation of UPE in Uganda?

Method

This study was initially informed by the researcher’s lived experiences while training SMCs in a Netherlands-supported programme to government of Uganda. The researcher claims ‘situated objectivity’ (Lipman, 2017) since he sampled four SMCs from four regions of Uganda to increase robustness of the findings (Creswell, 2013). The nature of the research questions and study objectives called for a qualitative approach to elicit participants’ views on roles of SMCs and how they implemented such roles. The belief that knowledge is co-constructed took the researcher to the field for interviews (Creswell, 2013). Purposely sampled persons thought to be data-rich were selected (Creswell, 2013). Furthermore, the voices of the participants were recorded and interpretations were made through the participants’ lens. Though the study leaned heavily on interviews, the researcher, while at school sites, observed: the school vision, mission statements, primary leaving examinations (PLE) results and UPE grant breakdown, later interpreted as performance accountability. The article also draws on the analysis of documents which included: SMC minutes and school development plans.

Data analysis

The voice recordings of 16 participants were transcribed verbatim generating a tertiary document (Yin, 2013). By the researcher transcribing for himself, he was able to listen to details of the interviews. The interviewer carefully read through the responses colour coding the similarities in words, phrases or ideas. The connections between codes were identified leading to the generation of themes. The following themes were identified Theme 1: SMC roles in the accountability of UPE; Theme 2: How SMCs implement and account for their roles in the implementation of UPE. These were aligned with the study objectives.

Results and Discussion

Glaser and Strauss (2012) postulate that theory enables prediction and explanation of a phenomenon and its behaviour. This section therefore discusses the findings of the study through the Accountability Theory lens developed by Tetlock (1999). Espousing the discussion in Tetlock’s Accountability Theory may facilitate the analysis of policy assumptions that underpin the casual relationship between school-based governance reform and its accountability for Universal Primary Education achievement.
SMC roles and responsibilities in the accountability of UPE

Whilst the Education Act (2008) mandated the SMCs to be in charge of public primary schools implementing UPE on behalf of government, there seemed to be an information gap on whether or not they implemented such roles. As such, this study was premised on the assumption that SMCs may not have had the capacity to understand and implement their roles to expected measures that would lead to improved access, quality and equity. Disconnect to the assumptions, the findings indicate that SMC members carried out roles which included: planning, financial activities, monitoring, personnel matters, academic support roles, and community mobilization. The findings are in agreement with results from a study in England where governing bodies were empowered with responsibilities of agreeing on the school direction, development and approval of the budget and appointment of staff (Young, 2016). Such endeavours were partly hinged on legal and policy backing (Government of Uganda (GoU), 2008).

The insights offered by the accountability theory suggest that SMCs should cultivate sensitivity to complex thinking practices if they are to gain approval of the ‘constituent others’. This is consistent with the proposition that governance bodies are increasingly engaging in strategic thinking to balance the immediate and long-term perspectives of the schools (Organization of Economic Cooperation and Development (OECD) Report, 2016). Strategic thinking or SMC planning role is implemented through complex structures, norms and vigorous information processing between constituents (Tetlock, 1985; OECD, 2016). The product of the intense interaction is the vision, school improvement plans (SIPs), and school development plans (SDPs) which are shaped by the views of constituents. The literature reviewed augments the finding that school governance bodies elsewhere, just like SMCs, exercised the planning role (Government of Uganda (GoU), 2008; Tsotetsi, Van Wyk & Lemmer, 2008; Davies et al, 2010; Timar et al, 2012; Dimmock, 2013; The Governors’ Handbook, 2014). However, as Mbugua and Rarieya (2013) retort, though School Governance Bodies attempted to plan for schools, they seemed to concentrate on mundane roles, dampening the postulation that they would improve educational accountability. Vernez et al (2012) assert that school councils seemed to be ill-prepared for such an important role like planning and as such the visions and development plans were not only wanting since they exhibited differing formats but could not also inform the school activities. The contextualization of the exercise of strategic planning in the education sector by Mbugua and Rarieya (2013) as just catching up in developing countries, especially Africa, and evident in the study findings is likened to the need to contextualize decision-making, as Tetlock argues.

Viewing SMC planning role through Tetlock’s pinhole, government used the cognitive miser role by devolving planning powers to school-level management without consultation. Individuals or groups of policy makers in government ministries thought that with the law enforcement, guidelines and induction training, SMCs would be in position to account for the planning role. This seemed to weaken the SMC accountability to central government which seemed far and detached. Analysing the findings from the point of view of the ‘Actor’ being in the social environment, Christensen and Laegreid (2014) argue that SMCs are expected to establish aspirations, implement activities differently, and monitor results. Where the
community is aware of the school future plans, procedures and processes on how to implement and monitor; there was likelihood of holding SMCs accountable for the UPE achievements (Argon, 2015). SMCs have responded to social environment demands through meetings, consultations, sensitization and reports to stakeholders. As pointed out by Tetlock (1985) ‘people’, and in this case SMCs, ‘are potentially accountable’ for the planning decisions they make.

Accountability theory did not negate the primacy of the ‘Actors’ by merely affecting the forms of judgement and decision-making that subjects express (Tetlock, 1985). Such propositions would limit the analysis to cognitive miser analogy. Rather, as found in the role of financial activities, SMC members were found to engage in vigorous harnessing of views from strategic constituents. The intensive interaction gave birth to activities which included: budgeting, accountability, processing payments and reporting on financial performance. Resourcing school activities, ensuring accountability and value for money involved various stakeholders, premised on the view that variety of stakeholders would translate into different ideas about strategies for use (Government of Uganda (GoU), 2008; Young, 2016). As affirmed by Bayat, A., Louw, W., & Rena, R. (2014), school governing bodies in South Africa, just like SMCs in Uganda, were expected to perform a range of financial activities. In support of the budgeting role, various scholars tend to affirm that budgeting activities were focusing on learner outcomes (Government of Uganda (GoU), 2008; Emechebe, 2012).

By focusing the budgeting on learners, SMCs were aware of the needs of the ‘audience’ and as such the learners and parents worked to meet their expectations. They are also operating in an environment that demands frugal use of resources that influenced their commitment. The budget was developed by several stakeholders not an individual cognitive miser and as such benefitted from the many views. According to Tetlock (1985) accountability of conduct is a universal matter with enforcement norms. As such, in addition to the budget being participatory, there are guidelines to be adhered to by the head teachers (HTs) and enforced by the SMC to ensure that learner requirements are prioritized. Cases of cognitive miser individual processors may be seen in one of the SMCs where the HT usurped the SMC’s powers and only called them to sign the budget and SDP. However, Bayat et al (2014) raise pertinent fears as to whether SMCs had the capacity to implement financial management roles such as drafting school budgets and responsibility for utilization of resources by focusing on school operations, since such roles demand adequate competence and flair in financial management.

The significant recognition of information properties between the ‘thinker’ and the ‘constituent others’ is the bedrock of accountability. Accountability becomes possible because of the exponential relationship between the people to account and to whom to account (OECD, 2016). In adducing evidence to responses, findings indicated that unlike decisions which are reached upon by theory, SMCs made decisions basing on the data from monitoring (Tetlock, 1985). SMCs seemed to be aware of their monitoring role, what to monitor, when and the likely influence on learner outcomes and ultimately UPE achievement. Monitoring involved agreeing on a schedule for monitoring school activities, and developed a checklist on what to monitor. The monitoring function also benefited from SMC members who were especially trained teachers or retired civil servants that had expert knowledge. The findings on monitoring were consistent with other works such as the study by Ofsted (2011) which supports the view that
governors’ involvement in the school’s monitoring and use of knowledge gained to challenge the head teacher would fill up performance gaps and shape the school direction (Review, n.d.; Pandey, Goyal, & Sundararaman, 2011). As emphasized by Othman et al (2016), boards play a pivotal role in the management of schools and as such there was need to demonstrate adequate and effective monitoring.

Through pre-arranged visits that have a clear focus, governors gained feedback on whether the school is implementing the policies and improvement plans they had signed off and how they were working in practice. Visits also provided an opportunity to talk with learners, staff and parents to gather their views. Through vigilant information processing suggested by Tetlock, SMCs may be able to gain optimal future courses of action. Unlike Arlestig (2008) and Skolinspektionen (2010) findings that governors made few classroom visits (The Governors’ Handbook, 2014), findings in this study indicated that most SMCs made regular visits during which they inspected class teaching, teachers’ accommodation, conditions of hygiene, among others. Further contention with the findings is the World Bank Report (2008) which found that the impact of community monitoring on school functioning was lower than expected. In most of the SMCs in this study, monitoring was well conducted and information got was used in crafting solutions for improvement. In support of the foregoing discourse on Tetlock’s accountability theory, Lee, Kim and Wansoo (2012) affirm that the audience voice underpins judgement and as such plays an active role in forming the actor behaviour (Tetlock, 1985; 1999; Chaiken & Trope, 1999). As such, the clients can improve service delivery by demanding and monitoring services tailored to meet their needs from the providers. To hold actors accountable, Tetlock (1999) suggests that while taking decisions, the important questions should be: who is responsible for answering to whom, for what and under what specific terms?

In the light of the accountability theory, the researcher discusses SMC personnel matters as evident from the findings. Such activities include: recruitment and selection of staff, postings and transfers, staff welfare, and supervision and performance management. One would adduce evidence for the suggestion that government, while devolving personnel matters to SMCs, preferred the cognitive miser strategy. Policy makers in the central ministries and agencies believed in the primacy of their decisions by devolving personnel matters to community structures. Individualized thought and action gave birth to frameworks, guidelines without due regard and consultation of the ‘strategic others’. The findings regarding SMC role in personnel matters seemed to be limited in scope and technicality. As such Bayat et al (2014) as well as Enhren et al (2016) seem to argue rightly that one of the daunting roles of governing bodies was to appoint schools’ managerial staff, strengthen their leadership, and cause them to account. Bayat et al (2014) further argue that the additional teachers’ recruitment to supplement the teachers appointed and paid by government (p. 124), would only serve to perpetuate inequality since some schools would not afford. The concern for recruitment of ‘parents’ teachers was in line with staff welfare to reduce on workload. The competences of such teachers may be varied since they are likely not to be trained and less committed since the parents’ pay was likely to be lower than that of government.

Findings with regard to the SMC role in personnel issues further revealed that strategies
like maintenance of teachers’ houses, co-facilitation for rent, meals, top up allowance on government salary and marking facilitation were used for staff welfare. This is consistent with Bush and Glover (2012) who asserted that head teachers and teachers were most likely to show commitment if they were valued by those who have responsibility for them through their influence on staff motivation, commitment and working conditions. In line with the aforementioned literature and findings, Tetlock’s theory considers the SMCs’ initiatives of eliciting commitment from teachers through welfare strategies as acceptability heuristic where SMCs accept the responsibility and adjust their decisions to meet the expectations of the ‘audience’ (Tetlock & Lerner, 1985; Vance et al, 2015). They are aware of the likely influence of their decisions on the learner performance and UPE achievement.

The other personnel function examined was that of supervision and staff performance management. Whereas SMCs worked closely with the head teacher and would generally be in a better position to supervise and appraise head teachers (HTs), HTs were instead appraised by the district officials. Staff supervision seemed complicated and technical. The policy mandate of SMC was oblivious of their competences and the likely influence on UPE achievement. As such there seems to be contradiction with the World Bank (2008) advice that effective governing bodies hold their head teacher to account for improving school performance by asking the right questions which would consider: learner attainment and progress, school finances, learner absence and school workforce, among others. This would serve to hold the head teacher for the school’s sufficient accountability for performance (Bayat et al, 2014).

In comparing literature to the findings, the researcher found that SMCs implemented the mobilization roles (Leithwood, Harris & Hopkins, 2008). SMCs recognized that activities could not be fulfilled by themselves alone. As such they identified partners such as; parents, central government, local authority, old boys and girls, political leaders, learners and friends among others. This was for purposes of sensitization, harnessing commitment and resourcing for school activities. Bringing various stakeholders together through mobilization would make it possible to examine strategies from which to choose a course of action (Tetlock & Lerner, 1985). In some SMCs the mobilization role was delegated to illiterate members implying that the role was less technical. Attempts to strengthen the mobilization role saw the involvement of external parties’ especially local authority (Bayat, Louw & Rena, 2014). The accountability theory as advanced by Tetlock (1985) provides that people in positions of responsibility will seek approval and are motivated to maximise the most favourable attitude from the others. As such, the behaviour and nature of decisions made by the ‘Actors’ will be influenced by the hypothesized reactions from the ‘audience’. The concurrence with Tetlock is visible since mobilization involves exchange of information and such information would affect the way SMCs make decisions.

How SMCs implement and account for their roles in the implementation of UPE

In account for the roles and responsibilities, school boards used various means which include meetings, consultations with other stakeholders, sub-committees deliberations, supervision and monitoring. The Education Act (2008) provides for the SMC to meet at least once a term and in times of an emergency. Young (2016) sharing the experiences of England cues that governing bodies met as a full body at least six times a year. During such meetings,
SMCs discussed the school development plan, budget and reports on the performance of the school from the school head teacher. In addition, SMCs through different constituents made arrangements for members of staff to submit their views, proposals or representation to the management committee for discussion and approval. In tandem with the findings, Ehren et al (2015) revealed that school boards that had inspection meetings indicated changes in their governance quality. Through the meetings, consultations and delegation to members (Young & Young, 2017), SMCs are in consonance with Tetlock’s’ accountability theory since there is a variety of strategies from which to choose the best possible options for the school. SMCs are aware of the ‘audience’ being the parents and teachers whose views have to be collected and are united by the goal to attain UPE. Meetings reduce the individual cognitive miser thinker since several parties are involved. On the one side of the continuum, the study benefitted from multiple cases where in one SMC it was revealed that HT did not call for meetings, members were called to sign off minutes as a legislative requirement, thus expressing cognitive miser image. Further challenges in attaining effective meetings are expressed in a study in England which found that formalities took centre-stage and matters of substance were rarely discussed and discussions favoured particular members (Young, 2016).

Sharing experiences of England, Young (2016) observes that committees such as curriculum and finance were formed and would meet to deliberate on issues before the full governing body meeting. This study found that in addition to the general purpose and financial committee provided by the Education Act (2008), SMCs in practice formed committees such as academic, disciplinary, hygiene with specific roles. Such committees were charged with responsibilities for discussing, implementing, monitoring and presenting reports to SMCs on the specific areas. Forming other sub-committees demonstrated that SMCs’ functionality cannot be seen in terms of cognitive processes in a laboratory setting. Rather SMCs should be viewed in the social environment where the complexities influence the need for more sub-committees. However, as Young and Young (2017) and Mwinjuma and Baki (2012) seem to agree, school committee members lacked basic technical skills and sometimes gave the impression that once a matter was discussed in the committee, there would be no need for the full SMC to debate it again.

Re-emergence of Parents Teachers’ Association

In an environment structured by the complex social and organization structures to which people belong, relying on the central idea of a cognitive miser to identify the behavioural strategies that people develop for coping with invariable or important decision making has limitations. This seems true of the different tiers of primary education governance. Findings indicated that other stakeholders such as government, local authority, NGOs, PTA had a role to play in primary education delivery. The findings are in agreement with available literature that education attainment would only be possible if all role-players grasp their responsibilities and act accordingly (Townsend, 2008; Serfottein, 2010; Hallinger & Lee, 2013). In a bid to implement the different decisions of SMCs, it was recognized that parents’ involvement was inevitable. As such the PTA representative was often delegated responsibilities (The Education Act, 2008). The possible reason was that parents as key stakeholders needed to be involved in their children’s learning through supplementing funds, physical and material resources.
Onderi and Makori (2013) support the view that parental involvement in education delivery through PTAs and BOGs are a world phenomenon. Whereas the PTAs in Uganda had been banned in 1988 following the introduction of free primary education, findings indicated a re-emergence (Dauda, 2004). This infers the failure on the part of government to fulfil its promise of free primary education.

The suggested model below is grounded in data and emphasises the symbiotic relationship between SMCs and PTAs in the delivery of UPE using measures such as equity, quality and access.

*Figure 1.1: SMC+PTA Embedded Accountability model*

**Future direction**

More research is called for to investigate and understand the complex process of how SMCs’ accountability affects UPE outcomes. Furthermore, future research is needed to explore and identify the possibility of a merger between the PTA and SMC instead of having competing groups (Onderi & Makori, 2013). This research was conducted in four schools in different contexts. Future research should include a representative sample of schools.

**Conclusion**

As a way of conclusion, it has become apparent that in order for SMCs to account for UPE attainment, involving the PTA is necessary (Dauda, 2004; Onderi & Makori, 2013). Increased partnership model between the SMC and PTA will increase access, quality and equity in the attainment of UPE. Appropriate resourcing by government shall be necessary for capacity building to train relevant stakeholders.
References


Creswell, J. W. & Clark, V. L. P. (n.d.). Principles of Qualitative Research: Designing a Qualitative Study What is qualitative when designing a qualitative Let’s provide a title for our project.


inverted elite capture in school management committees, 164(march), 149–164. http://doi.org/10.1002/pad


Massification and Quality Management of Research, Publications and Community Engagement in Higher Education; a case of Gulu University

James Lam-Lagoro, J.P. Ocitti, Peter Neema Abooki

Abstract

Research, publication and community engagement constitute core functions in a University’s undertaking. In this article, challenges which arise from massification on the management of research, publication and community engagement in the science-based faculties at Gulu University are brought to bear. This research was part of a PhD thesis where data was collected from 294 respondents using structured questionnaires, in-depth interview schedules, direct observation guides, focus group discussion guides and archival record guides. The findings of this study indicate that research, publication and community engagement have not become core University functions in Gulu University. The study recommends that the University should strengthen research and publication by enacting a comprehensive and standard research and publication policy, target adequate funding for the sub-sector and engage the community in scholarly activity as a knowledge-rich partner.

Key words: Research, Publication, Community Engagement, Massification, Quality Management and Science-Based Faculties

Introduction

In Uganda, higher education has shifted from being a preserve of the elites to a service open to the masses. This paradigm shift turned higher education into a right of all those who qualify and can afford it. This growth culminated into a boom in this sub-sector and the resultant increase in students’ enrolment, with recorded progress from only one University in the 1980s to the current number of more than six established public universities and about 30 private recognized universities and over 100 other tertiary institution with over and about 200,000 students (Ministry of Education and Sports [MoES], 2015). This increase in students’ numbers has resulted into a number of challenges and changes; one of which is the management of “massification” and more particularly, the management of scarce resources in the science-based units to provide quality education and enhance quality outputs and outcomes of core University functions like research, publication and community engagement which is one of the most hit sectors in the science-based faculties in Gulu University.

Tikly and Barret (2007) assert that research and publication functions are most central and integral in a University’s core functions. All over the world, universities held in high regard are those with a strong research base. The Visitation Committee on Public Universities in Uganda [VCPUU] (2007) emphasised that one of the primary functions of a University is to create, produce and disseminate knowledge through research and publications. The second major function of a reputable University is to teach undergraduate and post-graduate programmes. Thirdly, public universities are expected to set, spearhead and regularly review the national
research agenda. It further asserted that a University that does not do research, publish or engage with the community is indistinguishable from a high school and is condemned to intellectual and academic obscurity.

On the other hand, the Australian Universities Community Engagement Alliance [AUCEA] (2008), views Community Engagement as a specific method for academic research and teaching that necessarily involves external communities; business, industry, schools, governments, non-governmental organizations, associations, indigenous and ethnic communities, and the general public in collaborative activities that address community needs and opportunities while also enriching the teaching, learning and research objectives of the University. It further explains that community engagement is a form of academic endeavour where external sources of expertise and wisdom are seen as essential to advancing knowledge and understanding. It is not a separate or distinct activity within a University but is a shared enterprise between universities and their community partners that involves an exchange of knowledge and expertise that produces mutual benefit. It further propounded that universities benefit from effective engagement with their communities; for instance student learning outcomes are enhanced through learning experiences and make knowledge relevant to community issues and priorities. Again AUCEA (ibid) while sharing the Australian situation revealed that although universities have always interacted with their communities in a range of ways; community engagement specifically encourages knowledge-driven partnerships that yield mutually beneficial outcomes for University and community.

According to the Ministry of Education and Sports (MoES) underpinning report of the National Council for Higher Education in Uganda (NCHE, 2011), modern universities are supposed to be leaders in the social and economic development of their communities and nations. Hall (cited in Kagisano, 2010), explicates further that the community can, and does, mean anything from a University’s own staff and students and a community of practice to civic organizations, schools, townships, citizens at large and “the people” in general. Engagement on the other hand is an equally challenging concept that, when interrogated, opens up a rich vein of inquiry into the nature of knowledge itself. Furthermore, in the words of Harkavy (2000): “To make the case for University-community partnership is easy to do. The hard thing is to figure out how to do it. The hardest thing of all, of course, is to actually get it done.”

Theoretical Framework

In this work, the “Human Capital Theory” was identified as most suitable to explain the concept “massification” in higher education. The theory is based upon the work of Schultz (1961), Sakamota and Powers (1995), Psacharopoulos and Woodhall (1997) which rests on the assumption that formal education is highly instrumental and even necessary to improve production capacity of the population. The main point of the theory is that education, rather than being looked upon exclusively as consumption, should be looked upon as an investment for the individual as well as for society. In short, the human capital theorists argue that an educated population is a productive population. Because of this, therefore, there has been a general understanding that knowledge-intensive production is crucial for employment and welfare while knowledge-based production is dependent on a highly educated work force. The creation of an adequate supply of well-educated persons for the future therefore became
the focus, together with the attention to immediate demands, therefore raising the demand for education at all levels including higher education and consequently increasing influx into the sub-sector, resulting into blowing-up of the investment cost of education.

**Significance of the Human Capital Theory**

According to Babalola (2003), cited by Olaniyan and Okemakinde (2008), the rationale behind investment in human capital is based on three arguments. First, that the new generation must be given the appropriate part of the knowledge which has already been accumulated by the previous generation; second, that the new generation should be taught how existing knowledge should be used to develop new products; to introduce new processes and the production methods and social services; and thirdly, that people must be encouraged to develop entirely new ideas, products, processes and methods through creative approaches. Similarly, Fagerlind and Saha (1997) cited by Olaniyan and Okemakinde (2008), underscore that the human capital theory appeal was based upon the presumed economic return of investment in education both at the macro and micro levels. They noted that efforts to promote investment in human capital were seen to result in rapid economic growth for society and for individuals; such investment was seen to provide returns in the form of individual economic success and achievement.

Furthermore, according to Robert’s (1991) model, education and the creation of human capital was responsible for both the differences in labour productivity and differences in overall levels of technology that are observed in the world. He notes that more than anything else, it has been the spectacular growth in East Asia that has given education and human capital their current popularity in the field of economic growth and development.

Schumpeter’s (1973) postulation pointed to the direction that education is seen as an input into the intentional and entrepreneurial efforts to create new technology and new products. Van-Den-Berg (2001) further argued that countries at the forefront of technology have the most educated population. Deriving from these various postulations therefore, it became valid to conclude that investment in education invariably affects development to the extent that all individuals and nations would wish to be associated with it, thus creating an influx of investors into the sub-sector.

The human capital theory relates well to this study because it informs managers of higher education that the increasing numbers in higher education, if properly planned and well managed, can be tapped into a huge investment for the nation’s development. In this study the framework provided in the NCHE quality benchmarks becomes a launch-pad to guide success in these endeavours. Conversely, if the influx into higher education and the imbalance allocation of resources (massification) is not controlled, then the ultimate outcomes are nasty and destructive to quality attainment which, in the long run, will lead to non-profitable results because the outputs (graduates) will not be competent enough to produce the outcomes expected of them, thus discouraging customers of higher education to invest in the sub-sector.

**Statement of the problem**

Gulu University, like any other institution of higher learning in Uganda, experienced rapid growth in students’ numbers over the years. These escalating numbers and sometimes
unplanned progress led to the imbalance between students’ numbers, staff numbers and
the availability of education resources (massification) which impacted negatively on the
University’s core functions: knowledge generation through teaching and learning, research
and community engagement of science disciplines at the University. The situation in the
science-based departments at Gulu University depicted lack of adequate funding, shortage of
high calibre academics, and inadequate relevant educational resources against high students’
enrolment. It was also believed that the University had not yet attained quality standards in the
management of research, publication and community engagement. This study was carried out
to investigate the extent to which Gulu University managed the challenges of massification
in the science-based faculties with specific reference to conducting research, publications and
community engagement.

**Objectives of the study**

The objective of the study was to establish the extent to which massification impacted on
the management of research, publications and community engagement in the Science-based
faculties at Gulu University.

**Scope of the Study**

The study was conducted at Gulu University. Gulu University is found in Laroo division, Gulu
municipality, Gulu district, in Northern Uganda, East Africa. Gulu University was selected
because it is one of the fastest growing public universities in Uganda with up to about 4,000
students in only ten years of existence. The study examined various quality benchmarks
developed by the National Council for Higher Education (NCHE) Uganda to monitor and
regulate quality in Uganda’s universities with specific emphasis on how the benchmarks
have been utilized to manage the massification process in the Science-based faculties at Gulu
University in the areas of research, publications and community engagement. The study was
specifically conducted in the faculties of Agriculture, Medicine and Science.

**Methodology**

The study used both qualitative and quantitative research paradigms. Qualitative methods
enable respondents to qualify, describe or explain their views (Bell, 1933). A survey research
design, single-case and parallel cross-sectional type was used to gather information in the study.
The single case design was chosen because it was very useful in exploring and understanding
uniqueness or exceptionality of a case. Kumar (2005) cited by Odiya (2009) noted that choice
of the parallel cross-sectional survey design was owing to its ability to use different categories
of respondents at a given point in time. The study design provided opportunity for the variables
to be measured under the same conditions and for the categories to be given the same or
similar instruments. This design was preferred, amongst others, because its findings can be
generalized to a larger population.

**Study Population**

According to Mugo (2011), a study population is a group of individuals, persons, objects,
or items from which samples are taken for measurements -- for example, a population of
presidents or professors, books or students. In this study the population included: the Corporate Management level, the Decentralized Management level, the Collegial Management level, the Students’ level and other stakeholders from the public. The Corporate Management comprised: Council Chairperson, Vice Chancellor, Deputy Vice Chancellor, University Secretary and Academic Registrar. The Decentralized Managers comprised: the Deans of Faculties and Heads of Department; while the Collegial Managers comprised the Professors and Lecturers. Information was also collected from students of three Science-based faculties namely: Human Anatomy, Computer Science and Bio-system Engineering. More information was collected from the public and at least ten reputable institutions.

Data Analysis and Interpretation

Plooy (2007) defines data analysis as a process of bringing order and structure to the mass of collected data. In the study, qualitative data from the various sources were sorted, summarized, analyzed and interpreted into a format from which meaningful conclusions were drawn according to how they answered the research questions. Similarly, quantitative data scores were organized and coded by assigning numbers to the responses of the items in the instruments. By use of chi-square test, results were computed and analyzed. Frequency tables and multiple response tables were also used to summarize the responses. Information derived was used to answer research questions that determined the relationships between the different quality benchmarks. In the Chi-square computation, all the objectives identified were subjected to test by SPSS version 15.0. The Pearson Chi-Square value for significance was determined between 0.00-0.05. Triangulation was finally employed to examine how the data collected from all the sources answered the research questions.

Findings and Discussions

The findings were based on analysis of respondents’ viewpoints on 10 key aspects specified in Table 1.

The University research policy or agenda

The study established that there was no clear Research Agenda or Portfolio in use. This finding was confirmed by 22.37 per cent approval against 56.58 percent levels of disagreement recorded from the questionnaire respondents respectively. Similarly, responses to Q4 on the interview schedule which sought students’, lecturers’ and management views on the same concerns unanimously pointed to the fact that research undertaking at Gulu University was still developing and not yet prominent. It was thus important to underscore that in the absence of a Research Policy, research functions or undertakings at the University become personalized and based on the ingenuity of individual academics. To underpin the foregone statement, therefore, responses of all those interviewed clearly emphasized that policies or structures to handle Research, Publications and Community Engagement should be instituted so that emerging trends like massification and the entry of market forces in higher education can be articulated. Nonetheless, with the launch of the Gulu University Journal and various initiatives, few professors and young academics had expressed interest to get involved in rigorous research.
Table 1: Respondents’ Opinion on Quality of Research and Publications in the Science-based Departments at Gulu University

<table>
<thead>
<tr>
<th>KEY ASPECTS</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>% Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University has a clear research agenda/portfolio that students are aware of</td>
<td>5.73</td>
<td>20.70</td>
<td>19.39</td>
<td>25.55</td>
<td>28.63</td>
<td>26.43</td>
</tr>
<tr>
<td>Lecturers’ promotion is largely based on research and publication</td>
<td>3.57</td>
<td>1.88</td>
<td>49.21</td>
<td>29.27</td>
<td>16.07</td>
<td>5.45</td>
</tr>
<tr>
<td>Lecturers present papers in seminars</td>
<td>3.06</td>
<td>31.88</td>
<td>35.37</td>
<td>21.40</td>
<td>8.30</td>
<td>34.93</td>
</tr>
<tr>
<td>Lecturers encourage students to do Research</td>
<td>20.52</td>
<td>58.08</td>
<td>6.99</td>
<td>8.30</td>
<td>6.11</td>
<td>78.60</td>
</tr>
<tr>
<td>Lecturers in the University have published many academic papers</td>
<td>1.32</td>
<td>16.30</td>
<td>33.48</td>
<td>33.04</td>
<td>15.86</td>
<td><strong>17.62</strong></td>
</tr>
<tr>
<td>Departments publish articles in local and international journals</td>
<td>3.96</td>
<td>21.59</td>
<td>26.87</td>
<td>25.11</td>
<td>22.47</td>
<td>25.55</td>
</tr>
<tr>
<td>Students are involved in the University’s research projects</td>
<td>3.96</td>
<td>21.59</td>
<td>17.54</td>
<td>33.48</td>
<td>26.43</td>
<td>25.55</td>
</tr>
<tr>
<td>The University staff publish books with ISBN/ISSN</td>
<td>0.88</td>
<td>11.45</td>
<td>27.32</td>
<td>31.28</td>
<td>29.07</td>
<td><strong>12.33</strong></td>
</tr>
<tr>
<td>The university budget allocates funds for Research and publication</td>
<td>1.32</td>
<td>14.98</td>
<td>30.84</td>
<td>26.87</td>
<td>25.99</td>
<td><strong>16.30</strong></td>
</tr>
<tr>
<td>Some percentage of the University budget is allocated to staff and students for research and publications</td>
<td>2.65</td>
<td>17.70</td>
<td>14.61</td>
<td>23.45</td>
<td>41.59</td>
<td><strong>20.35</strong></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4.70</strong></td>
<td><strong>23.61</strong></td>
<td><strong>24.87</strong></td>
<td><strong>24.77</strong></td>
<td><strong>22.05</strong></td>
<td><strong>28.31</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

Research and publications

Furthermore, the analysis pointed to the fact that research and publication functions still lacked the attention they deserved in the science-based faculties at Gulu University. This was premised on students’ information that the University lacked any formulated research agenda and portfolio. It was also confirmed through statistical analysis indicating that only 26.43 per cent of those who agreed that there were policy documents to drive research and publication functions against 54.18 per cent of those who disagreed. On the question which sought to find out whether lecturers encouraged their students to do research, there was an overwhelming response of 78.60 per cent from both the students and lecturers. On research and publication outcomes, the data indicated that there was: inadequate presentation of papers
in seminars, conferences or symposia by lecturers. To concretize the foregone statistically, only 34.93 per cent of all those interviewed agreed that research and publications outcomes were presented in seminars by lecturers, against 29.70 per cent of those who disagreed and 35.37 per cent of respondents who were undecided. On research and publication of articles in refereed journals by lecturers, only 17.62 % agreement rates were recorded against 48.90% disagreement rates and 33.48% indecision rates. On publication of books with ISBN/ISSN numbers in the department, there was a 12.33% agreement against 60.35% disagreement and 27.32% indecision. The respondents underscored that the researches that were conducted in the science-based faculties at Gulu University mostly included the following: supervised postgraduate research as part of training for the award of Master’s and PhD degrees, donor-funded researches, Finance-driven Consultancy Research and very few driven by individual academic staff researches.

According to the NCHE (2006), universities are supposed to be centres of research, excellence, scholarship, knowledge generation and publications. However, for this to happen, universities must develop a very robust Research Philosophy and or Agenda. Needless to emphasize, therefore, the University should strengthen the Research Portfolio first and foremost by enacting a comprehensive and a standard Research and Publication policy as well as target adequate funding for the sub-sector. However, the only consolation that could be derived from the analysis was that the potential to develop research in the science-based faculties was great because of the great enthusiasm amongst the lecturers to participate in research and publication as manifested by their students. Secondly, the heads of department and lecturers agreed that the establishment of the Institute of Research and Graduate Studies (IR&GS) was a positive move towards strengthening the research portfolio. They revealed that the IR&GS was putting a great deal of effort to strengthen research and publication capacity in the University. They recounted initiatives like: calling for abstracts of papers for the annual conference, organization of annual conferences and departmental workshops targeting research and publications as some of the milestones being covered in the area.

Lecturers and students’ involvement in research

When results from the questionnaires were corroborated with information gathered through the interview sessions with the heads of department and from the focus group discussions held with the lecturers and students, the consensus view was that though research is one of the core functions of a University, it still needed to be given its central position in the science-based faculties at Gulu University. This was attributed to the fact that it was not prioritized in terms of funding. The heads of department further revealed that they lacked basic equipment and laboratory facilities to conduct scientific research. In the department of human anatomy, for instance, the researcher physically counted 8 cadavers, 8 microscopes of which only five were in good working conditions, and a dozen of broken histology slides among other items. In the department of bio-system engineering, a newly constructed laboratory was standing, but not furnished with basic equipment. The lecturers further revealed that their greatest drawbacks in the area of promotion stemmed from the fact that their involvement in scientific research was lacking. Lecturers let slip that the few promotions some of them got were based more or less on the attainment of higher degrees other than purely as a result of scientific research-based outcomes. When they
were asked to substantiate, they attributed their lack of participation in research to the volume of work created due to the demand on timetable for lectures, tutorials, practical and course work assessment which, when coupled with the high numbers of students and lecturers’ thinness on the ground, gave the lecturers very inadequate time to do research, write papers for publication, as well as concentrate on the internal research projects of their students. Lecturers further revealed that even the few research concepts they had written drew little attention by the management or had been selectively sponsored. In fact, scanning through the lists of papers and articles published in the *Gulu University Journal* in 2010, it was easy to confirm that very few of the articles were attributed to the science-based departments studied in this research.

The students, on the one hand, confirmed that the lecturers encouraged them to do research and publish, but the major drawback was inadequacy in funding. Students however expressed disappointment in the way their internal research projects were being supervised. This complaint mostly came from students in the department of computer science where they reported that because the number of students was high, the lecturer-students ratio was high resulting into shoddy assessment of their project work. Students commented that the lecturers do more of administrative rather than academic supervision. Students however contended that they had participated in many researches with the University as research assistants, translators and are sometimes deployed in the communities to conduct some studies.

To emphasise the students’ concerns, most of the community members, some of whom were alumni of Gulu University and heads of institutions who participated in the study opined that the research capacity of the students was still low and needed to be revamped. The alumni further observed that the level of research supervision and research capacity in the University was low and thus needed to be supported. They claimed that the number of students assigned to an individual lecturer for in-depth attention was high and this reduced the attention given to students by their supervisors. The management strategy that was adopted to address massification was to assign manageable numbers of students to each individual lecturer for the latter’s professional guidance and to improve research funding by the University.

**Funding of research**

When opinions of members of corporate management were sought about research, publication and community service, they postulated that the biggest challenge the University was experiencing in the area of research, publications and community service was inadequate funding from government and other sectors. Management revealed that only about 60 per cent of their budgetary expectations from the government were funded annually. Management felt that there was a huge gap which made them gamble in fund allocations to the extent that satisfying all priority areas became challenging, leading to poor performance against the set targets. However, Figure 1 indicates that 48.88 per cent of all the respondents were not sure that the University prioritizes its funding correctly, and only 2.24 per cent imagined that funding priority went towards research and publications. In view of this statistic, the University should reorganize her priorities in line with the core functions, strategic goals and objectives, with research and publication among the forefront priorities.
Prioritization of funding

Figure 1: Pie-chart showing priority areas of funding in the Science-based faculties at Gulu University

Financial Management and Quality of Research and Publication, the Pearson Chi-Square value was found to be 145.385 with 30 degrees of freedom and an assumption significance of 0.000 which was less than 0.05. This meant the hypothesis that there was no significant relationship between Institutional Financial Management and quality of Research and Publication was rejected. Institutional Financial Management therefore had significant influence on the quality of Research and Publications at 0% level of significance (see Table 2).

Table 2: Relationship between Institutional Financial Management and Quality of Research and Publications in the Science-based departments at Gulu University

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>145.385 a</td>
<td>30</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>62.072</td>
<td>30</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>23.885</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>231</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 34 cells (81.0%) have expected count less than 5.
The minimum expected count is .00.
The University’s engagement with the Community

Turning to the point on outreach and community service as detailed on Table 3, it was found that the University was engaged with the community at various levels.

Table 1: Respondents’ Opinion on University and Community Alliance

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>% Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University runs programmes and projects that focus on the community</td>
<td>15.56</td>
<td>48.89</td>
<td>8.44</td>
<td>14.67</td>
<td>12.44</td>
<td>64.44</td>
</tr>
<tr>
<td>The University engages the students into a number of apprentices and outreaches</td>
<td>7.11</td>
<td>37.33</td>
<td>9.78</td>
<td>27.56</td>
<td>18.22</td>
<td>44.44</td>
</tr>
<tr>
<td>Community response to all University Programmes is positive</td>
<td>11.50</td>
<td>50.00</td>
<td>23.45</td>
<td>8.85</td>
<td>6.19</td>
<td>61.50</td>
</tr>
<tr>
<td>The University has developed a number of partnerships and collaborations</td>
<td>14.22</td>
<td>41.78</td>
<td>20.89</td>
<td>17.78</td>
<td>5.33</td>
<td>56.00</td>
</tr>
<tr>
<td>Average</td>
<td>12.10</td>
<td>44.50</td>
<td>15.64</td>
<td>17.21</td>
<td>10.55</td>
<td>56.60</td>
</tr>
</tbody>
</table>

Source: Primary data

The main activities discovered by this study included the following: Promotion of IT skills through training of community leaders: for instance, the NUFFIC project helped in training up to 250 various categories of women (Teachers, Police Officers, UPDF Officers and Local Councillors) in computer skills; the Invisible Children targeted improving ICT skills amongst secondary school teachers; and others like the TULANE project and the Uganda Fund all of which propagated empowering the community in ICT capacity building. In the department of Human Anatomy, there was no ongoing community participation mentioned apart from the deployment of student doctors for clerkships in the health centre IIIs and IVs, the Male Circumcision Project by the department of Surgery; the Enhance Research Capacity ENRECA project in Awach Sub-County; and the intervention on the Nodding disease. In the Faculty of Agriculture there were running projects helping farmers in the community in creating new crop varieties namely: the Orange-Fresh Potatoes project, the GARI project, the resistant cassava project, foodstuff preservation project and the tractor hire services.

A Chi-Square test was run to establish relationship between institutional Financial Management and Community Service (see Table 4 below). The Pearson Chi-Square value was found to be 164.374 with 25 degrees of freedom and an assumption significance of 0.000 which is less than 0.05. This means the assumption that there is no relationship between institutional financial management and outreach service is rejected. Institutional Financial Management therefore had significance on outreach service at 0% level of significance. This supports management’s position expressed above that: research, publications and community service were inadequately funded in Gulu University.
Table 4: Relationship between Institutional Financial Management and Community Outreach in the Science-based Departments at Gulu University

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>164.374 a</td>
<td>25</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>54.781</td>
<td>25</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>27.750</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>231</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 26 cells (72.2%) have expected count less than 5.
The minimum expected count is .02.

Drawing from other scholarly literature in support of the foregone, Tikly and Barret (2007) in their paper, ‘Educational Quality-Research Priorities and Approaches in the Global Era’, advance that there is need for critical reflections on structures and processes of programme management including the empowerment of researchers and research institutions. They further asserted that research and publications functions were one of the most central and integral parts of a University’s core functions. All over the world, universities are held in high regard because of a strong research base.

Larzillière (cited in Mouton and Waast, 2009: 159) recounting experiences in higher education in Jordan, accentuates that, in Jordan: a faculty member in a University is defined first as an instructor whose main job is to teach and whose work hours are teaching hours. In spite of that, job promotions in universities are entirely dependent upon research activities and record.

Mohamedbhai (2008), while emphasizing the importance of research noted that research is an important activity of any University and most of the institutions are making a concerted attempt to keep research active in an environment grossly dominated by teaching. He further recounted that at the University of Ghana, the creation of the Annual Faculty Colloquium which gives teaching staff, post-graduate and final year students an opportunity to present their research results to the scientific community has stimulated research in the faculty and the publication of the proceedings of Faculty Colloquium contributes in some ways to the promotion of publications in the Faculty. In a related argument, Belal and Springuel (2006: 10) postulated with respect to Egypt that gaps in education exist at all undergraduate and postgraduate levels for teaching how to perform research and to write up results. Students are not trained to do research, nor taught how to write scientific papers. This essential part of education is completely neglected in both undergraduate and even postgraduate studies. Commenting on the foregone paragraph, the findings in this study interpolated that at Gulu University, research and publications functions were developing on firm ground and formed part of the curriculum at both undergraduate and graduate levels emphasizing innovation and intellectual originality of the staff and students and subject to the assessment of institutional auditors. This totally dispels Belal and Springle (2006) who contended that the research topics
for postgraduate students are proposed by supervisors who have instructed the students and do not encourage the students’ personal thinking. Students are used as tools for doing practical or field work but not for research. Thus the notion with respect to Egyptian University graduates that they are capable only of waiting for orders and executing them with no thinking, no arguing, no questioning, no objecting and not even dialoguing does not in any way apply to the research training at Gulu University science-based faculties. The study results revealed that Corporate Management at Gulu University were aware that research capacity at the University was low due to inadequate funding.

The findings corroborate well the accentuation by Mohamedbhai (2008) that a couple of universities have always mentioned lack of funds as a serious constraint in enhancing research agenda at University level. He further revealed that at the University of Ouagadougou, in order to encourage research, a financial incentive is given to each academic staff that can show, in an annual report submitted to management, that s/he has been undertaking research activities during the year. Furthering this discourse, Meek et al (2009) propounded that research is not only expensive, but often carries many hidden financial burdens for individual higher education Institutions. One of the big debates in many countries is the extent to which research should be fully funded, covering not only direct costs, but also contributing to overheads and infrastructure. On a similar note, Sörlin (cited in Meek Lynn and Davis Dianne 2009:49), observed that the funds that go to universities and research institutes, have for a long time stagnated in most countries…so the fact of the matter is that those institutions that carry out the higher education work and do research have to do more and more work for less funding ‘per unit’, regardless of whether the unit is a student trained for three years or a scientific paper researched, written and published.

In the words of Harkavy (2000): “To make the case for University-community partnership is easy to do. The hard thing is to figure out how to do it. The hardest thing of all, of course, is to actually get it done.” In this regard, Gulu University has lived to the expectations of its motto: “For community transformation”. The hardest thing they have experienced is that their community engagements have not been able to comb the community to their expectations because of inadequacy of funding from government and other collaborative partners.

AUCEA (2008) expounds that community engagement is a specific method for academic research and teaching that necessarily involves external communities; business, industry, schools, governments, non-governmental organizations, associations, indigenous and ethnic communities, and the general public in collaborative activities that address community needs and opportunities while also enriching the teaching, learning and research objectives of the University. It further explains that community engagement is a form of academic endeavour where external sources of expertise and wisdom are seen as essential to advancing knowledge and understanding. It is not a separate or distinct activity within a University but is a shared enterprise between universities and their community partners that involves an exchange of knowledge and expertise that produces mutual benefit. It further propounded that universities benefit from effective engagement with their communities, for instance: student learning outcomes are enhanced through learning experiences and make knowledge relevant to community issues and priorities.
To the Australian Universities, engagements are believed to broaden the concept of knowledge transfer to reveal that knowledge generation has many possible applications of value to society in addition to commercialization. They therefore consider engagement with communities as a core activity of a University’s research and teaching agenda that should not be considered a separate undertaking. University engagement is a scholarly activity and it recognises the community as a knowledge-rich partner through which the University’s research capacity becomes more accessible as a resource to address community problems or aspirations. Communities gain a wide range of benefits through their productive interactions with universities. In this way, communities are recognized for their intellectual assets and empowered to contribute to knowledge generation that directly increases community capacity for action and problem-solving. Engagement makes the knowledge resources of universities accessible to communities in ways that can benefit social, economic, environmental and cultural capacity and conditions. Community engagements should be a key component in a University’s staff recruitment, induction, promotion, and performance review policies.

Conclusion

While agreeing with the above postulations, it is fundamental to note that Research, Publications and University-Community Alliance whose success heavily relies on good planning and funding can experience great difficulties in a cash-strapped university like Gulu. A concerted effort to remedy this shortfall would therefore be the introduction of learning-research camps or demonstration units within the University and in the community, from where the University experts can demonstrate their skills to both the students and other community members. This Training-of-Trainers approach would help to reduce cost to certain extents and also perfect supervision of the research camps. This approach would further enlighten the community and put them into a better perspective to interact with their environment at a more productive level.

References


Readiness and Implementation of the Open Performance Appraisal in the Uganda Public Service

Hilda Musubira,
PhD Student at Uganda Management Institute and Deputy Head, Uganda Public Service Commission

Abstract

The Open Performance Appraisal (OPA) was introduced, among other performance management reforms, in the Uganda public service to build an efficient and effective human resource force capable of enhancing the quality, efficiency and effectiveness of service delivery. OPA marked a shift from the closed performance appraisal system. Despite efforts to build capacity for its implementation, the OPA remains inappropriately implemented. Drawing from Weiner’s theory of readiness for change, this article applies a descriptive analysis to explore readiness of the ministries and a regression model to determine its effect on implementation of the OPA. Evidence draws from data collected with a questionnaire from a representative sample of 57 staff, Heads of Human Resource Management departments, Senior Human Resource Officers and Assistant Human Resource Officers. As a matter of triangulation, key informant interviews were conducted with purposively selected Permanent Secretaries. The findings generally underscore the positive significance of readiness on implementation of the OPA but with a missing sense of efficacy and commitment (missing readiness) for successful implementation of the OPA. The findings bear a critical implication on implementation of future reforms in the public service.

Key words: Open Performance Appraisal, Implementation, Organizational Readiness

Introduction

The Open Performance Appraisal (OPA) is among the performance management initiatives that were introduced during the reforms of Uganda’s Public Service to build an efficient and effective human resource force capable of enhancing the quality, efficiency and effectiveness of service delivery. Other initiatives include: Results-Oriented Management, Rewards and Sanctions Framework, Output-Oriented Budgeting (OOB), Code of Conduct and Ethics for the Public Service, Clients Charter and Service Delivery Standards, National Integrated Monitoring and Evaluation System (NIMES) and Performance Agreements, among others (Nicholas et al, 1990). Under the OPA, appraisees and their managers openly discuss an appraisee’s performance against pre-determined tasks and goals. This form of appraisal replaced the closed performance appraisal that was discredited by the Public Service Review and Reorganization Commission of 1990. The Reform Programme re-introduced the emphasis on performance management which had been lost during the political instability and dictatorship that had characterized Uganda’s political life during the 1962-1985 period (Olum, 2004). For successful implementation of the OPA, an appraisee is expected to develop a performance plan with clear goals and targets; and at the end of the year, fill performance appraisal forms as a matter of self-assessment. The form is expected to be shared with the supervisor for their assessment. The filled forms are expected to be submitted to the Human Resource Manager and feedback on the performance of the appraisee provided by the supervisor. Lastly,
the recommendations are expected to be implemented for the purpose of improving future performance of the appraisee. To fully harness its potential, implementation of the OPA is expected to meet these key milestones.

Following the Structural Adjustment Programmes of the 1980s, the New Public Management (NPM) model of public sector management was introduced as part of reforms in the Uganda Public Service. The NPM paradigm focuses on management of human resource to improve its effectiveness and efficiency. The NPM model borrowed principles of private sector management such as profitability, efficiency and effectiveness, replacing the traditional model of public administration which had minimal attachment to these attributes especially in the public sector. The NPM paradigm triggered the Public Service Reform Programme (PSRP) to build an efficient and effective human resource force capable of enhancing the quality of service delivery. The OPA was rolled out with capacity building measures such as training for OPA implementers and managers and provision of guidelines and procedures. In addition, it was integrated in the planning and budgeting framework for resource allocation as well as providing an internal monitoring and evaluation mechanism for the individual public institutions and the external monitoring and evaluation by the Ministry of Public Service. Notably, all these interventions were meant to improve the employees’ knowledge, attitudes and overall capability for the implementation of Performance Appraisal. Drawing from Weiner’s theory of readiness change (Weiner, 2009), such interventions reflect a move to create readiness, a sense of change efficacy and change commitment, towards successful implementation of the OPA system. As a matter of achievement, the OPA has been fully institutionalized and is being implemented in all Government institutions and agencies, although its achievement is yet to be documented because there has not been an evaluation to establish its effectiveness.

Despite these interventions, the implementation of Performance Appraisal in Uganda still faces challenges and presents critical gaps in public service delivery (MoPS, 2009; 2010; 2012; 2013). The Ministry of Public Service reports indicate that appraisals are rarely filled on time, with limited feedback to the employees. In addition, according to the Ministry of Public Service the recommendations, especially those for promotions and training, are rarely implemented. In actual practice, the Open Performance Appraisal forms in the Uganda Public Service are filled only when they are required especially for confirmation and promotional considerations. Performance Appraisal is regarded as an annual event and a mere formality. In this regard, there is no continuous monitoring of performance, hence performance gaps/constraints are not addressed on time. Rarely is the information that is generated from the Performance Appraisals used to inform the performance management functions, such as promotions, staff training and development, recruitment, rewards and sanctions. In addition, there are disjointed individual and organizational performance standards. Although the appraisal system provides for objectivity, in practice the system is still largely subjective as the managers tend to fear to tell the truth about the actual performance of the staff they supervise (MoPS, 2012; MoPS, 2013). Further, according to the Ministry of Public Service, it is not unusual that non-performers are promoted and retained in the public service while good performers are ignored; hence the performance appraisals are not providing incentives for improving performance (MoPS, 2012; 2013). These gaps potentially affect the effectiveness of the Open Performance Appraisals and can partly be held responsible for the prevailing ineffectiveness.
and inefficiencies in public service delivery, as the public service is still criticized for being slow, corrupt, inaccessible, rigid and unresponsive to the needs of the people (MoPS, 2013).

Existing theoretical frameworks and models the significance of competence, training, coaching, organizational leadership; capacity, cognitive funds, material resources, social roles and norms as well as capability, workability, integration, communication, coordination, and resources (May 2013; Bertram, 2013; Nuwagaba, 2014; Alexander, 2014; Holt, 2007; Helfrich, 2009). In some studies, for example in the context of the Rwanda Public Service, the implementation of Performance Appraisal has been linked with training, communication, and resources (Nuwagaba, 2014) while in Uganda Public Service, the gaps in the implementation of Performance Appraisal have been linked with organizational culture (Karyeija, 2010). The argument raised in this article is that these factors are necessary but may not be sufficient to foster the implementation of the Open Performance Appraisal. This argument is premised on the theoretical perspective of Weigner (2009) which significantly associates successful implementation with organizational readiness. Specifically, Weigner asserts that successful implementation necessitates a sense of belief that the change is useful/beneficial to the organization or the individuals in implementation (change efficacy). Considering this belief, the implementers are more likely to exert greater effort, exhibit greater persistence, and display more cooperative behaviour which overall results in more effective implementation of the proposed change (Weiner, 2009). Against this background, the article provides empirical evidence on the readiness of the public service and its effect on implementation of the OPA, and answers the research questions set out below.

**Research questions**

The research question answered in this article is two-pronged:

i) How ready was the Uganda Public Service to implement the OPA– was there a sense of efficacy and commitment towards successful implementation of the OPA?

ii) What is the effect of such readiness on implementation of the Open Performance Appraisal in the Uganda Public Service?

**LITERATURE REVIEW**

**Successful implementation: theoretical orientation of the study**

The implementation of the Open Performance Appraisal can be linked to a variety of implementation theoretical frameworks in the context of policy, programmes and initiatives. Most prominent in literature is the Organizational Theory (Klein and Sorra, 1996), the Change Management theories by Kubler (1960), Lewin (1947) and Kotter (1999), as well as the theory of Organizational Readiness for Change (Weiner, 2009).

Weiner’s theory of Organizational Readiness for Change (Weiner, 2009) is premised on the assumption that attempts to implement new programmes, practices, or policies in organizations often fail because leaders do not establish sufficient organizational readiness for change (Koitter, 1996). The theory describes organizational readiness as the extent to which organizational members are psychologically prepared to implement organizational change
Organizational readiness for change is a multi-level and multifaceted construct. In the former, the concept can be applied in the analysis of the implementation process by all the stakeholders at all levels. In the latter, the theory identifies two dimensions of organizational readiness, i.e., change commitment and change efficacy (Weiner, 2009). Change efficacy reflects the extent to which organizational members share a collective belief or a sense of capability to implement a change (Weiner, 2009). Weiner further states that, hypothetically, this depends on the task knowledge, resource availability, situational factors; and that change efficacy is expected to be high when organizational members know what to do and how to do it; when they perceive they have the resources they need to implement change; and when they perceive situational factors such as timing to be favourable. The author adds that an immediate outcome of readiness is organizational members’ change-related effort. Shea et al (2014) observe that the two dimensions (organizational commitment and change efficacy) have been used to operationalize readiness for change and have tested adequate in explaining the implementation of programme, policies and change innovations.

Overall, Weiner’s theory assumes that when organizational readiness is high, members are more likely to initiate change, exert greater effort, exhibit greater persistence, and display more cooperative behaviour, which overall results in more effective implementation of the proposed change (Weiner, 2009). Conversely, when organizational readiness is low, members are more likely to view the change as undesirable and subsequently avoid, or even resist, planning for the effort and participating in the change process (Weiner, 2009).

The theoretical argument of Organizational Readiness for Change has been widely employed in the analysis of implementation factors in other service delivery programmes across sectors like healthcare settings (Alexander, 2014) and many others (Holt, 2007; Weiner, 2008; Helfrich, 2009). Weiner and Helfrich, however, state that most available instruments are not theory-based and exhibit limited reliability and validity (Weiner, 2008; Helfrich, 2009). Alexander states that those with desirable psychometric properties have too many items to be practical for use in busy healthcare settings (Alexander, 2014). The concept identifies multilevel constructs that can be assessed at the individual or supra-individual levels (e.g., team, department, or organization).

For this study, the application of the theory of Organizational Readiness for Change is premised on its ability to identify the two dimensions (change efficacy and change commitment) which are key measures of readiness and potential determinants for the successful implementation of performance appraisal. The analysis of readiness for change in the current study, therefore, focuses on the supra-individual level because the implementation of many activities within the Open Performance Appraisal process requires collective and coordinated actions by many organizational members (Weiner, 2009).

Literature from a theoretical (Bertram; 2013; Fixsen et al., 2008; May, 2013) and empirical orientation for example in Rwanda (Nuwagaba, 2014); Kenya (Mwirigi, 2013) and Malaysia (Aishya, 2010) has linked the implementation of Performance Appraisal with capacity factors. In Uganda, a study by Karyeija (2010) associated implementation of Performance Appraisal with Organizational Culture. The argument raised in this article is that culture and capacity are necessary but not sufficient to foster the implementation of performance appraisal particularly
in the context of some of the Eastern Africa public services like that of Uganda which seems to have built capacity but is still grappling with the implementation of performance appraisal. This article also raises an argument that for Organizational Culture to spearhead successful implementation of Performance Appraisal, it could be influenced by the Readiness to Change theory. For example, building a supportive organizational culture may necessitate commitment of the managers and the leaders in an organization. Consequently, there is a need to explore the effect of Organizational Readiness for Change in the implementation of Performance Appraisal.

Drawing on the two tenets of the organizational readiness theory, i.e change commitment and change efficacy (Weiner, 2009), we argue, for example, that an organization with no readiness in terms of collective commitment for change by its leaders, managers and implementers, or organizational implementers who lack the shared belief of their capability to implement the performance appraisal are not likely to implement it successfully no matter the viability of its objectives, clear implementation standards, resource allocation and adequate institutional enforcement mechanisms.

Successful implementation: Linkage with the concept of Readiness

Organizational readiness is a positive behaviour that has been widely associated with implementation success (Armenakis & Harris, 2002; Bernerth, 2004; Solinger et al, 2008). Notably, empirical evidence on the effect of readiness on implementation remains scarce particularly in the Public Sector. The literature available is mainly from a theoretical orientation in the Health Sector (Armenakis & Harris, 2002; Bernerth, 2004; Solinger et al, 2008). The opposite of this is referred to as resistance to change. Readiness for change has been defined at organizational and individual levels. The former concerns organizational adaptation while the latter addresses the mental, psychological or physical preparedness to implement the change (Ramnarayan and Rao, 2011). This mainly concerns the perceptions and beliefs among individuals that the change is beneficial to them as well as the organization. This has been identified as the strongest predictor of Commitment to Change and consequently implementation success. With readiness, the implementers will exhibit positive attitudes and exert efforts to support the change.

Various studies have identified readiness to be indicated by commitment to change whose effect on implementation success depends on change efficacy. The link between change efficacy, change commitment, organizational readiness and implementation is further explored hereunder with insights from literature with a theoretical and empirical orientation. For the purpose of creating a deeper understanding of change efficacy and enriching the conceptualization of this study, the literature further identifies the key predictors for change efficacy which have been explored in other studies mainly focusing on their link with commitment. These include the employees’ knowledge about the change and the leadership support through empowering, monitoring and helping the individual to adapt the challenges that come with change.

Change commitment has been widely defined and operationalized as a force or mind-set that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative (Herscovitch & Meyer, 2002). The mind-set is conceptualized in three dimensions thus:
a) desire to provide support for the change based on a belief in its inherent benefits to change (affective commitment);

(b) recognition that there are costs associated with failure to provide support for the change (continuance commitment to change);

(c) and a sense of obligation to provide support for the change (normative commitment).

Change commitment has also been widely underscored as a key driver to effective implementation of performance management initiatives (Sillup et al, 2010; Wikina, 2008). Elzinga et al (2009) identifies the three Es through which senior managers can exhibit commitment that is crucial for the implementation process. These are Empowering, Enabling and Encouraging. In the view of Wikina (2008), the three Es can be exercised through the provision of leadership where senior management can build a positive work attitude among the staff as well as providing them with resources and tools to foster the implementation process.

Change efficacy is defined as the extent to which organizational members share a collective belief or a sense of benefit to implement a change (Weiner, 2009). It has been underscored in a variety of literature as a predictor of implementation success. It is assumed that readiness for change increases when employees feel that the change is needed, justified and appropriate (Steyn, 2011). The perception to benefit individual employees or the organization is what is referred to as ‘personal valence’ and ‘organizational valence’ respectively (Armenakis et al, 1999; Dirks, et al, 1996). Employees who believe that the change will benefit both themselves and the organization are more likely to support it and vice-versa (Jansen & Michael 2010). Change efficacy has also been observed to depend on knowledge of what to implement and how to implement the change, the attitudes towards the change, the attitudes towards the change and the organization as well as resource availability among employees. More broadly, this is what has been referred to as a sense of capability that is required for effective implementation (Weiner, 2009). The attitudes are classified as cognitive, affective and behavioural responses to change. Affective attitudes reflect on how employees feel about the change, while cognitive responses to change reflect on the employees’ thoughts about the change. Behavioural or intentional responses to change result from the thoughts and judgements that the individuals have about the change and the feelings and emotions associated with the change. Notably, both knowledge and attitudes can be influenced by support interventions like training, sensitizations about the change, resource provision, monitoring and feedback, all of which depend on change leadership. Specifically, Herold (2008) observes that leadership is necessary to support and promote the change through monitoring and helping the individual to adapt the challenges.

**METHODODOLOGY**

The study adopted an explanatory and descriptive research design. According to Saunders et al(2012), an explanatory research design seeks to explore and explain the relationship between phenomena. In this study, we sought to explore and explain the relationship between organizational readiness and the implementation of Open Performance Appraisal. In terms of research methods, the study employed the multiple methods design which, according to Saunders et al(2012), combines both quantitative and qualitative methods. Drawing from Saunders et al, (2012) and Creswell (2008), such a mix of quantitative and qualitative methods
was deemed necessary to allow generalization of the effect of organizational readiness on the implementation of OPA as well as to create deeper understanding of the linkage between the two variables.

The study targeted a total population of 21 heads of human resource management departments, 20 senior human resource officers, 21 human resource officers and 21 permanent secretaries. Human resource management departments were targeted for two reasons. First, they are appraisers of all the lower-level staff in the department and thus would be in position to inform the study on issues under investigation from the perspective of appraisers. Secondly, by virtue of their position as managers of the appraisal function in the entire ministry, they would be in position to enrich the study with experience of the issues concerning implementation of performance appraisal that the study investigates. The inclusion of senior and mid-level human resource officers is premised on the need to draw experiences on performance appraisal implementation from the perspective of appraisers and appraisees.

To ensure generalization of the study findings on the study population, a representative sample size of 57 respondents was selected across the four categories of staff in the human resource departments using the sample size determination table developed by Krejcie and Morgan (1970). In addition, eight key informants (KIs) who are permanent secretaries were selected purposively with no consideration of the size representation since interviews were to be conducted on this category. This is in agreement with Cresswell (2008) who observes that use of interviews do not necessitate a representative sample size in terms of numbers.

The study mainly utilized qualitative and quantitative primary data using numeric codes. Firstly, the data captured the status of the implementation of OPA from the perspective of the readiness across the independent variables namely: change commitment, change efficacy and leadership.

A questionnaire with close-ended questions on a 5-point scale of agreement was used. The questionnaire ensured that a big sample is reached while close-ended questions standardized responses to allow quantitative analysis deemed appropriate to test the study hypotheses (Kothari, 2009). In addition, interviews were conducted with purposively selected permanent secretaries to triangulate data and enhance validity of the findings. The interviews were conducted using an interview guide designed with open-ended questions which, according to Creswell (2008), allow probing to obtain a more comprehensive understanding of the issues under investigation.

Regarding data analysis, descriptive statistics particularly percentages of responses on agreement with constructs tested in readiness were obtained. The percentages were aggregated into two respondent levels, i.e., those who agree or disagree for each statement. The average percentage score was then generated across all statements for each variable which was used as a proxy for the variable. The scores indicated the state of readiness with regard to a specific aspect, e.g., change commitment. The scores were fitted in a linear regression model to determine the effect of readiness on implementation of the OPA. As recommended by Green (2000), a correlation between efficacy and commitment was first tested to avoid possible collinearity, a common problem with multivariate regressions and exists when there is a strong correlation.
between two or more independent variables in the regression model. High multicollinearity results in large standard errors of the coefficients and in turn affects the statistical significance of the coefficients resulting in increased probability for type II errors, which means failing to reject the null hypothesis when it is actually wrong. This means one or more variables may appear insignificant when their effect is actually significant but the significance is surprised by the correlation with another variable. The linear regression model was finally fitted expressing implementation as a function of change commitment and change efficacy.

FINDINGS

The readiness of appraiser and appraisee for OPA implementation

The analysis attempted to elicit the readiness of the appraisers and appraisees to implement the OPA. This sub-section attempts to answer the pertinent question of whether the appraisers and appraisees are ready; and digs further to characterize the readiness. The readiness is analyzed from the three dimensions of change efficacy, change commitment and sense of capability among appraisers and appraisees. Evidence draws from both descriptive analysis of opinions shared by appraisers and appraisees. A triangulation of quantitative data with qualitative data from key informants is provided for a more valid description and characterization of the readiness.

Appraisers and appraisees’ sense of efficacy towards the OPA

The analysis sought to determine whether the appraisers and appraisees bear a sense of efficacy towards the Open Performance Appraisal. Efficacy is described in two dimensions, i.e. the thoughts and judgements that individuals have about the Open Performance Appraisal as well as the feelings that employees have towards the Open Performance Appraisal. Figure 1 presents the percentage distribution of respondents by their opinion on the efficacy of the Open Performance Appraisal.
Descriptive statistics in Figure 1 connote a missing sense of efficacy among appraisers and towards implementation of the OPA as evidenced from the majority of respondents’ opinion on different aspects of efficacy. Specifically, the majority (69.2%) did not consider the Open Performance Appraisal as a big priority for performance improvement in the ministries. Over eighty-four per cent (84.4%) did not see any sense in implementing the OPA, while 88.6% indicated they had no choice but to implement the OPA. Implementation of the OPA was largely unappreciated and considered a waste of time. The qualitative views of permanent secretaries supported this finding and provided evidence of reasons why the appraisers and appraisees do not appreciate the OPA. Some permanent secretaries had the following to say:

“From my experience of the OPA, the appraisers and appraisees don’t seem to appreciate the OPA. Perhaps because they don’t see its results. Many see the OPA as a waste of time since they don’t see tangible benefits”(K15)
“The OPA would be perceived useful if the appraisal information would be linked with performance incentives such as rewards and sanctions. But this is not the case. For example, during the annual assembly of all ministries, the best performing employees are just voted by the fellow employees. This is an event which would ideally utilize performance appraisal information”(K16).

“I believe performance appraisal bears potential to improve performance but the gaps in its implementation, renders it ineffective. When appraisees don’t see its results amidst its poor implementation, they definitely have to hate it. They will be reluctant to fill forms and when they do so, it will be just a formality”(K15).

“Performance Appraisal is good by design on paper but there are no results to show for it. It is possible that the appraisers are out pushing to have filled forms and reports but I don’t think the appraisees appreciate for example the need to fill forms in time and get through the appraisal process”(K14).

“The fact is the appraisees don’t think that the appraisal information is used in any way. They believe completing the appraisal process is a matter of procedure and therefore remain reluctant to do so. Any slight interruption is an excuse for not paying attention to do the appraisals”(K15).

Generally, the views of key informants point to the fact that employees in the ministries lack a sense of efficacy for successful implementation of the Open Performance Appraisal initiative. This is not to mean that the OPA initiative is not a good rather it leaves no results to show upon which employees would develop a positive attitude towards it. There is a general view that OPA implementation is not incentivized. More specifically, the OPA is not linked with Human Resource Development initiatives such as trainings and promotions. Besides, the OPA lacks linkage with rewards and recognitions and worst of all, there are no punitive actions for non-compliance. The key question which remains unanswered is whether the perceptions on ineffectiveness of the OPA are factual. To this end, the study could not trace evidence regarding effectiveness of the OPA. It could mean that limited effort has been dedicated towards popularizing and creating a positive attitude about the initiative through support interventions like training and communication which are considered best practices and vital for implementation success.

Appraisers and appraisees’ commitment to the OPA

Change commitment was in this study operationalized as a force or mind-set that binds appraisers and appraisees to successfully implement performance appraisal. Commitment was analyzed in three dimensions: a desire to support OPA based on the belief in its inherent benefits (affective commitment); recognition that there are costs associated with failure to implement OPA appropriately; and a sense of obligation to provide support towards implementation of the OPA. Figure 2 presents the percentage distribution of respondents who agreed or disagreed with specific statements testing the commitment of appraisers and appraisees to successful implementation of the Open Performance Appraisal.
Descriptive statistics in Figure 2 point to limited commitment of appraisers and appraisees to successful implementation of OPA as attested by the majority (over 63%) of respondents’ opinion. Limited commitment can be logically observed to manifest in several ways. The majority (63.4%) of the appraisers and appraisees had limited desire and motivation to implement the OPA to realize its benefits. Secondly, the majority (75-78%) did not feel that they should implement OPA because they feared poor performance ratings and associated impact such as losing performance credibility. In addition, 71% did not feel obliged to and therefore did not feel like doing whatever possible to successfully implement OPA. Further evidence of limited commitment is drawn from the qualitative interviews with permanent secretaries who bear overall accountability for performance of the ministries’ initiatives including OPA.

“The truth is the staffs are not committed to implement performance appraisal. Whether they implement it or not it does not make a difference to one’s performance. I don’t think the appraisal information is relevant. Some people just fill forms to submit to HR”(KI7).
“Whether you fill appraisal forms and submit them on time, there are no benefits. I don’t think management relies on one’s performance gaps to provide funds for training or further education. Staff gets support to pursue Master’s because they want to apply for higher level position. I see staff travel for training, I doubt whether such decisions are based on skills gaps arising from performance appraisal” (KI8).

“Promotion should apparently be a key motivation but could be insufficient to pin staff to comply with OPA. Consider, there is a big pool of staff who are not working for promotion. They are comfortable in the positions they are serving in. Promotion may not be a motivational factor” (KI4).

“We do not have provision for any penalties for failure in one way or the other to comply with the OPA requirements. We just keep encouraging and reminding staff to fill appraisal forms mainly hinting on their relevance when one applies for promotion” (KI8).

“I don’t think the staff feel obliged to implement Performance appraisal. Otherwise if they did, we would not be wasting a lot of time pushing them to do so. They are more concerned about their daily routines upon which their performance is measured. Most likely they see it as a bother particularly those who don’t even appreciate the performance appraisal” (KI6).

The views of key informants generally attest to appraisers and appraisees’ inadequate commitment to implementation of OPA. Drawing insights from the theoretical tenets of the readiness for change theory adopted in this study, such commitment could be attributed to the feelings and perceptions about the OPA. Consequently, the subsequent sub-section establishes the appraisers and appraisees perspective on efficacy of the OPA.

**Capability for implementation of the OPA: Appraisers and appraisees perspective**

The analysis of opinion shared by appraisers and appraisees bears a sense of capability towards implementation of the OPA. Figure 3 presents the percentage distribution of respondents by their opinion on capability for implementation of the Open Performance Appraisal.
Figure 3: Respondents’ position on Appraisers and Appraisees’ sense of capability towards implementation of the OPA

Results in Figure 3 indicate a strong sense of capability towards implementation of the OPA among appraisers and appraisees as the majority (over 88%) of respondents attest. One hundred per cent of the appraisers and appraisees believed that the OPA is implementable; the majority (98.1%) had the time, 94.3% had the skills and 96.2% had access to the necessary tools like appraisal forms. Where they needed support, it was always available. Consistently, qualitative views of permanent secretaries supported this sense of capability. Putting this into perspective, some Appraisers and Appraisees had the following to say;

“Capacity is key to successful implementation of any initiative. I feel we are adequately capacitated to implement the Open Performance Appraisal. We have access to forms and know how to fill them. I don’t think the aspects appraised are complex” (Appraiser 1).

“Completing OPA forms should be a simple task to appraisers and appraisees. The forms are simplified and aspects on which information is needed are clear. One has to report on what they have been doing, what they are lacking and what they would need to perform better. These are simple issues which I feel we are skilled enough to report on” (Appraiser 2).

“I believe the ministry has adequate capacity at individual and institutional level to conduct performance appraisals. I consider the fact that most of us have served in for years meaning we have gained experience in conducting appraisal. I have a feeling that we are skilled enough to handle the process” (Appraiser 3)
“As Human Resource staff we are experienced to handle performance appraisals. We facilitated through the budget and should therefore be able to manage the process effectively” (Appraiser 4).

“The Human Resource staffs are skilled and facilitated to manage the OPA. This is critical in as far as implementation is concerned. Time is important but I don’t think it’s a constraint here. For appraisees, I believe their schedules are flexible enough to allow some time to fill forms. For Human Resource and the appraisers, this is part and partial of their duties. It’s a matter of planning and managing their tasks” (Appraiser 5).

The general perspectives of key informants point to the fact that the ministry is adequately capacitated to successfully implement the OPA. Capacity is evidenced at individual and organizational levels. At individual level, the staff are experienced and skilled enough to successfully conduct appraisals. Institutional wise, they are adequately facilitated with financial resources through their budgets.

The findings indicate a state of limited readiness of the ministries to implement the Open Performance Appraisal. The readiness manifests in many ways and as earlier conceptualized in the introduction to the study; it evidences both limited commitment and efficacy for implementation of the Open Performance Appraisal among the appraisers and appraisees. In a nutshell, the appraisers and appraisees have limited desire and motivation to implement the OPA to realize its benefits; they do not feel like they should do whatever it takes to implement OPA in fear of poor performance ratings and the associated impact such as losing performance credibility. In addition, they do not feel obliged to successfully implement OPA. Regarding efficacy, they do not believe that the OPA can improve performance in the ministry; they lack a sense of duty to work towards implementation of the OPA. The subsequent sub-section teases out the implication of this state of readiness on implementation of the OPA.

As a matter of emphasis, the qualitative views of key informants underscore the fact that the appraisers and appraisees remain uncommitted to successful implementation of the OPA because they do not perceive or see its immediate benefits. Qualitative data indicates that there is no evidence to effectiveness of OPA. Appraisees and appraisers are generally not given feedback and the OPA is not linked with performance incentives such as rewards and recognitions. Similarly, capacity building decisions such as funding for pursuit of trainings and upgrading education qualifications for career development are rarely based on performance gaps. These are issues which have come out boldly from the qualitative views.

**The effect of Readiness and OPA implementation**

The analysis of the effect of readiness on implementation of the OPA first presents correlation results to indicate the degree of relationship between readiness and implementation of the OPA. Later, regression results are presented to indicate the magnitude of effect of efficacy and commitment on implementation of the OPA. Tables 1 and 2 present the correlation and regression results respectively.
Table 1: Correlation results between Commitment, Efficacy and Implementation of the OPA

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pearson Correlation coefficient</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative commitment</td>
<td>0.713**</td>
<td>0.001</td>
</tr>
<tr>
<td>Continuance commitment</td>
<td>0.671**</td>
<td>0.001</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>0.472**</td>
<td>0.001</td>
</tr>
<tr>
<td>Overall commitment</td>
<td>0.650**</td>
<td>0.001</td>
</tr>
<tr>
<td>Change efficacy</td>
<td>0.481**</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Table 2: Efficacy, Commitment and implementation of the OPA: Regression results

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-square</th>
<th>B-coefficient</th>
<th>Std. error</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficacy</td>
<td>.106</td>
<td>.794</td>
<td>.326</td>
<td>2.436</td>
<td>0.018</td>
</tr>
<tr>
<td>Commitment</td>
<td>.422</td>
<td>.780</td>
<td>.129</td>
<td>6.046</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Efficacy and implementation of the OPA

The p-values in respect to the correlation coefficient for commitment and implementation of the Open Performance Appraisal was 0.650 positive and statistically significant (p<0.05) indicating a significant relationship between these variables (Table 1). This was true for all the three dimensions of commitment, i.e. normative, continuance and affective commitment with correlation coefficients of 0.713, 0.671 and 0.472 respectively and p-values less than 5%. This implied that commitment of appraisers and appraisees to the OPA significantly affects its implementation. However, as observed in the previous chapter, the appraisers and appraisees exhibit limited commitment which explains the inappropriate implementation of the Open Performance Appraisal earlier mentioned in the findings of this study.

The significance of commitment to implementation of the OPA was further evidenced by the regression results (Table 2). The coefficient of determination ($R^2$) was 0.442 which indicated that overall, commitment explained 44.2% of the variation in implementation of the Open Performance Appraisal. The p-value (0.001) in respect to the regression coefficient for commitment was less than 5% significance level, indicating that commitment had a positive significant influence on implementation of the Open Performance Appraisal. Consistently, the regression coefficient was 0.780 and statistically significant (p<0.05), suggesting that feeling a sense of efficacy towards the OPA improved chances of its implementation by 78%.

The significant effect of commitment on implementation of the Open Performance Appraisal observed in this study is consistent with wide literature which underscores the relevance of commitment to effective implementation of performance management initiatives. Sillup et al (2010), Finn (2007) and Wikina (2008) consider commitment as the first step in the foundations for successful performance management. Similarly, Parish et al (2008) identifies a highly positive correlation between commitment and successful change implementation. Further evidence to the significance of commitment on implementation draws from a study by IRS (2005) which identifies that if managers are not adequately committed to the appraisal system, the performance review becomes just a paperwork exercise.
**Efficacy and implementation of the OPA**

The correlation coefficient for the relationship between commitment and implementation of the OPA was 0.481 and its respective p-value was 0.01 less than 5% significant level (Table). This result indicated a positive significant relationship between efficacy and implementation of the Open Performance Appraisal. It suggests that where employees exhibit a sense of efficacy towards the OPA, they are likely to implement it appropriately. Notably, however, the descriptive analysis presented in the previous chapter identified appraisers and appraisees with a missing sense of efficacy, which in addition to commitment can partly be held responsible for the inappropriate implementation of the OPA initiative in the ministries.

The significance of efficacy was further emphasized by the regression results (Table 2) for which the coefficient of determination ($R^2$) was 0.106 indicating that efficacy explained 10.6% of the variation in implementation of the Open Performance Appraisal. The p-value (0.018) in respect to the regression coefficient for efficacy was less than 5% significance level, indicating that efficacy had a positive significant influence on implementation of the Open Performance Appraisal. Consistently, the regression coefficient was 0.794 and statistically significant ($p<0.05$), suggesting that feeling a sense of efficacy towards the OPA improved chances of its implementation by 79%. The significant influence of efficacy on implementation of the OPA is consistent with the findings by Jansen and Michael (2010) that employees who believe that the change will benefit both themselves and the organization are more likely to support it. The findings affirm the theory of Readiness for Change by Weiner (2008).

**Implication of the Study on the Implementation of Reforms in the Public Service**

**Shifting the thinking to Readiness towards successful implementation:** Findings of the study have affirmed a significant association between readiness and implementation of the Open Performance Appraisal. It calls for a need to shift the thinking towards creating building a sense of efficacy, a positive mindset, to realize commitment which is quite paramount for successful implementation. Despite its significance, Uganda’s Public Service has been found to lack the requisite readiness to foster successful implementation of the OPA. Characteristically, the ministries’ staff lack a sense of efficacy and exhibit limited commitment to implement the OPA. This finding puts readiness at the centre stage of efforts to ensure successful implementation of the OPA. To realize this, there is need to recall that commitment depends on the implementers’ sense of efficacy towards the initiative which is OPA in this context. Logically, this calls for the need to build and sustain a sense of efficacy among the implementers towards realization of the requisite commitment. Sense of efficacy should be built by tracing results from implementation of the OPA and continuous sensitization of the implementers on the benefits of OPA.

**Building implementation capacity with emphasis on creating a sense of efficacy among implementers:** The initiation process of management reform interventions can pay attention to sensitization and training of implementers and managers of the reform focusing on creating a sense of efficacy alongside implementation capability. This is necessary to secure the buy-in of such key stakeholders in the implementation process. The buy-in arises from stakeholders’ understanding and appreciation of the potential benefits. Such understanding
builds towards a sense of efficacy regarding the initiative that eventually fosters successful implementation. This draws from the fact that implementation of the OPA in the Uganda Public Service remains wanting despite the substantive capacity and capability. To sustainably build a sense of efficacy, this study has majorly demonstrated the need for showing up implementation results which partly energizes and incentivizes the implementation process. This can be supplemented with rewarding implementation success and sanctioning poor implementation performance at individual and ministry levels. Rewards could be in form of gifts given annually to the best implementing departments and individuals. On the other hand, sanctions could be in form of withholding promotional opportunities and suspension from duty for specified periods for individuals who do not implement the OPA appropriately.

Invest in periodic review of the OPA to unveil and show off results towards efficacy building: Regarding management of the OPA, efforts have not been committed to periodic evaluation of the Open Performance Appraisal. This draws from the finding that at, initiation, the OPA can secure buy-in of the implementers which is however likely to erode if the initiative cannot show results. With no results, appraisers and appraisees lack a sense of efficacy which is vital to foster commitment towards successful implementation. To this end, periodic evaluation of the OPA or other performance management reform initiative is paramount. This study established that the proposed evaluation of the OPA is vital but yet to be conducted. The ministerial reviews which are conducted annually focus on performance initiatives in general which include but are not limited to: Results Oriented Management, OPA, the Code of Conduct for Public Servants and Performance Agreements. The reviews, however, do not specifically analyze the OPA implementation at individual level.

REFERENCES


Nicholas, T.C., Kitariko, R. K., Muhika, S.T., Coke, I. D. Udoji, J. C. Bigirwenkya, Z.H.K.


Funding and the Quality of Primary Education in Uganda

Tom Darlington Balojja,
Uganda Management Institute

Abstract

Goal four of the 17 UN Sustainable Development Goals aims to achieve quality and inclusive primary and secondary education by 2030. In Uganda, Vision 2040 and the National Development Plan II underscore human resource development too. Accordingly, Government is reviewing the 1992 White Paper on Education and other policy documents in Uganda. The Education and Sports Sector Annual Report of 2015 indicates that over 70 per cent of the candidates produced after primary seven are from public primary schools but they perform poorly. Government allocates 53 per cent of the funds extended to the education sector budget to primary education. This study set out to analyze the effects of prioritization of funding of primary education on the sub-sector’s performance against the established quality indicators. The prioritization of funding considers: wages and salaries, capitation and inspection. This study followed observation that Government progressively funded primary education from 49.4 percent in 2012/13 to 53 percent in 2015/16, translating in enhancement of teachers’ salaries and the capitation funds, but quality of services and the academic performance remained poor. Between 2012 and 2016, the period under study, the number of teachers paid reduced by 812 and the number of learners funded also reduced from 7,100,000 to 6,470,000, showing that the funding did not address the number of teachers as a salient factor in pursuit of quality indicators. The development funds were also decreased. This adversely affected performance of Government-aided primary schools in terms of required infrastructure like classrooms. In this article, the author argues that Government should increase on the share to primary education sub-sector from 53 to 59 percent. Inspection should be carried out twice a term, hence the need to increase the budget to UGX 7.5 billion per annum. Such recommendations are in view of ensuring that the quality of primary education is enhanced.

Key Words: Uganda, Government Funding, Public Primary Education

Introduction

The Government of Uganda is in the process of reviewing the 1992 Government White Paper on Education, the Education Sector Strategic Plan 2009-2015, the Uganda National Examinations Board Act of 1983 and other policy documents like Gender in Education Policy, the Physical Education and Sports Policy, among others (Education Sector Review Report, 2015/16:30). Such interventions and reforms emerge at a time when the nation has embarked on Vision 2040 and the country is in the second year of its implementation of the National Development Plan II which, among others, outlines the need for human resource development. In addition, in September 2015 the United Nations General Assembly approved the 17 Sustainable Development Goals. Goal four in particular, calls for the need to achieve quality primary and secondary education by the year 2030 (United Nations, 2016).

On completion of every academic and or financial year, the Ministry of Education and Sports (MOES) leads a review of the performance of the entire education sector in the country.
This review brings together different key stakeholders to consider, discuss and set a way forward on performance of the sector. MOES on behalf of all partners and players in the sector, lays down a comprehensive report which underscores performance of the different sub-sectors of education which include: Basic Education (Pre-Primary and Primary), Secondary Education, Business, Technical, Vocational Education and Training (BTVET), and Higher Education.

There are key pillars for which indicators guiding performance are given and from which evaluation is done to assess progress. These pillars are: Access and Equity, Quality, Efficiency and Effectiveness, and the international commitments in each of the sub-sectors of the education sector. The review also considers crosscutting issues like HIV/AIDS, Gender in Education, Physical Education and Sports, among others.

The review takes a period of two to three days during which all reports are presented, discussed and a way forward is determined in an agreed aide memoir produced at the end of the conference. Emerging issues form the benchmarks necessary for future guidance of performance in the coming period including the priority areas for funding and the future principles to guide implementation of various activities are reported.

The Primary Education sub-sector is one such sub-sector that is critically reviewed. However, despite all the undertakings made and the consequent interventions thereafter, the sub-sector has continued to perform poorly (MOES, 2015:34). This therefore prompts a critical analysis of the sub-sector in terms of: general funding; wages, capitation grant, inspection funds and PLE assessment funds. This study was conducted to analyze the contribution of prioritization of funding for the primary education sub-sector to its performance against the set quality indicators.

Problem Statement

Primary Education lays the foundation of human resource development. According to Psacharopoulos and Patrinos (2002), returns to investment in education for primary education in Sub Saharan Africa are 25.4% as compared to 18.4% for secondary and 11.3% for higher education. In addition, Byamugisha and Ogawa (2010) note that primary education, especially in developing countries, is the core of the schooling system. It serves the greatest number of students, absorbs the largest share of spending on education, and builds the bedrock of human capital development. Given such a benefit from primary education, according to Uganda National Examinations Board (UNEB) report, over 70 per cent of the candidates produced at primary seven are from public primary schools in Uganda, yet performance in these schools remains poor (UNEB, 2015; African Centre for Media Excellence, May, 2015). Output indicators like completion rate, PLE performance index, net intake ratio which form the basis of assessing performance of the sector, show a stagnant and an unimpressive, if not a retrogressive performance (MoES, 2015).

Government today allocates over 53 percent of the entire education sector funds to primary education. This is expected to transform into activities that would yield results in the end in form of increased number of candidates passing, and obtaining grades enabling them to pursue further education. However, as earlier seen, this is not so. It was important therefore to analyze funding extended to the sub-sector looking at priorities given, utilization of such funds, and gaps in use of these funds. The study problem thus is that: allocation of funds to
primary education has not helped in quality performance.

**Purpose and objectives of the Study**

The study’s purpose was to analyze prioritization of the use of funds extended to primary education in ensuring quality in the performance of learners.

**There were two specific objectives of this study namely:**

1) To analyze priority in funding primary education and quality performance in Uganda; and 2) To analyze expenditure on primary education in relation to the overall performance in Uganda.

**Methodology**

The study employed a historical approach to data collection considering a descriptive study of four sector reports of the Ministry of Education and Sports which were analyzed. Through a detailed analysis of historical data, we can determine, perhaps to a lesser extent, cause and effect relationships. We can also help prevent the present-day teachers, managers, and other users of research from making the same mistakes that were made in the past. Historical research can also mean gathering data from situations that have already occurred as it was in this case and performing statistical analysis of data (Heffnar, 2014), which the study was able to do. Qualitative data was collected to describe life experiences and to give them meaning, to gain insight, explore the depths, richness, and complexity inherent in the phenomenon (University of Missouri, 2016).

Data was analyzed using a methodological procedure described by Patton (2002) and Creswell (2013) that seeks to uncover the main factors of an experience through a reductive thematic analysis. All funding votes extended to primary education were captured through review of each sector report of the financial years in question and through generating themes. All data captured from each report was identified and accordingly assigned to a theme that suits it most. This thematic analysis sought to uncover the meaningful factors of the experience noted out of the report in question. This manual process was exhaustive but allowed the researcher to have an opportunity to do cross-analysis of the data gathered from the four reports including the Auditor General’s report and the data sets from other sources. Through these themes, common findings from the data were drawn which led to the findings of this study.

Eventually, the findings were presented according to objectives of the study using frequency tables, figures and narratives of the qualitative analysis. For each of the objectives of the study, information was relayed as processed. Discussions were made in order to make objective conclusions for each of the objectives. Accordingly, models were developed and recommendations made.

**Review of Related Literature**

**Prioritization of funding primary education in Uganda;**

Funding primary education draws its history from the United Nations Universal Declaration
of Human Rights in 1948 and got reinvigorated by the Education for All movement in 1990 and 2000 respectively (Oonyu, 2012: Education and Sports Sector Report, 2015; UN, 2016). In Uganda, the Education Sector Investment Plan that ended in 2004, had it that as much as 65 percent of the education share would be the funding that should be extended to primary education (Policy Brief 10, 2006:1). Tanzania’s share allocated to primary education sub-sector in 2012/13 was 55.8 per cent (Ministry of Education and Vocational Training, November 2014). The emphasis of all advocates of funding primary education is in ensuring that one is given not only basic education but learning that offers quality in acquisition of knowledge, skills, attitudes and values in form of gaining literacy, numeracy, sustainable use of the environment and advocacy for positive living among others. According to Sirleaf et al (2013), quality learning is the cornerstone in guaranteeing prosperity. Therefore, governments are obliged to guarantee quality basic education for all by prioritizing its adequate and focused funding. According to the Education and Sports Annual Sector Report (2015), funding of primary education, is reflected in funding of wages/salaries, inspection, capitation funds, construction and instructional materials.

**UPE Capitation Grant**

According the Ministry of Education and Sports (2008), Universal Primary Education (UPE) capitation grant is a fund extended to all government or government-aided primary schools. Government spends it in two ways namely; the threshold funds and the variable funds. A threshold fund is the uniform amount of funds each school receives irrespective of the size, distance, enrolment or any other factor. Previously, it was UGX 100,000 per school; but in the previous five years it has stood at UGX 150,000 per month a school is in session, excluding holidays. Schools are open for studies for nine months separated in three terms namely; term one term two and term three (Ministry of Education and Sports, 2008; Education and Sports Sector Annual Performance Report, 2015; Oonyu, 2012).

Variable funds are those funds calculated according to the enrolment of the school (Ministry of Education and Sports, 2008). The total capitation fund a school is expected to receive depends on the variable funds calculated plus the total threshold per annum. Today, this total does not exceed UGX 10,000 per child per year. This had increased from UGX 7,000 which had been the planning figure for long until financial year 2014/15 (Education and Sports Sector Annual Report, 2015). Therefore, the planning figure from which threshold and variable funds are got is UGX 10,000. These funds are released once every term, giving it three releases in a financial year (Report of Auditor General, 2016).

**Study Findings**

The study findings are arranged according to objectives of the study which were: to analyze
the priority of funding of primary education in Uganda; and, to analyze the funding of the different votes in primary education.

**Prioritization of funding primary education in Uganda;**

Table 1 reflects the funding in the four years under review.

*Table 1: Showing the total funding of primary education sub-sector in billions UGX*

<table>
<thead>
<tr>
<th></th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Estimates</td>
<td>670.14</td>
<td>726.66</td>
<td>934.74</td>
<td>1,094.63</td>
</tr>
<tr>
<td>Releases</td>
<td>645.845</td>
<td>577.38</td>
<td>914.47</td>
<td>1,094.63</td>
</tr>
<tr>
<td>Total Education share Released</td>
<td>1,306.48</td>
<td>1,248.67</td>
<td>1,737.52</td>
<td>1,836.02</td>
</tr>
<tr>
<td>Percentage share of primary Education to the Sector Budget</td>
<td>49.4</td>
<td>46.2</td>
<td>52.6</td>
<td>53.09</td>
</tr>
</tbody>
</table>

*Source: Education and Sports Sector Annual Performance Reports from 2012/13 to 2015/16 financial years as extracted and modified by the researcher.*

According to Table 1 above, funding of the primary education sub-sector steadily progressed in the four years under review. Whereas it was 49.4 percent in 2012/13, 46.2 percent in 2013/14 and 52.6 percent in 2014/15, in 2015/16 it improved to 53.09 percent. Figure 1 below illustrates such progress well. The only affected year was 2013/14.

*Figure 1: Showing the funding of Primary Education in Uganda between 2012 and 2016*

Figure 1 above provides clear testimony that primary education has had progressive attention in funding. Both the curve for estimates and for releases indicate an ascending trend, save for year 2 under review.
Specific Funding of Primary Education Budget Votes

Details of expenditure of primary education budget are as shown in Table 2 below.

<table>
<thead>
<tr>
<th></th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Budgeted</td>
<td>559.36</td>
<td>619.68</td>
<td>825.74</td>
<td>961.208</td>
</tr>
<tr>
<td>Wage Released</td>
<td>556.01</td>
<td>470.4</td>
<td>792.49</td>
<td>963.118</td>
</tr>
<tr>
<td>Non-wage Recurrent Budgeted</td>
<td>52.18</td>
<td>52.78</td>
<td>54.8</td>
<td>66.66</td>
</tr>
<tr>
<td>Non-wage Recurrent Released</td>
<td>52.18</td>
<td>52.78</td>
<td>67.78</td>
<td>68.452</td>
</tr>
<tr>
<td>Domestic Development budgeted</td>
<td>58.6</td>
<td>54.2</td>
<td>54.2</td>
<td>63.06</td>
</tr>
<tr>
<td>Domestic Development released</td>
<td>37.655</td>
<td>54.2</td>
<td>54.2</td>
<td>63.06</td>
</tr>
<tr>
<td>Budget Estimated</td>
<td>670.14</td>
<td>726.66</td>
<td>934.74</td>
<td>1,094.63</td>
</tr>
<tr>
<td>Releases</td>
<td>645.845</td>
<td>577.38</td>
<td>914.47</td>
<td>1,094.63</td>
</tr>
</tbody>
</table>

Source: Researcher’s initiative from ESSAPRs: pages 51, 37, 42 and 47 of the respective financial years

Table 2 above indicates that in the four years reviewed, priority of funding in primary education focused more on payment of teachers’ salaries at the expense of other votes like capitation funds and school facilities grant extended to construct infrastructure like classrooms, latrines, and teachers’ houses. Figure 2 below illustrates this trend.

Figure 2: Showing the funding of wages as compared to other votes in the primary education sub-sector

Figure 2 above clearly shows a rather stable wage regime as a priority for the sub-sector although there was a slight setback in 2013/14. Over 80 percent of the funds released to the sub-sector were committed to payment of salaries. This however was to the detriment of the non-wage and development funds which took less than 20 percent of the share. This was even worsened by a trend that the non-wage release was retrogressive with the worst hit being the 2015/16 financial year. Funds extended to primary education in terms of capitation funds, school facilities grant for construction of infrastructure and supply of furniture, supply of...
instructional materials, inspection and monitoring kept reducing annually; and for some like capacity building, there was virtually nothing provided.

**Funding of Wages/Salaries for Teachers**

The teachers who are paid include the Head teachers and teachers. Other officials like inspectors, education officers, support staff and others are excluded from this arrangement. Table 3 below shows the trend of teachers planned for and the expected budget.

*Table 3: Teachers planned for and their wages in billions as compared to performance in the three years under review (2015/16 ESSAPR is silent)*

<table>
<thead>
<tr>
<th>Teachers</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulars</td>
<td>Teachers</td>
<td>Wages</td>
<td>Teachers</td>
<td>wages</td>
</tr>
<tr>
<td>Planned for</td>
<td>149,441</td>
<td>559.36</td>
<td>149,441</td>
<td>619.68</td>
</tr>
<tr>
<td>Actual paid</td>
<td>133,975</td>
<td>556.01</td>
<td>133,975</td>
<td>470.402</td>
</tr>
<tr>
<td>Percentage</td>
<td>89.65</td>
<td>99.4</td>
<td>89.65</td>
<td>75.91</td>
</tr>
</tbody>
</table>

*Source:* The Education and Sports Sector Annual Performance Report (ESSAPRs), pages 55, 41 and 46 of the respective financial years. ESSAPR 2015/16 did not provide the information.

As indicated in Table 3, for the first three years under review, the estimated number of teachers in schools was 149,441. These were to be paid UGX 559.36, 619.68 and UGX 825.74 billion in the respective financial years of 2012/13, 2013/14 and 2014/15. However, the situation varied where in financial year 2012/13, teachers paid for were 133,975 (89.65 percent) taking UGX 556.01 (99.4 percent) billions. In financial year 2013/14, the same number of teachers was maintained but the wages paid decreased to UGX 470.402 (75.91 percent) billion. In financial year 2014/15, the number of teachers decreased by 812 (0.54 percent) to 133,163 (89.11 percent). These however were paid more funds settling at UGX 792.49 billion. This means that whereas 89.11 per cent of the teachers planned for were the ones present, 95.97 per cent of the funds budgeted were paid. Figure 3 below shows the trend in performance in the area of teachers paid and the funds spent.
Figure 3: Percentage of teachers paid for and funds spent

Figure 3 above indicates that in the financial years 2012/13 and 2014/15, the percentage of funds spent was more than that of the teachers. This, however, was contrary to the situation in financial year 2013/14 where the percentage of funds spent on wages was less than that of the teachers paid.

It should be noted, though, that the number of teachers planned for in the four years, remained stable yet the actual number of teachers paid continued to be less and fluctuating, and decreased in the latest financial year 2014/15 as illustrated in Figure 4 below.

Figure 4: Planned and actual number of primary school teachers:

Figure 4 above indicates that whereas teachers’ salaries were increased, the number of teachers on payroll decreased in the most recent financial year reviewed.

In addition, the number of teachers on payroll does not tally with that paid for in the three years as shown in Table 4 below.
Table 4: Number of Teachers paid and those appearing on the official payroll

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers paid</td>
<td>133,975</td>
<td>133,975</td>
<td>133,163</td>
</tr>
<tr>
<td>Teachers on Payroll</td>
<td>no information</td>
<td>132,656</td>
<td>131,840</td>
</tr>
<tr>
<td>Difference</td>
<td>0</td>
<td>1,319</td>
<td>1,323</td>
</tr>
</tbody>
</table>

Source: Researcher’s initiative from page 41 of 2013/14 ESSAPR report and page 46/page 102 of 2014/15 ESSAPR report.

Table 4 above indicates that in 2012/13 and 2013/14, teachers paid were 133,975. In 2014/15 133,163 teachers were paid. However, those who appeared on payroll in financial years 2013/14 and 2014/15 were 132,656 and 131,840 respectively. Accordingly, this information gives a difference of 1,319 and 1,323 teachers who were paid but not appearing on payroll in the two years respectively. For financial year 2015/16, whereas teachers’ salaries were not provided in figures, the number paid is given as 149,363 (see Table 3). These increased from 131,840 who were paid in 2014/15, making a difference of 17,523 teachers.

Study findings on Capitation grant

Table 5 below shows the capitation funds released to schools and the enrolment considered in the four years under review.

Table 5: Capitation funds extended to schools in UGX billions

<table>
<thead>
<tr>
<th>Capitation Grant</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Planned (billions)</td>
<td>49.68</td>
<td>49.68</td>
<td>50.10</td>
<td>68.452</td>
</tr>
<tr>
<td>Pupils considered</td>
<td>7,097,382</td>
<td>7,144,011</td>
<td>7,051,790</td>
<td>6,321,964</td>
</tr>
<tr>
<td>Funds released (billions)</td>
<td>49.68</td>
<td>49.68</td>
<td>68.33</td>
<td>66.66</td>
</tr>
<tr>
<td>Pupils paid for</td>
<td>7,051,790</td>
<td>7,144,011</td>
<td>6,538,738</td>
<td>6,993,962</td>
</tr>
</tbody>
</table>

Source: Researcher’s initiative from ESSAPRs, pages 55, 51, 46 and 112 of the respective financial years.

From Table 5 above, for financial years 2012/13 and 2013/14, figures of funds planned and released were equal and similar although the enrolments differed. These funds were UGX 49.68 billion each year against an enrolment of 7,051,790 pupils in 2012/13 and 7,144,011 pupils in 2013/14. The enrolment increased by 92,221 learners but the figure was maintained. Therefore instead of releasing UGX 50.329 billion to cater for the increasing number of pupils, only UGX 49.68 billion was released. This gave it a deficit of UGX 649,698,769 million.

On the other hand, in the financial year 2014/15, government increased the planning figure per child and settled it at UGX 10,000. According to Table 5, planning funds were put at UGX 50.10 billion despite the increment of the funds per child from UGX 7,000 to 10,000. Enrolment used for planning the capitation funds in the financial year in question was a figure of financial year 2012/13 which was 7,051,790 pupils instead of that of the previous year 2013/14 which stood at 7,144,011 pupils.
Surprisingly, funding settled at targeting 6,538,738 pupils. This was a drop of 513,052 pupils from the planning figure of 7,051,790 pupils used and 605,273 pupils from the enrolment of the immediate previous financial year which stood at 7,144,011 pupils. Paradoxically still, funds extended that same financial year shot to UGX 68.330 billion although the planning figure for enrolment was 7,051,790. There was even a supplementary budget as a result of realigning the budget to terms instead of quarters (p. 46). The question standing though is how realigning from quarters to terms affected the budget. This means that between UGX 5.130,520 and 6.052,730 billion was not provided.

In 2015/16, 6,321,964 pupils were planned for, expecting to spend UGX 68.452 billion only. Learners paid for, however, were 6,993,962 and UGX 66.66 billion was spent. Whereas enrolment increased by 671,998 (10.6 percent) pupils, funds paid were less by UGX 1.792 billion (2.6 percent).

### Capitation grant reflected as tuition fees for pupils

In academic year 2014 there were 185 official working days, and in 2015 the days increased to 190 (Education and Sports, 2013; Education and Sports, 2014). Given the enrolments and funding extended in the respective financial years, tuition provided was slightly over UGX 2,000 in 2014 and 3,000 in 2015 as reflected in Table 7.

**Table 6: Tuition fees in billions in form of capitation funds from government in 2014 and 2015 academic years**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Term 1</td>
<td>Term 2</td>
</tr>
<tr>
<td>Working days</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Enrolment</td>
<td>7,144,011</td>
<td>7,144,011</td>
</tr>
<tr>
<td>UPE Funds</td>
<td>16.112 bn</td>
<td>16.112 bn</td>
</tr>
<tr>
<td>Termly tuition per head</td>
<td>2,285</td>
<td>2,285</td>
</tr>
<tr>
<td>Daily tuition per head</td>
<td>38</td>
<td>38</td>
</tr>
</tbody>
</table>

**Source:** Researcher’s initiative from 2014 and 2015 Schools’ and Institutions’ calendars, and the 2013/14 and 2014/15 sector Reports.

Table 6 above shows that for academic year 2014, the tuition fee was UGX 2,285 in terms one and two while it was UGX 2,475 in term three. For the academic year 2015, after the increment of capitation from a planning figure of UGX 7,000 to 10,000, the tuition was raised to UGX 3,420 in term one and UGX 3,388 in term two and three. This shows that in academic year 2014 the daily tuition per head was UGX 38 and in 2015, it was UGX 57 in term one while in terms two and three it was UGX 52 per child. Therefore, Government paid UGX 2,000 per term per child in 2014 and slightly higher than UGX 3,000 per term in 2015. This is far less than what learners in private schools pay and cannot be enough to cater for daily school demands. Private schools in rural places charge between UGX 35,000 and 100,000 for day school learners. Although this caters for salaries and development, it is still far much more than the tuition of UGX 3000 a term.
2.4.4. Criteria for calculating the Capitation Grant

Capitation Grant to primary schools remains a subject of concern as to which criteria are used. Figure 5 shows enrolment figures used to plan for funding and those used to release capitation. On the other hand, Figure 6 shows the funds planned for and those released. However, these illustrate a disputable condition regarding the criteria used to release capitation grant to primary schools in financial years in the period under review.

Figure 5: Enrolment figures used to plan for funding and the figures used to fund the capitation grant

Source: Researcher’s initiative basing on data obtained from reports.

Figure 6: Planned and released funds

Figures 5 and 6 above show that whereas the planned number of benefitting pupils remained relatively stable at around 7,000,000 in the first three financial years, the trend was conversely defiled in financial year 2014/15 because fewer children were paid for and funds released were more than planned. In addition, whereas, Figure 5 above shows a drastic drop in planned enrolment, in Figure 6, the funding planned and paid is relatively stable save for financial year 2014/15.
Inspection Funds

Inspection funds are committed to inspection of schools. The study findings indicate that in the four years studied, an allocation of UGX 2.5 billion was committed and remitted every year in the period under review. This was to be used to inspect 24,354 secondary and primary schools. UGX 102,653 was the figure committed to inspect each school once a year irrespective of the distance, need, terrain, or means of transport. According to ESSRR (2015), there were 21,120 primary schools targeted, translating into UGX 2.168 billion used for inspection of primary schools per year.

Conclusions

Prioritization of funding of primary education in Uganda

General funding of primary education has increased by 3.2 percentage points from 49.4 percent in 2012/13 to 53.6 per cent in 2015/16. However, under the country’s Education Sector Investment Plan that ended in 2004, it was expected to be as much as 65 per cent of the education share (Policy Brief 10, 2006:1). Tanzania’s share allocated to primary education sub-sector in 2012/13 was 55.8 per cent (Ministry of Education and Vocational Training, November 2014). This shows that Uganda was still behind Tanzania by 2.2 percentage points in financial year 2012/13. However, it was above Rwanda throughout the period under review, for in Rwanda it was 38.0 per cent in 2012/13, 39.5 per cent in 2013/14 and 41.0 percent in 2014/15. Priority is on payment of teachers’ salaries where over 80 per cent of the funds released to the sub-sector are committed to payment of salaries although the number of teachers paid has been reducing. For the non-wage, release has been retrogressive with the worst hit being financial year 2015/16. Funds here affected are: capitation funds; school facilities grant meant for construction of all infrastructures and supply of furniture; supply of instructional materials; and inspection and monitoring. Funding was therefore inadequate since what was given was lower than what should have been allocated.

Specific Funding of Primary Education Budget Votes

In the four years, Government planned for 149,441 teachers in 21,120 primary schools. In financial year 2012/13, Government paid UGX 556.01 billion (99.4 percent) for 133,975 (89.65 percent) teachers. This was less than the original plan by 15,466 teachers. In financial year 2013/14, the same number of teachers paid for in the previous year was maintained but the wages paid decreased to UGX. 470.402 billion (75.91 percent). Although the report notes the ban on recruitment of over 10,000 teachers (Ministry of Education and Sports, 2014:87) issued by Ministry of Public Service, no reason is given to justify the decrease except that the report notes the verification exercise conducted. A total of UGX 149.278 billion was not paid from the original planned figure of UGX 619.68 billion. It was also less by UGX 85.608 billion from the actual funds worth UGX 556.01 billion paid the previous year. In financial year 2014/15, the number of teachers decreased by 812 (0.54 percent) from 133,975 to 133,163 (89.11 percent). These were, however, paid more funds settling at UGX 792.49 billion. This means that whereas 89.11 percent of the teachers planned for were present, 95.97 percent of the funds budgeted were paid. For the financial year 2015/16, the number of teachers paid was
149,323. This means that during the financial year, 17,523 teachers were recruited although the report does not mention such an achievement made during this year.

On the other hand, the number of teachers on payroll does not tally with that paid for in 2012/13 and 2013/14. In financial year 2013/14 teachers who appeared on payroll were 133,975 while those paid were 132,656. In 2014/15 teachers on payroll were 133,163 and 131,840 received payment. Accordingly, there is a difference of 1,319 and 1,323 teachers who were paid but not appearing on payroll in the two years respectively. As Higgins (2004) noted, “teacher payroll management is extremely poor”. Government plans for recruitment of teachers but does not recruit giving a backlog of over 16,278 teachers. The study nevertheless, notes payroll mismanagement where a total of 2,642 unexplained teachers were paid in two financial years. An estimate of over 123 billion is noted by the study as misappropriated. This is an indication that whereas government assumes that the number of teachers paid for is in schools to teach and enhance quality of education, they are not and learners are taught by fewer teachers, which condition compromises on the quality of learning.

Capitation for financial years 2012/13 and 2013/14, UGX 49.68 billion was planned and released although the enrolments increased from 7,051,790 to 7,144,011 pupils (92,221 pupils extra). Owing to the formula of UGX 7,000 paid per child, there was a deficit of UGX 645,547,000 million later in the year. In 2014/15, government increased the grant per child to UGX 10,000 but the enrolment used for planning was 7,051,790 pupils instead of 7,144,011 pupils of 2013/14, the latest year. Astonishingly, UGX 68.330 billion was paid targeting 6,538,738 pupils. This means that an amount between UGX 5,130,520 and 6,052,730 billion for 513,052 pupils planned for and or 605,273 pupils paid for in the immediate past year was not paid. In 2015/16, although there were 6,321,964 pupils planned for worth UGX 63.217 billion, expenditure planned was UGX 68.452 billion. On the contrary, UGX 66.66 billion was paid targeting 6,993,962 pupils. Ultimately, 671,998 (10.6%) extra pupils were paid for, but with a deficit of UGX 1.792 (2.6%) billion during the year in question. In summary, the enrolment figures used in planning for the UPE capitation grant were not used in calculating the funds remitted to schools in the four years under review.

Capitation is the tuition expected to be used in schools. In academic year 2014, there were 185 official working days. For 2015, the days increased to 190. Given the enrolments and funding extended in the respective financial years, tuition provided was slightly over UGX 2,000 shillings in 2014 and 3,000 in 2015. For academic year 2014, the tuition fees were UGX 2,285 in term one and two while it was UGX 2,475 in term three. For the academic year 2015, after the increment of capitation from a planning figure of UGX 7,000 to 10,000, the tuition raised to UGX 3,420 in term one and to UGX 3,388 in terms two and three. Private schools in rural places charge between UGX 35,000 and UGX 100,000 from day school learners. Although this caters for salaries and development, it is still far much more than the tuition of UGX 3,000 a term. In academic year 2014 the daily tuition per head was UGX 38, and in 2015 it was UGX 57 in term one while in terms two and three it was UGX 52 per child. In effect, Government paid UGX 2,000 per term for every child or learner in 2014 and slightly higher than UGX 3,000 per term in 2015. This is far less than the tuition paid for every learner in any private school. In the light of the above, Government should increase the grant to UGX 10,000/= per term.
For inspection, throughout the period under review, an allocation of UGX 2.5 billion was used to inspect 24,354 secondary and primary schools, implying that UGX 102,653 was the figure committed on average to inspect each school once a year irrespective of the distance, need, terrain, or means of transport. There are 21,120 primary schools targeted. Therefore, UGX 2.168 billion was used for the inspection of primary schools per year. According to standard, a school should be inspected once a term although this is inadequate as well. The ideal condition should be that an inspector visits a school twice a term where the first visit is to build consensus with the school team on the best practices expected considering the situation after inspection. Conversely, the second visit is a follow up on performance where good practices, lessons and challenges found in performance are given due consideration in decision making. School inspection is far inadequate and non-productive. To promote school inspection adequately, it requires UGX 7.5 billion per year, where UGX 2.5 billion would be enough per term.

3.7 Figure 9: Model of Funding Primary Schools in Uganda:

Source: Researcher’s initiative from the study findings earlier given in analysis.

From the model of funding reflected in Figure 9 above, funding primary school education in Uganda is in such manner that whereas wage was enhanced from UGX 556 billion to UGX 792.49 billion during the period of study, the number of teachers was reduced by 812 from 133,975 to 133,163. This implies that, on the surface, teachers’ salary was enhanced to keep the promise but in effect the workload at school increased to accommodate the roles performed by 812 teachers dropped.

For the non-wage, still Figure 9 shows that whereas capitation funds were enhanced from UGX 53 billion to UGX 68 billion as a result of increasing capitation per head from UGX 7,000 to UGX 10,000, the number of learners paid for dropped from 7,140,000 learners to
6,470,000 million in the period under study. The implication is that the increase in funding affected individual schools in terms of budgeting. School grants availed do not cater for all learners.

**Policy Implications**

Government of Uganda should increase the funding of the Education Sector to at least 16.2% of the national budget. Government should increase on the percentage share provided to the primary education sub-sector from 53 per cent to 59 per cent in order to facilitate the other activities inhibited as a result of the need to increase teachers’ salaries and catering for other new entrant activities outside the sub-sector. The affected votes in this are the recurrent funding like capitation grant; inspection funds and development capital.

Government should have a national primary schools staff list kept by the Department of Basic Education and have it updated monthly through returns from schools in order to check on payroll management.

It is high time that Government carried out a study on funding of tuition in primary schools for quality improvement. The ideal would be that Government increases the grant to UGX 10,000/= per term. However, this requires Government to provide UGX 214.320 billion for capitation in a financial year. This is an increment of 315 per cent from the current capitation provided. Government should instead pilot a scholarship model, where the current budget for capitation should be turned into a scholarship grant to sub-counties to cater for the most vulnerable and destitute children at a cost of UGX 50,000 per year. This means that this grant will cater for 1,360,000 (20 percent) vulnerable children across the country per year including catering for administrative and scholastic costs. Parents of other children should be able to pay UGX 15,000 per term, which is 45,000 per year.

Inspection should be done at least twice a term where the first visit examines preparation while the second visit checks on progress and mitigates the challenges faced along the progress. Therefore, government should increase the funds to UGX 7.5 billion per annum.

**References**


Balojja, Tom Darlington (2016), An Analysis of the Roles of Stakeholders in Enhancing Quality in Universal Primary Education in Uganda. A Thesis submitted for the Award of a PhD in Education of Veer Narmad South Gujarat University, Surat, India.


Women in Governance at Central and Local Government Institutions: Tanzania’s Experience

Jason Nkyabonaki
The Mwalimu Nyerere Memorial Academy, Department of Social Studies, Dar es Salaam, Tanzania

Abstract

This article provides a descriptive analysis of the state of women’s participation in decision-making while occupying political and managerial positions following government of Tanzania’s endorsement by of the Beijing Platform of Action (1995) and ratification of other series of conventions, reports and protocols such as: the Dakar Platform (1994), the African Plan of Action, Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa (2003), the African Union’s Solemn Declaration on Gender Equality in Africa (2004), Association of Consecrated Women in Eastern and Central Africa (1998), UN Security Council Resolution 1325 (2000), Southern African Development Community (2005), African Women’s Report (2009) and the African Peer Review Mechanism (2009). The participation of women has consistently been at the centre of the global agenda since then. Over the past two decades, significant commitment to women’s participation has been made at international level and governments have endeavoured to implement them. It is the author’s intention, through a literature review, to illustrate notable evidence taped from developed and developing countries on women’s engagement on issues spelt out and show deliberate efforts taken by world governments to eradicate the problem. Tanzania is the focal point in this analysis. Despite the premeditated exertion undertaken by responsible institutions, the under-representation of women persists to a large degree. This dilemma needs to be re-addressed by increasing the number of women leaders because women have social skills such as networking, motivation that are crucial in contemporary organizations and development may not be realized if women lag behind.

Key words: Women, Governance, Participation, Institutions

Introduction

The question of discrimination against women cuts across all sectors. The major barriers for women to access gainful employment opportunities include low level of education, inadequate economic production skills and patriarchy values. Education is a key to liberation and an important tool to alleviate socio-economic problems facing women and society at large. Women face numerous constraints to access education and training at all levels. Existing social attitudes favour and promote boys’ education and pay less interest in the education of girls (African Women’s Report, 2009). If women have to get good jobs and hold top managerial positions, investment in education is important. Statistics from various countries including Tanzania show that there are more boys than girls advancing from secondary schools to tertiary education. There are cultural factors such as family responsibilities like caring for the sick, early marriage and domestic responsibilities such as cooking that hinder girl children from attending school. These cultural factors will keep on widening the gap between men and women in areas of decision-making (Meena, 2005). Tanzania’s commitment to gender


The government in partnership with some civil society organizations (CSOs) has developed a Country Action Plan for Girls Education in Tanzania (2001/02-2003/04). The plan was supposed to have provided direction to the Ministry of Education to ensure that all girls in Tanzania will fully access, remain and finally exit to other higher levels of learning. The government has increased the enrolment of girls in primary and secondary schools as well as the higher learning institutions as a mechanism of empowerment. The results show that there is a difference of about 30 per cent between males and females who are enrolled for higher education in public institutions (APRM, 2009).

Following the Beijing Platform 1995, there have been claims that women have been able to climb the ladder to various administrative and political positions that were historically the preserve of men. To accelerate the hiring of women for employment, the adverts for vacancies always give a special note to women: ‘women are encouraged to apply’. This implies that the gap is clear between men and women in employment. Governance is about inclusion of all sexes.

It is the aim of this article to explore the levels of women participation in the governance process through the central government and local government authorities. The international and national standards of women participation as leaders in the governance process act as gauges to measure the extent to which Tanzanian women fare in public institutions.

**Theoretical Literature Review**

Governance is a process that demands inclusivity of all societal segments (UNDP, 2008). Men and women are thus to be treated equally in allocation of public offices. Good governance and development literature calls for a gendered approach in order to realize the functional approach of both men and women for sustainable development. Despite the already established norms
on women inclusion in governance, the literature reveals that women are still facing hardships in their bid to hold public offices at both central and local government levels of governance.

According to Rose (2001: 36) women discrimination in political, managerial and decision making is not natural but rather socially created. Men and women are equal but the meaning of their masculinity and femininity is a function of their societies. Women are increasingly located in area of works that are poorly paid, related to definition of their domestic role, and for the most part block any chance of achieving a full career to senior positions. The discrimination is grounded in the patriarchy system which explains the existing set of arrangements designed by men with the effect of constantly defining women in inferior positions. With the theory, patriarchy and gender are central terms in the all female theories. Patriarchy, the arrangement of the society and its institutions to reflect men’s interest while gender indicates that ideas of behaviour attached to biological sex are a product of socialization and therefore change over time and reflect different political systems and culture.

The overall argument of liberal feminists is to take the institutions of the whole society or government to a broader perspective and devise ways of improving the position of women through reforms. This can take a variety of forms such as equal opportunity policies, affirmative action plans and training. From this viewpoint, women as individuals can overcome inequality through the removal of barriers and prejudice through appropriate policies. This is the duty of every individual man and woman. Kanter (1983) argues that management in any organization can take the initiative and respond to the call for greater equality for women. From the theoretical description, it is important to develop a framework as an alternative approach to studying women leaders compared to traditional women-in management literature. The objective of the framework is to reveal the “natural and taken-for-granted” cultural mechanisms behind discriminatory practices. Various reports, for instance Beijing (1995) and Dakar (1994), AWR (2009) and many others, indicate that women discrimination is a global issue and suggest ways of dealing with it, but a thorough vow is needed. The Beijing platform listed a number of areas to be observed by African countries including Tanzania. There has been progress, but the pace has always been slow. Lamsa and Sentonen (2001) believe that there are underlying mechanisms causing discriminatory practices towards women leaders which have become naturalized and invisible. The concern is that everyone, irrespective of gender, should have a fair chance in career progression.

The Beijing conference revealed progress in the political empowerment of women in African countries to be slow, as 10 per cent of the members of legislative bodies were women in 1995 and the figure had risen slightly to only around 11 per cent in 1999 (Mawaya, 1999). An increase of one per cent was a narrow step made forward and called for deliberate action to be taken which includes: Article 4 (l) of the Constitutive Act of the African Union, the Dakar Platform for Action (1994), the African Plan of Action to Accelerate the Implementation of the Dakar and Beijing Platforms for Action for the Advancement of Women (1999), the Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa (2003), the African Union’s Solemn Declaration on Gender Equality in Africa (2004) and the Governments of the Southern African Development Community (SADC). These protocols committed to ensuring that women occupy at least 30 per cent of the positions in political and decision-making structures by the year 2005.
The AWR (2009) report has shown significant improvement in some areas. For instance, in the political arena, the election of Ellen Johnson-Sirleaf of Liberia as the first female African Head of State in 2005 was a milestone in women’s representation at the highest level of national decision-making. Some countries (e.g. Mozambique, South Africa, Rwanda and Uganda) have reached the Beijing target of 30 per cent or more of women’s representation in Parliament. Rwanda has made even more significant moves with a record level of 48.8 per cent (in the lower house), surpassing the Scandinavian average of 40 per cent. The Government of Mozambique has made substantial progress with a female representation in Parliament at 38 per cent in addition to female occupancy of the offices of Prime Minister and Vice-President of the Parliament (ibid). Tanzania has had a steady increase in the number of reserved seats for women in the national parliament and local councils. Seats had been reserved for women at 20 per cent, and in 1995 women occupied 11.24 per cent of the seats in parliament. In 2005, this rose to 21.36 per cent. The 2010 election increased the special seats number to 30 per cent and women in Tanzania held 30.4 per cent of the parliamentary seats (Marilyn, 2010). The country also got a first house leader after the 2010 general election. This is a great success for women’s progress in leadership positions (REDET, 2010). In the 2012 Kenyan elections, women in the race for senatorial seats could not count any win. However, women competed with men for the lower house in the 2012 Kenyan elections and triumphed. The explanation to this situation is that women are not yet believed by the communities to hold high political posts such as senatorial seats in Kenyan politics.

The African continent’s response to the objectives of the Beijing conference was to take measures to ensure women’s access to and full participation in power structures and decision-making. The second objective intended to increase women’s capacity to participate in decision-making and leadership positions in various government bodies. Various actions were proposed to achieve these goals including: government’s establishment of the goal of gender balance; creating a critical mass of women leaders in strategic positions; planning for women to hold 50 per cent of managerial and decision-making posts by year 2000, political parties to integrate women in elective and non-elective positions; protect and promote women’s equal rights with men; remove discriminatory or prejudicial electoral systems; continuous monitoring and regular evaluations of progress. African regional commitments were also compelled through the Dakar Platform to establish mechanisms for participation at community and society levels; adopt measures to improve women’s economic status and affirmative action to redress imbalances; mobilize and sensitize men, women, NGOs, political parties and trade unions; enact legislation on women with disabilities and ensure women take 35 per cent of decision-making positions. Despite the celebrated representation of women in decision areas, male domination persists. There is still a big mismatch between women and men even in areas with some progress. Patriarchy roots are not easy to erase. The big factor is historical explanation which has already designated the status of women and got socialized. The following are the areas highlighted to demonstrate the position of women in the governance processes. The legislative participation, executive participation, local participation, political parties and senior positions in professional syndicates can be used to show the disparities.

In the case of Tanzania, the traditional position of women in decision-making has been low compared to men especially in the political and management arena. Women were not
expected to influence decision-making processes from domestic to national level. These attitudes are rigidly based on patriarchal structures which limit women voices from impacting decision-making and the planning process at national level (Meena, 2007). The existing attitudes put the election and appointment of women to high profile positions in dilemma. National legal policy and institutional frameworks are conducive to the promotion of gender equality and women’s empowerment. The constitution of the United Republic of Tanzania guarantees equality between men and women, and supports their full participation in social, economic and political life (URT, 1999). Key components of the policy framework include: the Tanzanian Development Vision 2025, National Strategy for Growth and Reduction of Poverty 2005-2010 (MKUKUTA), National Women and Gender Development Policy 2000, and the associated National Strategy for Gender Development (NSGD) 2005.

Vision 2025 for Tanzania mainland envisions equality between men and women as stipulated in the constitution. One of the strategies of Vision 2025 is “gender equality and the empowerment of women in all socio-economic and political relations and cultures”. Institutional arrangements for promoting gender equality are also in place and include the Ministry of Community Development, Gender and Children (MCDGC), sectoral gender desks, focal points and committees within central government, regional administrations and district authorities, and civil society organizations (CSOs) which focus on women’s rights (REPOA, 2010).

Hence, the article examines the positions held by women following the domesticated efforts to achieve gender equality in the governance processes in Tanzania.

**Conceptual and methodological frameworks**

This article employs the concept of women in governance to refer to the participatory governance that leads to sustainable development. If the decision-making organs in the public sector adopted a balanced gender approach, development would be realized. However, the institutions of governance under a liberal feminism approach have opened a door for women to enter but have not changed the structures to make the institutions women-friendly. Patriarchal practices have made women outside the formal public institutions shy away or feel that the institutions are best fit for men (Meena, 2005).

The methodology employed by the article is a documentary review. The theoretical and empirical literature has been pulled together in order to assess the selected variables that include women’s positions in high levels of political parties and public offices at central and local government levels.

The next section discusses the findings pertaining to women’s participation in governance processes at the central and local governments up to the year 2014. **Experience of Women’s Participation in Political governance institutions**

With the 1977 constitutional amendment in 2005, Tanzania set a target of 30 per cent benchmark as per SADC resolution of increasing chances for women in political positions. Since then, the government has been working towards instituting another benchmark of 50/50 by 2010 in line with the AU’s constituent declaration (Meena, 2007).
The 2005 elections increased the numbers and percentage of women Members of Parliament from 21.5 per cent in 2000 to 31.6 per cent in the 2005 elections. After the 2005 elections, more women were appointed as cabinet ministers, some of them holding very strategic positions such as Minister of Finance, Minister of Constitutional Affairs, Minister of Education and Culture and Minister of Foreign Affairs (Meena, 2007; TGNP, 2005) (see the table below).

**Women’s Representation in the National Assembly in Tanzania 1995-2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Women representatives</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Constituencies</td>
<td>Women’s seats</td>
<td>Total Women</td>
<td>Total seats</td>
<td>% of Total Seats</td>
</tr>
<tr>
<td>2010</td>
<td>21</td>
<td>102</td>
<td>123</td>
<td>239</td>
<td>51.46</td>
</tr>
<tr>
<td>2005</td>
<td>22</td>
<td>75</td>
<td>97</td>
<td>307</td>
<td>31.6</td>
</tr>
<tr>
<td>2000</td>
<td>12</td>
<td>48</td>
<td>60</td>
<td>279</td>
<td>21.51</td>
</tr>
<tr>
<td>1995</td>
<td>8</td>
<td>37</td>
<td>45</td>
<td>269</td>
<td>16.73</td>
</tr>
</tbody>
</table>


The data shows that numbers of women parliamentarians increased from 1995 when the country reinstated the multiparty system up to 2005. However, in 2010 the data in the table shows that women dropped from 22 to 21 but with an increase on special seats which are ring-fenced and allocated to women for empowerment. The decline in the constituency representation of women is critical as one questions the efficacy of the efforts to promote women in positions of governance. Although Tanzania has reached the benchmark of SADC and the constitutional benchmark of the 30 per cent critical minority, this is still below the African Union constituent benchmark of 50/50 in parliament. Additionally, the discourse on 30 or 50 per cent has not gone hand in hand with a discourse of transforming the broader picture addressing the general condition of women in the economy. The benchmarks have not also been translated into strategies directed at other public offices. What accounts for low participation of women in electoral positions in Tanzania includes low positioning of women in the society due to social cultural norms and values; lack of economic power, legal and regulatory environment, lack of political support by existing political parties which in turn impact their ability to access electoral resources, such as media; the type of electoral regime which translates in lack of political will to transform the politics of exclusion (Meena, 2007). It is evidently put by the literature that there are indications that fewer women than men are presented for electoral processes in situations where political parties do not have gender-sensitive policies, especially in nominating candidates for elections. Country reports also show that some electoral systems do not support the election of women, especially in societies where strong gender bias against women occupying decision-making positions persists. It has further been demonstrated that the murky nature of the political terrain, characterized often by cut-throat and “dirty linen” attacks on political figures tend to stifle women’s effective participation. In addition, politics is an expensive process oftentimes requiring substantial financial and human outlays which women tend not to have. Finally, women often simply have less time than men to devote to the networking required to build a political career due to their family and care responsibilities.
Meena (2005) argues that in Tanzania women’s path to the political system faces serious glass ceilings which pull them off in politics. The glass ceilings entail commercialization of politics, cultural barriers, and double roles and reproductivity embedded in socialization of women in Tanzania. The existence of violence in political processes has made women not to engage in electoral politics, which would in turn increase their number in decision-making at that level. Therefore, the position of women in governance in central political institutions is still limited and a functional gendered development will require time to be achieved.

### Women in executive positions of governance in Tanzania

Participation of women in non-electoral positions of influence remains low. A good number of the presidential appointees such as Regional Commissioners, Ambassadors, and District Commissioners are recruited from the pool of MPs. Some of the MPs are appointed as Regional Commissioners, District Commissioners, while others are appointed on strategic boards as members or chairpersons. Women in Tanzania have constituted a minority in these politically appointed positions as illustrated in the table below.


<table>
<thead>
<tr>
<th>Position</th>
<th>Number of women</th>
<th>No. of Men</th>
<th>% of women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy ministers</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Regional Commissioners</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Regional Administrative Secretaries</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>District Commissioners</td>
<td>19</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>District Administrative Secretaries</td>
<td>20</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>District Executive Directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Secretaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambassadors</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Chief Justice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referral Court Judges</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Court Judges</td>
<td>3</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Magistrates</td>
<td>33</td>
<td>33</td>
<td>82</td>
</tr>
</tbody>
</table>

*Source: Compiled by Technical Expert Group, APRM (2009)*

Gender equality in appointments to senior levels of the civil service determines the extent to which women are participating in the arena where public policy formulation and implementation take centre stage. The data shows that women appointments in Tanzania to executive positions are either constant or declining as the data table reveals by percentages. For example, women occupied 14 per cent of District Administrative Secretary positions from 2004 to 2006 and female high court judges increased by 2 per cent from 14 to 16 in 2004-2006. The data indicates that the regional and international instruments on women’s participation in governance, though ratified, have not worked in Tanzania. Moreover, according to the African Women Report (2009) scores in various countries demonstrate disproportionately low levels of women in the highest decision-making bodies of the countries concerned.
An important issue that is not covered by the indicators of gender equality in appointments into the cabinet is the kind of ministries headed by women when compared to men. The former are traditionally appointed to ministries that are considered ‘soft’, such as health, education, social services, gender and human resources and rarely are they appointed to ‘hard’ ministries such as defence, justice, foreign affairs, economy, finance, trade and energy. A study by Seppänen and Virtanen (2008) shows that 7-15 per cent of doctors, dentists, and pharmacists were females, while 79-99 per cent of nurses, health attendants and maternal aides were female. It hence concludes that women hold the lower positions in the public service. The study also finds the trend to be true in sectors which it describes as female-dominated, such as healthcare. Similarly, a study conducted by the Ministry of Community Development, Gender and Children in 2012 reported that the majority of women in the public sector work as secretaries, nurses, midwives, telephone operators and teachers, and attributes this trend to women’s low level of education. The low level of education may lead to limited opportunities to compete for economically gainful electoral positions in a commercialized political environment where women need adequate resources to win an election.

In South Africa, the representation of women in cabinet has steadily increased over the years. By 2008, women constituted 42.8 per cent of ministers, which was a 200 per cent increase from 1997. Overall, there has been a three-fold increase in the number of women ministers appointed from 1997 to 2008, a number of them holding critical cabinet portfolios historically associated with men. They include Foreign Affairs, Public Works, Land and Agriculture and Justice and Constitutional Development. By 2008, women held 40 per cent of deputy ministerial positions. Gender inequalities in the distribution of senior civil service positions is a reflection of gender bias that is entrenched in public sector employment policies that relate to recruitment, promotion, motivation, training and retention. Moreover, according to AWR (2009), trends of very low participation of women in decision-making are evidenced in professional syndicates. The report argues that except for South Africa, which records an index of 0.4, the remaining countries with data, Tanzania inclusive, score very low. As with the low visibility of women in the judiciary, reasons for women’s poor showing in this area may be due to the absence of a critical mass of women in professions such as law, medicine, engineering, architecture and pharmaceuticals. These outcomes point out that in other countries with higher levels of gender equality in tertiary enrolment such as Madagascar and Tunisia, females at the helm of hard ministries or institutions traditionally considered the preserve of men may not be opting for ‘hard’ courses.

In Tanzania, it is revealed that women appointed to executive positions are still fewer than men and hence an imbalance between men and women in governance persists. The data suggests that government is not achieving gender equality in decision-making at the level of policy-making and implementation (Wilson, 1999).

Women positions at local governance institutions in Tanzania

According to Beall, (2005) decentralization is often portrayed as a route to women’s empowerment and gender equality. Decentralization improves democracy and increases access of women to decision-making and enables women to participate as political representatives in local tiers of government.
Misafi (2014) conducted a study at Kondoa Local Authority, Dodoma region in Tanzania and found that women’s participation in governance under a decentralized system is still low. The major reason given for the low number of women in local governance institutions is power relations between men and women. This fits in the position of this article as the established initiatives to promote women in governance have not been able to address the gender power relations in employment, political competition and political appointments.

Misafi (2014) continues to argue that even those women who get into governance positions do not change policies as they find patriarchal ceilings all over the institutions.

Tanzania, like many other developing countries, has been looking forward to local governance and grassroots participation through local government reforms with the objective of enhancing local power percolation in matters that affect people’s development and to guarantee that decisions made are relevant to the needs and conditions of national and local people, especially marginalized women and children. The idea is to create a conducive environment where leaders would live and work with people in their own areas and that people have a sense of ownership for the type of governance issues they deal with. Local-level decisions are faster to make and implement and local initiatives and endeavours place more responsibility and accountability on local leaders (Misafi, 2014).

According to article 146 (1) of the United Republic of Tanzania Constitution (1977), the prime objective of local government is to consolidate and give more power to the people. The purpose is to enhance democracy at local level through participation of both men and women in the development process in their particular localities. Enhancing local government ensures local governance in which gender-balanced representation is important to attain true democracy and meet the needs of men and women on equal basis. Women have a great potential in the development of the country due to their skills and ability backed by their rising statistics compared to men (Lamsa and Sintonen, 2001). Despite all facts, women have traditionally been sidelined in the decision-making processes in the local authorities leading to adverse effects in the socio-economic and political development process (AWR, 2009). Deliberate effort has been taken to create conducive environment for increasing women’s participation in high managerial and political posts to reach a 50 per cent ratio. Although it is argued that in the future we shall be seeing increases in the number of women leaders, women’s access to senior managerial posts seems to be limited in many countries (Wilson, 1999).

Throughout history, women have been marginalized, lacked influence in political affairs, occupied only marginal low posts in administration, and lived miserable lives, and unfair treatment. Today in Tanzania, women comprise nearly 50 per cent of the work force but their contribution and participation in government decision-making is minimal, creating a democratic deficit and gender gap, suggestive of patriarchy in Tanzania (Rose, 2001). The barriers noted for women’s effective engagement in Tanzania’s 2010 general elections include: insufficient mobilization of the media, lack of leadership-oriented training, electoral systems and procedures that are not gender-friendly and prohibitive cultural norms and customs which are discriminative against women. Babeiya (2011) also mentions limited women’s ability to mobilize financial resources for political financing to address women’s paucity in political decision-making bodies.
Blaming women for the limited ability to mobilize resources for political campaigns is blaming the victims. The problem is the patriarchal political structure which makes it difficult for women to be effective. For example, there was a negative portrayal of women during election campaigns by the media. This was seen in the presidential campaign of Chama Cha Demokrasia na Maendeleo (CHADEMA) when the female contenders got wide negative media coverage on account of their conjugal relationship with the party’s presidential candidates (REDET, 2010).

**Barriers for Women Participation in Institutions of Governance**

There are few women in top managerial positions in Tanzanian institutions. Billing and Alvesson (1989:65) argue that low proportion of women leaders in most cases is a reflection of inequalities and injustices in society and working life as a whole. The primary concern is ethical. Women are regarded as a discriminated group, which lacks the opportunities exposed to the men in developing their careers and attaining managerial positions. The same proportion of women in high-status positions compared to men in working life is important from a justice viewpoint (Gender Links, 2014). Finding the strategy to address these inequalities is of great concern since there is no justification of women’s absence in top managerial positions. The number of women leaders is disproportional to the number of men. The underlying mechanisms causing discrimination that have become difficult to see and notice need to be uncovered, this can be attained by devising a framework or mechanism for understanding the discriminatory practices and how women’s leadership becomes symbolically represented.

The discriminatory tendencies that deny women a chance of full participation in decision making have no ground since women leaders tend to be showing interpersonally-oriented behaviour and concern for other people’s satisfaction, as compared to men (Osland et al., 1998). Moreover, women have been urged to be more ethical than their male colleagues Yoon (2011) but also contrary results exist Harris (1990). Research on leadership style assumes that women and men have different characteristics that make them suitable for different types of jobs. Research often emphasizes the idea that the number of women leaders should be increased because women hold such “new” qualities as networking skills, ability to motivate others, social skills, and so on, that are needed in contemporary organizations (Lamsa and Sintonen, 2001).

**Government Action to Promote Women’s participation in governance**

The Tanzania government recognizes that education is a gateway to women’s access to positions of power and influence. Most of the sector documents affirm that the Tanzanian government is committed to providing compulsory primary education to all children. The government in partnership with some few CSOs developed a Country Action Plan for Girls’ Education in Tanzania (2001/02-2003/04). The plan was supposed to provide direction to the Ministry to ensure that all girls in Tanzania willfully access, remain and finally exit to other higher levels of learning. The government has increased the enrolment of girls in primary and secondary schools and higher learning institutions so that it contributes to employment creation. The results of the study by APRM (2009) show the pace is not convincing between men and women till 2009.
Women’s share in higher education is steadily increasing in Tanzania. This is because the legal aspects, discriminatory provisions in existing laws, which do not grant the rights and freedom of women have been amended. The government has ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and reaffirms its commitment to the Beijing platform. Parliament passed a Bill in 2000 to increase the seats of women’s participation in decision-making to 30 per cent (GWR, 2009).

The enrolment gap that exists between men and women is 37.6 per cent. Therefore much investment in education for both men and women is needed but the women must be given priority in pursuit of a point where the representation for men and women shall be 50/50 ratio. The 2012 Gender Diagnostic Study also notes that the 2003 Public Service Regulations state that ‘where a man and a woman are equally competent, preference should be given to a woman’ (Ministry of Community Development, Gender and Children, 2012). This is a commendable effort to promote a shared governance realm between men and women in Tanzania’s public service.

### Table 1: Enrolment in Public and Private Universities in Tanzania

<table>
<thead>
<tr>
<th>Category</th>
<th>2003/04</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>PUBLIC</td>
<td>82344</td>
<td>20566</td>
</tr>
<tr>
<td>%female/male</td>
<td>28.9%</td>
<td>71.1%</td>
</tr>
<tr>
<td>PRIVATE</td>
<td>1060</td>
<td>1704</td>
</tr>
<tr>
<td>%female/male</td>
<td>38.4%</td>
<td>61.6%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>9404</td>
<td>22270</td>
</tr>
<tr>
<td>%female/male</td>
<td>29.7%</td>
<td>70.3%</td>
</tr>
</tbody>
</table>

Source: APRM: 2009 pg.xlv

Conclusion

The participation of women in governance institutions in Tanzania is still low despite Tanzania being a signatory to various regional and international instruments on women’s rights. The government endorsement of the Beijing Platform (1995) of action and ratification of other series of conventions and protocols was a strategy towards addressing the inside problem. This went hand in hand with implementation of set programmes. The agenda was to raise the level of women decision-making by 30 per cent as the benchmark set by SADC and 50 per cent set by the African Union in governance institutions. The vibrant interventions made by the government signify that the government was committed to doing away with men’s domination over women. However, the data has shown that women’s occupation of higher managerial political and executive positions is below the established gauge of SADC and AU. Therefore women’s participation in governance as leaders in central and local governance institutions is yet to be a norm. This implies that the exclusion of women in managerial positions where policies are formulated and implemented delays Tanzania’s development. Inclusive governance and decision-making by both men and women is an engine for sustainable development. Hence, by sidelining women in governance institutions both at the central and local government levels, Tanzania is delaying its own socio-economic and political development.
References


Wunsch, J.S. (2001). Decentralization, Local Governance and Recentralization in Africa. Creighton University Omaha, NE, USA.

Balance of Payments Deficits in Uganda: Should they Concern Us?

Asumani Guloba
Manager, Policy Research
National Planning Authority, Uganda

Abstract

This article uses the International Monetary Fund (IMF) external vulnerability assessment framework to analyze Uganda’s Balance of Payments (BoP) data to ascertain whether BoP deficits should be a cause of concern for the country. It is found that while the BoP is largely sustainable based on external vulnerability assessment, persistent current account imbalances need to be addressed. Increased reliance on external loan financing instead of more sustainable FDI is steadily leading to a build-up of debt. Further, international reserve financing of recent BoP deficits is also unsustainable since it risks reserves falling below sustainable levels. While addressing persistent current account deficits may not be possible in the short-term, a long-term policy perspective is necessary to improve Uganda’s BoP position. Here, addressing causes of imbalances in the current account will be critical. Towards this end, ensuring value for money in public investments will be crucial in not only reducing build-up of debt but also providing the economy wide growth effects that should improve the current account. Further, addressing trade deficits will be crucial. However, given that getting out of the trade deficits may take several decades, it may be necessary for Uganda to take transitory measures to manage the BoP.

Key words: Balance of Payments Deficits, Current Account, External Vulnerability

Introduction

A Balance of Payments (BoP) is a record of all economic transactions between the residents of the country and the rest of the world in a particular period such as a quarter of a year or, more commonly, over a year. These transactions include payments for the country’s exports and imports of goods, services, financial capital, and financial transfers. When all components of the BoP accounts are included they must sum to zero with no overall surplus or deficit.

A BoP is an important issue, for a few reasons. First, the BoP provides detailed information concerning the demand and supply of a country’s currency. Second, a country’s BoP data may signal its potential as a business partner to other countries of the world. Third, BoP data can be used to evaluate the performance of the country in international economic competition. Persistent trade deficits may signal that the country’s domestic industries lack international competitiveness and vice versa (Cheol and Bruce, 2013; Sloman, 2004).

While the overall BoP accounts will always balance when all types of payments are included, imbalances are possible on individual elements of the BoP, such as the current account, the capital account excluding the central bank’s reserve account, or the sum of the two. Imbalances in the latter sum can result in surplus countries accumulating wealth, while deficit nations become increasingly indebted. The term BoP often refers to this sum: a country’s balance of payments is said to be in surplus by a specific amount if sources of funds such as export goods sold and bonds sold exceed uses of funds such as paying for imported goods and
paying for foreign bonds purchased by that amount and vice versa. A BoP surplus or deficit is accompanied by an accumulation or decumulation of foreign exchange reserves by the central bank.

In general, there is concern over deficits in the current account (Aleksander, 2006). Countries with deficits in their current accounts will build up increasing debt or see increased foreign ownership of their assets. Three types of deficits typically raise concern (Sloman, 2004): a trade deficit; an overall current account deficit; and, a basic deficit which is the current account plus foreign direct investment, but excluding other elements of the capital account like short-term loans and the reserve account.

The debate on whether BoP deficits matter has been mixed and is still evolving. The Washington Consensus period saw a swing of opinion towards the view that there is no need to worry about imbalances. Opinion swung back in the opposite direction in the wake of financial crisis of 2007-2009. Mainstream opinion has returned to the view that large current account imbalances do matter. Some economists do, however, remain relatively unconcerned about imbalances (Krishna, 2009), and there have been assertions that nations need to avoid the temptation to switch to protectionism as a means to correct imbalances (Michael, David, & Garber, 2009).

The debate withstanding, large and persistent BoP deficits can lead to a BoP crisis, also called a currency crisis. A BoP crisis occurs when a nation is unable to pay for essential imports or service its debt repayments. Typically, this is accompanied by a rapid decline in the value of the affected nation’s currency. Crises are generally preceded by large capital inflows, which are associated at first with rapid economic growth (Eirc & Louis, 2005). However, a point is reached where overseas investors become concerned about the level of debt their inbound capital is generating, and decide to pull out their funds. The resulting outbound capital flows are associated with a rapid drop in the value of the affected nation’s currency. This causes issues for firms of the affected nation who have received the inbound investments and loans, as the revenue of those firms is typically mostly derived domestically but their debts are often denominated in a reserve currency.

In late the 1990s and early 2000s Uganda had faced constraints in servicing its external debt obligations (Guloba, 2000). In early the 2000s, the country qualified for debt relief and forgiveness under the Highly Indebted Poor Countries (HIPC) and Multilateral Debt Relief (MDRI) initiatives respectively. These initiatives greatly improved Uganda’s external debt and BoP position. Nevertheless, due to persistent current account deficits since then, the country’s debt position has steadily increased, with implications on BoP sustainability.

Over the 2008/09 to 2015/16 period, Uganda’s overall BoP has been characterized by persistent trade deficits. The trade deficit has averaged 9.4 per cent of GDP, as a result of lower exports growth that averaged at 11 per cent compared to imports that averaged 21 per cent during the same period. As a result, the current account has persistently been in deficit during this period, averaging 7.1 per cent of GDP. Driving this deficit is a persistent government fiscal deficit, aimed at financing public investments necessary to address the high infrastructure deficits. The large savings-investment gap (averaging 7.1 in the past five years) in Uganda
has implied that the country runs current account deficits so as to bridge the large investment deficit. The capital account financed part of the current account deficit on average by 5.6 per cent of GDP, leaving an overall BoP deficit averaging 1.5 per cent of GDP. The overall BoP deficit was largely financed by reserves leading to a decline in gross international reserves from 6 months of export cover (in 2007/08) to 4.5 (in 2015/16).

Uganda’s persistent current account deficits do not necessarily make the BoP unsustainable, although several factors could make it susceptible to a BoP crisis. The capital account is largely dominated by external loans as foreign direct investments on average (2008/09-2015/16) contributed 49 per cent of the capital account. As such, the BoP heavily relies on external financing, which is creating a steady build-up of external debt. Total external debt has steadily risen from 11.4 per cent in 2008/09 to 21 per cent of GDP in 2015/16. Uganda’s BoP is susceptible to external viability of Uganda’s debt. Therefore, several factors could make the BoP unsustainable such as: high vulnerability to shocks (particularly weak economic growth shock), policy deficiencies, weak institutions, limited debt-management capacity and political risk (Ngobye & Guloba, 2017).

Against this background, the article analyzes Uganda’s BoP data to ascertain whether BoP deficits should be a cause of concern for the country. The article uses the external vulnerability assessment framework developed by the International Monetary Fund (IMF) to ascertain whether BoP deficits should matter in Uganda.

The rest of the article is structured as follows: Section two provides literature on BoP crisis and causes. Section three provides the methodology used. Section four assesses Uganda’s BoP data for external vulnerability. Section five provides policy implications and recommendations. Section six provides the conclusion.

**Literature**

**History of the Debate on Whether BoP Deficits Matter**

Historically, developing countries that chose to allow the market to determine their exchange rates would often develop sizeable current account deficits, financed by capital account inflows such as loans and investments, though this often ended in crises when investors lost confidence (Eirc and Louis, 2005; Heakal, 2009; Eswar, Raghuram, and Arvind, 2007). The frequency of crises was especially high for developing economies from 1973 to 1997. Emerging economies suffered 57 BoP crises and 21 twin crises. For advanced economies, there were 30 BoP crises and six banking crises.

A turning point was the 1997 Asian BoP Crisis, where unsympathetic responses by western powers caused policy makers in emerging economies to re-assess the wisdom of relying on the free market and, by 1999, the developing world as a whole stopped running current account deficits while the current account deficit of the United States of America (USA) began to rise sharply (Wolf, 2009). This new form of imbalance began to develop in part due to the increasing practice of emerging economies, principally China, pegging their currency against the dollar, rather than allowing the value to freely float. The resulting
state of affairs has been referred to as Bretton Woods II (Michael, David, and Garber, 2009). China circumvents the market mechanism by intervening in exchange markets and keeping the value of the yuan depressed (Chan, 2011). In contrast to the changed approach within the emerging economies, USA policy makers and economists remained relatively unconcerned about BOP imbalances. In the early to mid-1990s, many free market economists and policy makers argued that the growing US deficit was not a major concern (Wikipedia, 2016). While several emerging economies had intervened to boost their reserves, and assist their exporters from the late 1980s, they only began running a net current account surplus after 1999. This was mirrored in the faster growth for the US current account deficit from the same year, with surpluses, deficits and the associated buildup of reserves by the surplus countries reaching record levels by the early 2000s and growing year by year. Some economists (Wolf, 2009; Carmen and Kenneth, 2010) began warning that the record imbalances would soon need to be addressed from as early as 2001, but it was not until about 2007 that their concerns began to be accepted by the majority of economists.

Since the crisis, government intervention in BOP areas such as the imposition of capital controls or foreign exchange market intervention has become more common and in general attracts less disapproval from economists, international institutions like the IMF and other governments (Dani, 2010).

**Causes of BoP imbalances**

There are conflicting views as to the primary cause of BoP imbalances. The conventional view is that current account factors are the primary cause (Duncan, 2008). These include the exchange rate, the government’s fiscal deficit, business competitiveness, and private behaviour such as the willingness of consumers to go into debt to finance extra consumption (Wolf, 2009).

Theoretically, it is important to establish links between private and public savings, current accounts, real interest rates differentials and exchange rates. In particular, the question of the extent to which changes in the fiscal position either ‘crowd-in’ or ‘-out’ the private sector should be addressed. An expansionary fiscal policy alters the domestic savings investment gap and spurs an excess world demand for savings (only partially offset domestically). The increased home demand for savings must be satisfied by the inflow of foreign capital, but the only way for this capital to be effected is by a move of the home country’s current account into a deficit, a movement that is accomplished by a real appreciation of the domestic currency. In the longer term, the build-up of external debt resulting from a home country’s fiscal expansion will cause the initial exchange rate appreciation to be reversed. As external debt service rises, the balance on net exports must improve steadily over time to maintain the same current account deficit, and this will require a gradual depreciation in the home country’s real exchange rate. These longer-term stock-flow interactions can be analyzed by taking account of the effect of net investment and current account flows on the stocks of productive capital and total wealth (partly provided by the IIP), respectively (BoU, 2003).
Sustainability of Current Account Deficits

Theoretical considerations raise practical issues such as the sustainability of the persistent deficits on the current account of the balance of payments. The following are some of the prerequisites for sustaining current account deficits (BoU, 2003):

1) If the deficit is to be financed from the foreign reserves of a country by means of reserve-related borrowing, the deficit would obviously be unsustainable. If, on the other hand, it were financed with direct equity investment, it would pose less of a threat to solvency because the dividends paid on such investments would depend on the success and profitability of the investments. Moreover, direct investments would bring along with it advantages such as technological transfer, employment creation and managerial skills. The other option for a sustainable current account deficit as has already been alluded to is a commensurate increase in the external debt of a country, especially if it is of a long-term nature with low interest rates.

2) The sustainability of a country’s current account deficit is also possible if the foreign savings recipient country is investing in order to enhance its future earnings. However, the form of investments financed by foreign funds is of importance here. If the funds were invested in non-traded sectors, the deficit on the current account would be unsustainable at least in the medium term compared to if they were channelled into traded sectors. In the case of the former, the country’s domestic terms of trade might deteriorate further, worsening developments on the current account.

3) The real interest cost of the capital inflows should be equivalent to the return on the additional investment that has resulted from the inflow. The real interest rate refers to the real rate of interest adjusted for exchange rate changes.

Balance of Payments Problems in Uganda

In the late 1960s, Uganda faced various balance of payments problems caused by both external and internal factors. These include deteriorating terms of trade, oil price hikes, droughts, civil strife and wars, rampant insecurity and uncertainties, and so on. The fixed foreign exchange rate regime then, mounting payments problems, and dwindling foreign exchange reserves, resulted in a steady rise in the overvaluation of the Uganda shilling. One of the consequences of the overvalued currency in the face of administered exchange controls was the emergence of the parallel (kibanda) market in foreign exchange during the 1970s (Hyuha, 2017).

While currency devaluations and depreciations were generally avoided until the 1980s, the government tried to lessen the over valuation of the Uganda shilling through a variety of foreign exchange policy regimes. The official exchange rate depreciated from Shs 7.14 per US dollar in 1970 to Shs 5,000 in June 1986 in terms of the old currency; or from Shs 60 per US dollar in 1987 to Shs 800 per dollar in July 1991 in terms of the new shilling.

As the official exchange rate depreciated over time, two things occurred. First, the unofficial or parallel (kibanda) foreign exchange rate also depreciated. For instance, in terms of the old currency, the kibanda rate depreciated from Shs 970 per US dollar in January 1985
to Shs 14,393 in April 1987; and from Shs 106 in July 1987 to about Shs 950 in June 1991 in terms of the new currency. Second, devaluations and depreciations went hand in hand with rising inflation rates in the country. For instance, inflation rose from about 5 percent in the late 1960s to four-digit figures by 1985. In terms of the new era (after 1986), it hovered around 300 percent per annum before dropping to 23 percent in December 1990 and 38.7 percent in June 1991.

While the current and capital accounts were liberalized in 1994 and 1997 respectively, like other SSA countries, Uganda has faced external financing constraints with the current account position and the sustainability of external debt representing the overriding considerations for the formulation of economic policy (BoU, 2003). To ease BoP financing challenges, the World Bank and IMF provided debt relief under the HIPC Initiative in 1997 and the Enhanced HIPC in the 2000s. Further, under the Multilateral Debt Relief Initiative (MDRI) in 2005, Uganda received 100 per cent debt relief on eligible debt from three multilateral institutions. This significantly improved Uganda’s BoP position. Nevertheless, due to persistent current account deficits since then, the country’s debt position has been increasing steadily, with implications on BoP sustainability.

In this regard, therefore, this article uses the International Monetary Fund (IMF)-developed external vulnerability assessment framework to analyze Uganda’s BoP data to ascertain whether BoP deficits should be a cause of concern for the country.

Methodology

To assess whether Uganda’s BoP deficits matter, a methodology developed by the International Monetary Fund (IMF) is used. This methodology assesses indicators of External Vulnerability to ascertain the sustainability of BoP deficits and the extent to which they may lead to a BoP crisis.

In countries like Uganda that maintain restrictions on private international financial flows or have limited access to world capital markets, current account deficits are financed mainly through changes in gross foreign reserves. Movements in reserves are also the main tool to support a fixed exchange rate regime. In such countries, a traditional indicator of external vulnerability compares the country’s stock of international reserves to its monthly import bill. A general rule of thumb is that reserves should be equal to at least three months of imports of goods and services (IMF, 2007).

In countries with access to world capital markets, on the other hand, current account imbalances can be financed not only through changes in official reserves, but also through foreign borrowing, portfolio inflows, or direct foreign investment. In these countries, current account imbalances reflect not only an excess of imports over exports, but also payments related to interest on foreign debt or repatriation of dividends. In addition, amortization of outstanding loans or bonds or divestments by foreign investors can place pressure on the BoP. For these countries, the ratio of reserves to imports is a poor indicator of external vulnerability, and is hence usually complemented by other indicators. Several notable indicators are employed:

1) The ratio of broad money to reserves indicates the extent to which the demand for converting highly liquid domestic financial assets into foreign currency can be met
through reserves. This ratio is a useful indicator of the ability of the central bank to withstand a speculative attack, particularly under a fixed exchange rate regime.

2) The ratio of short-term debt to reserves measures the ability of reserves to cover amortization payments on external debt coming due within the next year. It is useful for assessing the likelihood that a country might have to default or reschedule its debt in the near future. Short-term debt ideally should include both debt issued with an original maturity of less than one year and debt issued with longer maturity but coming due within the next year.

3) The recent behaviour of the exchange rate is also an indicator of confidence in the domestic currency and the health of the country’s external position, as are ratings assigned by international credit rating agencies to foreign-currency-denominated government debt.

4) The interest rate spread, or the differential between interest rates paid by the government (or highly rated private domestic borrowers) and a suitable reference rate, is also a signal of the perceived creditworthiness of the country.

If the country issues international bonds that are actively traded in secondary markets, the prices of those bonds are also an indicator of the perceived creditworthiness of that country. An advantage of this indicator is that it is available at high frequency (often on a daily basis), and not just on those dates at which the country actually issues securities. Movements in secondary market bond prices (or spreads, computed as the difference between the interest rate implied by the price and a risk-free interest rate) provide a useful yardstick to measure how investors’ view of the country’s creditworthiness evolves over time, and how it reacts to domestic developments, such as policy changes or macroeconomic shocks. Sudden, sharp increases in spreads typically signal a loss of confidence by foreign investors, and may precede or accompany a currency crisis or a sudden stop.

The article uses these measures to assess Uganda’s BoP deficit sustainability.

**Analysis of Uganda’s BoP Deficits**

**Uganda: Analysis Deficit Trends in BoP, 2001-2016**

Uganda has faced persistent current account deficits, averaging 6.4 per cent of GDP in the last 10 years (Figure 1). Large trade deficits, averaging 9.4 per cent of GDP, are the main drivers of this current account deficit. They have been largely financed by capital and financial inflows leading to build up of adequate reserves.
Uganda’s persistent current account deficits are largely due to persistent savings-investment gap, that has averaged 7 per cent of GDP in the last 5 years. Particularly, the public sector has accounted for 72 per cent of the savings gap. As such, closing Uganda’s current account deficit will largely depend on public sector behaviour, productivity and savings. While government’s policy priority of addressing Uganda’s current infrastructure deficit is commendable and key to the country future growth prospects, efficiency and value for money in execution of this policy direction is critical for the sustainability of the current account and BoP deficits.

The trade deficit has largely been constant as movements in exports largely mirror imports (Figure 2). It is not surprising that Uganda at low income stage has had trade deficits for many years. That is basically due to the still weak export capabilities while the economy has many and diverse demands for imported goods. Evidence shows that several countries at this stage of development underwent decades of trade deficits before they turned into trade surplus (Lee, 2013). This pattern means that Uganda may need to take a long-term view in perceiving and handling persistent trade deficits, and should put emphasis on building production capacity for exportables and their upgrading in value-addition.
Exchange rate policy has not been significant in narrowing the trade deficit. Despite the depreciating exchange rates of the Uganda currency (Figure 5), exports response has been similar to that of imports. This situation is not that surprising because competitive exchange rates would work only in an economy with a strong manufacturing basis (Ramanayake & Lee, 2016). Depreciation often tends to exert countercyclical effects of recovering exports and growth in economies with strong manufacturing base (or non-negative effects on average), which is not the case in primary commodity exporting economies.

Part of this persistent trade deficit is Uganda’s weak terms of trade that deteriorated by 2.8 per cent in 2016/17. This shows low value addition in the country’s exports that are largely primary commodities, mainly coffee, fish, tea and tobacco. Trying to increase the volume of exports faces the so-called ‘Adding-up’ problem (Spence, 2011) which refers to the situation of developing countries exporting the same goods and thus flooding the market, leading to ever lower prices of the goods. This problem is also called the fallacy of composition, which is real in Africa, given the situation that many neighboring countries in Africa export similar products like coffees or flowers to advanced economies, mostly in Europe. Low productivity is also a challenge in Uganda and has limited Uganda’s export potential (NPA, 2017). The main driver of this low productivity is lack of cheap financing.

**Uganda: Measures of External Vulnerability**

Uganda’s Capital inflows are fostered by a policy of floating real exchange rate and high domestic interest rates caused by persistently large budget deficits. The capital inflows are generally sufficient to cover the current account deficits (Figure 1 and Table 1) and accumulate official reserves (Figure 4).

**Figure 3. Uganda: Net Capital Flows**

During 2007-2015, capital inflows were generally sufficient to finance the current account deficit and maintain adequate foreign exchange reserves (Table 1). Net foreign direct investment flows were significant, covering on average 50 per cent of the current account deficit. However, this has declined in recent years (Figure 3). Most of the capital inflows are loans, resulting in the build-up of external debt. Uganda’s external debt grew from US$1.5
billion (12 per cent of GDP) in 2006/7 to US$5.3 billion in 2015/16 (21 per cent of GDP). A significant portion of this debt (90 per cent) is public debt. While Uganda’s international reserves also increased markedly in the 2000s, the growth of external debt generally threatens to outstrip the increase in official reserves.

However, the increasing reliance on debt and reserves financing as FDIs decline is not sustainable. On one hand, debt financing is gradually leading to a build-up of debt, while reserve financing could lead to deterioration of reserves cover to unsustainable status. However, if on the other hand it were financed with direct equity investment, it would pose less of a threat to solvency because the dividends paid on such investments would depend on the success and profitability of the investments.

Among private sector non-financial firms, only a select few have sufficiently high credit quality to access international capital markets directly. Hence, foreign capital inflows are mainly to the government and domestic financial firms.

**Figure 4. International Reserves and Debt Trends**

![Graph showing international reserves and debt trends](image)

*Source. Computed from BoU data*

Averaging over 4 months of export cover, Uganda’s foreign exchange reserves have been adequate to provide cushion to BoP pressures. However, the declining reserve cover as a result of BoP financing is not sustainable (Figure 5). Despite persistent current account deficit, capital inflows driven by a conducive macroeconomic environment and high interest rates have been adequate to finance the deficit and help a buildup of adequate reserves. Nevertheless, persistent current account deficit has to be supported by more sustainable financing in the current account so as to sustain adequate reserve cover.
Uganda’s nominal foreign exchange rate story is that of a depreciating trend (Figure 5). However, while this depreciating trend has largely been insignificant, the recent depreciation (2015-16) pointed to weakened confidence in the domestic currency. The election period and weakened economic fundamentals led to loss in confidence in the domestic currency and weakened Uganda’s external position.

Foreign exchange reserves are also adequate to domestic currency crisis. Except in 2009/10 (1.5) and 2010/11 (1.9) the ratio of broad money to reserves averaged 1.2 per cent or lower (Table 1). This meant that foreign reserves approximated one to one with the domestic currency available and as such, the country could withstand a speculative attack on the domestic currency.

Source. Computed from BoU data
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Account Balance</strong></td>
<td>-4.3</td>
<td>-4.6</td>
<td>-1.3</td>
<td>1.6</td>
<td>0.6</td>
<td>-3.0</td>
<td>-2.4</td>
<td>-6.0</td>
<td>-6.8</td>
<td>-7.5</td>
<td>-8.7</td>
<td>-8.8</td>
<td>-6.4</td>
<td>-7.6</td>
<td>-7.3</td>
<td>-6.5</td>
</tr>
<tr>
<td>Capital and financial account balance</td>
<td>4.7</td>
<td>6.7</td>
<td>4.0</td>
<td>5.0</td>
<td>5.3</td>
<td>6.1</td>
<td>-49.2</td>
<td>7.9</td>
<td>6.5</td>
<td>7.5</td>
<td>4.0</td>
<td>9.0</td>
<td>5.9</td>
<td>5.9</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>o/w: portfolio investment</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>-0.1</td>
<td>0.7</td>
<td>0.6</td>
<td>-0.2</td>
<td>-0.2</td>
<td>0.0</td>
<td>1.1</td>
<td>-0.2</td>
<td>0.1</td>
<td>-0.7</td>
<td>-0.6</td>
</tr>
<tr>
<td>Other investment</td>
<td>2.8</td>
<td>4.0</td>
<td>4.0</td>
<td>2.5</td>
<td>1.2</td>
<td>1.0</td>
<td>-26.0</td>
<td>2.2</td>
<td>3.1</td>
<td>1.1</td>
<td>3.1</td>
<td>3.1</td>
<td>3.3</td>
<td>1.5</td>
<td>1.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Net foreign direct investment</td>
<td>-2.3</td>
<td>-3.1</td>
<td>-2.8</td>
<td>-3.4</td>
<td>-3.7</td>
<td>-5.1</td>
<td>-6.0</td>
<td>-5.3</td>
<td>-4.3</td>
<td>-3.3</td>
<td>-3.5</td>
<td>-5.4</td>
<td>-3.8</td>
<td>-3.9</td>
<td>-2.9</td>
<td>-2.1</td>
</tr>
<tr>
<td>Net Foreign Assets (NFA) of commercial banks (US$ millions)</td>
<td>195.9</td>
<td>269.3</td>
<td>327.6</td>
<td>326.1</td>
<td>351.0</td>
<td>256.7</td>
<td>277.1</td>
<td>441.5</td>
<td>314.6</td>
<td>296.3</td>
<td>221.0</td>
<td>428.2</td>
<td>64.2</td>
<td>-223.6</td>
<td>-148.2</td>
<td>-78.6</td>
</tr>
<tr>
<td>International Reserves (US$ millions)</td>
<td>663.4</td>
<td>862.8</td>
<td>894.1</td>
<td>898.7</td>
<td>1,055.0</td>
<td>1,129.4</td>
<td>1,548.8</td>
<td>2,305.5</td>
<td>2,287.9</td>
<td>2,098.5</td>
<td>1,826.9</td>
<td>2,730.4</td>
<td>2,866.4</td>
<td>3,363.8</td>
<td>3,203.3</td>
<td>2,663.1</td>
</tr>
<tr>
<td>International Reserves (in prospective months of imports)</td>
<td>5.8</td>
<td>6.8</td>
<td>6.9</td>
<td>6.4</td>
<td>6.0</td>
<td>5.1</td>
<td>5.6</td>
<td>6.0</td>
<td>5.1</td>
<td>4.4</td>
<td>3.2</td>
<td>4.3</td>
<td>4.5</td>
<td>5.2</td>
<td>4.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Broad money to reserves (ratio)</td>
<td>1.1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.1</td>
<td>1.2</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
<td>1.1</td>
<td>1.5</td>
<td>1.9</td>
<td>1.1</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Total external debt (US$ millions)</td>
<td>3,395.2</td>
<td>3,825.2</td>
<td>4,215.5</td>
<td>4,464.9</td>
<td>4,416.3</td>
<td>4,464.4</td>
<td>1,466.8</td>
<td>1,687.0</td>
<td>2,046.4</td>
<td>2,343.4</td>
<td>2,904.9</td>
<td>3,254.1</td>
<td>3,825.2</td>
<td>4,300.7</td>
<td>4,380.1</td>
<td>5,309.2</td>
</tr>
<tr>
<td>Total external debt</td>
<td>58.1</td>
<td>61.5</td>
<td>63.8</td>
<td>61.8</td>
<td>47.9</td>
<td>44.8</td>
<td>12.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>14.3</td>
<td>14.0</td>
<td>15.5</td>
<td>15.5</td>
<td>15.9</td>
<td>21.5</td>
</tr>
<tr>
<td>Average Exchange rate</td>
<td>1,762.9</td>
<td>1,754.6</td>
<td>1,882.9</td>
<td>1,934.9</td>
<td>1,739.2</td>
<td>1,824.9</td>
<td>1,780.0</td>
<td>1,696.5</td>
<td>1,930.0</td>
<td>2,028.9</td>
<td>2,323.4</td>
<td>2,559.1</td>
<td>2,588.9</td>
<td>2,538.3</td>
<td>2,823.2</td>
<td>3,443.0</td>
</tr>
</tbody>
</table>
Conclusion, Policy Implications and Recommendations

While the BoP is largely sustainable based on external vulnerability assessment, persistent current account imbalances need to be addressed. Increased reliance on external loan financing instead of more sustainable FDI is steadily leading to a build-up of debt. Further, international reserve financing of recent BoP deficits risks reserves falling below sustainable levels. While addressing persistent current account deficits may not be possible in the short-term, a long-term policy perspective is necessary to improve Uganda’s BoP position. Here, addressing causes of imbalances in the current account will be critical.

As debt is steadily building up to finance the current account deficits, risks to debt sustainability have increased. The scaling-up of investment spending and related increases in semi-concessional borrowing lead to increased vulnerabilities. In turn, failure to realize the envisaged growth dividend from the increased investment is a key risk as the historical scenario illustrates. The muted export performance remains another important risk, with the large impact of the shock scenario relative to the baseline being due to the significant volatility in export growth, which exceeds the historical average growth rate of exports. This highlights the importance of enhancing the country’s competitiveness to boost exports over the medium term, including through effective public investment to fill infrastructure gaps. If growth and exports prospects were to be revised down in the future, this could adversely affect Uganda’s risk rating, as could additional reliance on non-concessional borrowing that would not lead to higher growth rates.

Addressing causes of imbalances in the current account will require dealing with trade deficits. Given that getting out of the trade deficits may take several decades, it may be necessary for Uganda to take transitory measures to manage the BoP. One of the policy choices is exchange rate policy that has to deal with the fact that export promotion and free capital mobility cannot go together because export promotion often involves under-valuation of currencies (or because typical economic conditions in emerging economies tend to involve frequent depreciation) which works as a signal or incentive for people to take their money abroad (or put their money in foreign currency-dominated bank accounts). As such, a critical policy choice is how open should the capital account be for Uganda to pursue an export promotion policy? A depreciation policy without corresponding addressing of the supply-side constraints in Uganda may have negative effects on the economy and can worsen the BoP instead of correcting the imbalances.

A long-term trade policy that encourages production and discourages consumption will be critical. The trade policy should incentivize capital goods while discouraging consumer goods imports. Countries have used ‘asymmetric protection’ (see Shin and Lee, 2013) towards this end.

Uganda being a low-income and thus low-domestic saving country must look for ways of achieving and maintaining a higher investment rate sustainably beyond relying on foreign capital. Towards this end, the low interest rate policy becomes key. The current interest rates in Uganda are very high, over 24 per cent, in contrast to very low interest rates to savings. This situation is not good for private investment and reflects the asymmetric power and dominance
of the lender over borrower, and also the banking sector over the real sector. If both sides have equal power, saving interest rates should also be high. In other words, financial markets seem to be oligopolistic and imbalanced in power of the supply and demand side, and cannot be said to be an effective competitive market, which may justify some form of government intervention.

Efficiency, value for money and boosting public sector savings are critical to the long-term health of Uganda’s BoP position. While government’s policy priority of addressing Uganda’s current infrastructure deficit is commendable and key to the country future growth prospects, efficiency and value for money in execution of this policy direction is critical for the sustainability of the current account and BoP deficits.

References


Uganda’s Debt Sustainability: Is it a Cause of Concern?

By Edward Ngobye and Asumani Guloba
ngobye.e@gmail.com, aguloba@gmail.com

Abstract

This article analyses the debt sustainability exercise undertaken by Uganda in determining whether it provides solutions to Ugandan authorities in the management of public debt. We find evidence that despite Uganda conducting a debt sustainability analysis, it does not seem to guide public debt management; instead, it is used to justify additional public borrowing by use of established public debt thresholds. If Uganda was to use the debt sustainability tool for public debt management, the challenges the country is facing currently, like low returns from public projects financed by external debt; failure to control the rise in the fiscal deficit which has given rise to high domestic debt with its associated risks; poor costing of projects; slow economic growth; low domestic revenue mobilization, among others, would have been minimized. We also find evidence that the macroeconomic assumptions used, especially on domestic debt stance do not reflect the out-turn fiscal policy being implemented. This underestimates the domestic interest cost burden to public debt sustainability. Taken together, these findings suggest that economic performance in the projection period could be overstated, as the Debt Sustainability Analysis (DSA) tool does not take into account policy/programme implementation; although public institutional strength is taken into account by use of the Country Policy and Institutional Assessment (CPIA) rating. Therefore, the more general lesson from the DSA results is that new borrowing even on concessional terms should be pursued with caution, based on prudent economic projections and in recognition of the country-specific circumstances and risks.

Key words: Debt Sustainability Analysis, Debt Sustainability Tool, Fiscal Deficit, Public Debt Management

Introduction

Uganda has undergone a series of debt repayment challenges before. In 2000, shortly after having been declared eligible for substantial support under the enhanced Highly Indebted Poor Country (HIPC) Initiative, Uganda experienced a sharp and unexpected rise in its Net Present Value (NPV) of debt-to-exports ratio, exceeding the HIPC threshold of 150% by some 50 percentage points (International Monetary Fund, 2003)). While this did not necessarily mean that Uganda’s debt was unsustainable, by virtue of relatively low debt service ratios, it demonstrated the fragility of the country’s debt dynamics. This was at a time when the country was accessing highly concessional loans.

An IMF study in 2003 indicated that although Uganda had been receiving aid and Foreign Direct Investments (FDI) of nearly 12 per cent of GDP, its residual financing gap of about 3.5 per cent of GDP contributed some 10 percentage points annually to its NPV of debt-to-exports ratio. In addition, when export earnings fell by more than 11 per cent in 1999/00, which is just one-third of the standard deviation over the past 10 years, the endogenous debt dynamics added another 20 percentage points to Uganda’s NPV of debt-to-exports ratio in that year.
While these developments clearly illustrated the volatility of Uganda’s NPV of debt-to-exports ratio, they did not suggest a worsening debt position. Given the effective average interest rate of less than 1%, Uganda’s debt ratio was trending downwards from the high levels in 1999/00, since the average export growth did not fall much below 7 per cent (compared with a 10-year historical average of nearly 17 per cent).

However, this instability in the debt ratio to exports creates difficulties in designing appropriate borrowing strategies since at that time stabilizing the NPV of debt-to-exports ratio at 100 per cent required export growth of nearly 13 per cent a year, with the other variables unchanged.

In 2005 the Multilateral Debt Relief Initiative (MDRI) provided for 100 per cent relief on eligible debt from three multilateral institutions (IMF, World Bank and African Development Fund) to a group of low-income countries, including Uganda. The initiative aimed to help eligible countries advance toward the Millennium Development Goals (MDGs) focused on halving poverty by 2015 (International Monetary Fund, March 2016).

According to IMF statistics (2016), Uganda’s debt service declined from US$ 185 million in 2005 to US$ 44.8 million in 2011 through this initiative. The major concern is the projected rise to US$ 557 million in 2017. Similarly, the debt service to exports ratio declined from 5.2 per cent in 2005 to 1.8 per cent in 2014. Again the rise in 2017 is projected at 4.8 per cent. Debt service to GDP also declined from 1.6 per cent in 2005 after the MDRI to 0.8 per cent in 2014, but is projected to rise to 2% (International Monetary Fund, October 2016).

However, the debt initiatives which are neither designed nor intended to be permanent mechanisms can only support but not guarantee sustainability going forward. This underscores the importance of pursuing policies in the future that are consistent with debt sustainability, particularly once debt initiatives run out.

Many of the issues relevant for debt sustainability in low-income countries are the same as in other countries; however, some other factors play a role. A framework for assessing debt sustainability in low-income countries was designed to provide a basis for better informed and more disciplined assessments of sustainability. It lays bare the macroeconomic assumptions underlying medium-term projections of the debt dynamics and subjects these assumptions to stress tests (International Monetary Fund, 2002).

Low-income countries like Uganda are characterized by their dependence on volatile aid flows; the importance of concessional debt; the nature of the shocks to which they are subject like fiscal indiscipline; and constraints on their ability to generate the revenues necessary to repay their debts.

This makes Uganda’s current debt dynamics a major concern both in the medium to long term under current policy frameworks.
Causes of Increasing Debt in Uganda

Borrowing decisions made in the recent past, especially to finance infrastructure projects in the National Development Plan (NDP), were premised on returns on growth although this has not materialized due to their long-term nature to register significant economic returns (Ministry of Finance Planning and Economic Development, March 2016). Some of the specific factors that explain the divergence between debt and economic growth include: (i) vulnerability to exogenous shocks, such as adverse terms of trade or weather, (ii) waste of resources due to policy deficiencies, poor governance, and weak institutions, (iii) inadequate debt management reflected in unrestrained borrowing at unfavourable terms or on less concessional terms, (iv) refinancing policies of creditors, especially from Export Credit Agencies motivated, in part, by the desire to promote their own exports. Others include:

- Foreign-exchange constraints that were experienced in FY 2015/16 when government borrowed US$ 200 million from the Regional PTA bank to support import requirements in the national budget (Ministry of Finance Planning and Economic Development, September 2016). This also reflected the limited degree to which domestic factors of production can be transformed into the foreign exchange required for debt service and financing of imports.

- Fiscal constraints: The fiscal deficit averaging 4 per cent between 2011-2016 reflected the government’s limited ability and capacity to tax in order to meet debt service on top of other expenditure priorities in the National Development Plan. The tax to GDP ratio in Uganda has averaged at 12 per cent in the period 2011-2016, lower than EAC regional average of 20 per cent (Parliamentary Budget Office, December 2016).

- Limited fungibility of resources, for example, due to earmarking of revenues for sub-national governments and agencies or restrictions on the use of foreign aid for debt service especially where foreign aid is explicitly tied to particular projects or uses, thus reducing the government’s ability to shift resources toward debt service (International Monetary Fund, 2003).

- Rollover constraints, reflecting the difficulty of smoothly refinancing debt-service humps (International Monetary Fund, 2003)

- Political or moral considerations, associated with the resources allocated to debt service in relation to social or poverty-related expenditure (International Monetary Fund, 2003).

2.0 Objectives of the Paper

The severe economic and social implications for Uganda’s rising debt highlight the importance of drawing the right lessons. The question is whether debtor countries like Uganda have learnt from past mistakes.

There are still many factors that could make Uganda susceptible to debt-servicing difficulties, including its high vulnerability to shocks; policy deficiencies and weak institutions; limited administrative and debt-management capacity; and political risks.
In the light of these considerations, a cautious approach to new borrowing may be warranted, together with recognition of a greater role for grants to support the development agenda, Sustainable Development Goals, without leading to an unsustainable accumulation of debt.

In assessing debt sustainability—the requirement that indebtedness be kept in line with a country’s capacity to repay—several considerations are particularly relevant to low-income countries. These countries are generally characterized by reliance on official flows and by various structural weaknesses and vulnerabilities that adversely affect their growth potential.

High debt itself can be an obstacle to growth, as argued in the debt overhang literature. While implementation of good policies can greatly reduce the implicit tension between financing needs and debt sustainability; the article explores this in the context of Uganda.

Based on these considerations, this article discusses beyond a one-dimensional measure of debt sustainability. It proposes sustainability of Uganda’s debt using a menu of indicators including the NPV of debt and debt service relative to exports, revenues, and GDP, and their evolution over time under realistic macroeconomic assumptions. Interpretation is made based on the outcome of such an analysis relative to empirical thresholds as well as in identifying Uganda’s key constraints, both in normal and stressful times.

**Methodology**

In 2005 the International Monetary Fund (IMF) and the World Bank developed an analytical tool that analyses public and external debt sustainability for Low Income Countries (LICs) called the Debt Sustainability Framework (DSF). The analytical tool has undergone a number of reviews to ensure adequacy in the light of changing circumstances in LICs (International Monetary Fund, November 2013).

The DSF is a standardized framework for conducting debt sustainability analysis in LICs. Its main objectives are to: guide a country’s borrowing decisions; provide guidance to creditors’ lending operations; and for policy prescriptions. The Debt Sustainability Analysis (DSA) is undertaken annually to explicitly assess the risk of external debt distress and generally guide management of public debt (International Monetary Fund, 2002).

The DSF has two components, namely: external DSA and the Public DSA. The external DSA covers total external debt in the economy, owned by both private and public sectors. The Public DSA covers total debt of the public sector for both domestic and external debt. The public external debt captures both external debt owed by government and external debt guaranteed by government for the private sector or government parastatals. This sub category is what is referred to as Public and Publically Guaranteed (PPG) external Debt.

DSAs include external risk rating where an explicit assessment of a country’s risk of external debt distress is made. The risk is based on PPG external debt analysis, implying that the private external debt is less emphasized in LICs. The justification of emphasizing PPG in the analysis is largely due to historical reasons where PPG external debt has been the largest component of debt in LICs and largest source of risks.
Where there are vulnerabilities related to private external debt or public domestic debt, an assessment of the overall risk of debt distress is undertaken. This is meant to complement the external risk rating by highlighting the sources of risk that the external risk rating does not capture. The overall risk assessment is intended to guide macroeconomic and structural policy of a country.

This article analyses Uganda’s debt sustainability using the debt sustainability framework established by IMF and the World Bank. The article defines debt burden indicators and looks at the steps taken in undertaking a DSA for low income countries, focusing on Uganda.

**Debt Burden Indicators**

Debt sustainability is analyzed by assessing the projected evolution of a set of debt burden indicators over time. Debt burden indicators in the Debt Sustainability Framework (DSF) consist of ratios of debt stock or debt service relative to repayment capacity measures (GDP, exports or domestic revenues).

The ratios of debt stock relative to repayment capacity measures represent future obligations of a country, reflecting risks to solvency; while debt service ratios indicate the likelihood and possible timing of liquidity risks.

The ratios are therefore categorized as solvency and liquidity ratios in the DSF, and measure the following:

**Solvency Ratios**

i) Present value (PV) of Public and Publically Guaranteed (PPG) external or public debt to GDP. The ratios for both external and public DSA compare the debt burden with the resource base.

ii) PV of PPG external debt to exports of goods and services. This is a measure used in the external DSA to compare the debt burden with the country’s capacity to generate foreign exchange receipts.

iii) PV of PPG external or public debt to domestic revenue. These ratios compare the debt burden with public resources available for repayment. A significant increase would suggest budgetary challenges in servicing debt.

**Liquidity Ratios**

i) PPG external debt service to exports. This ratio is evaluated in the external DSA, indicating how much a country’s export revenue is used to service debt.

ii) PPG external or public debt service to domestic revenue. This ratio indicates how much a country’s domestic revenues are used for debt service payments, and captures the vulnerabilities of debt service to variations in revenues.
3.2 Undertaking a DSA

Undertaking a DSA entails the following procedures chronologically.

i) Construction of the Macroeconomic Framework

Under this, realistic, consistent macroeconomic projections are undertaken using macroeconomic models to help assess the impact of planned investment on growth.

The DSA is as good as the macroeconomic framework that underlies it. If the projections are unrealistic, then this will lead to inaccurate and misleading results in the DSA (International Monetary Fund, 2003).

ii) Data Input into the DSA Framework

Historical data covering 10 years, and projections covering the next 20 years are entered in the DSA template. Such projections include new PPG external borrowing, along with the terms of borrowing.

iii) Assessment of Risks within the External And Public DSAs

Under the External DSA, comparison is made between projected evolution of PPG external debt indicators to the thresholds in the baseline scenario and under stress test. In case remittances are high, they are included in the base case and compared to the remittance adjusted thresholds. At this point, the risk of external debt distress is determined. In case of a borderline situation, another methodology, called the probability approach, is utilized.

The thresholds under the external DSA are as follows:

Table 1: PPG External Debt Thresholds

<table>
<thead>
<tr>
<th>Quality of Policies and institutions (CPIA)</th>
<th>PV of PPG external debt in % of GDP</th>
<th>PV of PPG external debt in % of Exports</th>
<th>PV of PPG external debt in % of Revenue</th>
<th>PPG external debt service in % of Exports</th>
<th>PPG external debt service in % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>50</td>
<td>200</td>
<td>300</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Medium</td>
<td>40</td>
<td>150</td>
<td>250</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Weak</td>
<td>30</td>
<td>100</td>
<td>200</td>
<td>15</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: IMF, 2013

It is also inevitable to consider undertaking, separately, the analysis of the projected evolution of private external debt to assess risk. If it is found that the risks are significant, then they should be highlighted in the assessment of the overall risk of debt distress.

iv. Report Writing

The report on a country’s DSA could be a full DSA report or an updated form which entails main changes to the macroeconomic projections; external and public DSA; and the conclusion. In the case of Uganda, the Ministry of Finance, Planning and Economic Development (MFPED) publishes a copy of the full DSA report annually.
Findings from Uganda’s DSA Exercise

Macroeconomic Framework Assumptions

The macroeconomic framework assumptions that underpinned Uganda’s DSA for 2016 was as follows:

Table 2: Macroeconomic Framework for Uganda’s DSA Exercise

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI/GDP</td>
<td>1.7</td>
<td>1.8</td>
<td>2.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.7</td>
</tr>
<tr>
<td>Real GDP growth</td>
<td>4.8%</td>
<td>5.0%</td>
<td>5.5%</td>
<td>6.0%</td>
<td>6.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Annual Headline Inflation</td>
<td>6.6%</td>
<td>5.4%</td>
<td>4.8%</td>
<td>4.9%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Fiscal Deficit/GDP</td>
<td>-6.2%</td>
<td>-7.8%</td>
<td>-6.6%</td>
<td>-4.6%</td>
<td>-4.6%</td>
<td>-3.52%</td>
</tr>
<tr>
<td>Revenue/GDP</td>
<td>13.5%</td>
<td>14.0%</td>
<td>14.6%</td>
<td>15.4%</td>
<td>15.4%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Govt Expenditure/GDP</td>
<td>17.9%</td>
<td>20.2%</td>
<td>19.8%</td>
<td>18.7%</td>
<td>18.7%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Aid/GDP</td>
<td>5.4%</td>
<td>4.4%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>2.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Fiscal Deficit Excl Grants as % GDP</td>
<td>-6.2%</td>
<td>-7.8%</td>
<td>-6.6%</td>
<td>-5.9%</td>
<td>-4.6%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Fiscal Deficit incl Grants as % GDP</td>
<td>-4.7%</td>
<td>-5.8%</td>
<td>-5.3%</td>
<td>-4.7%</td>
<td>-3.6%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Financing</td>
<td>3982.0</td>
<td>5469.2</td>
<td>5439.4</td>
<td>5468.3</td>
<td>4686.3</td>
<td>4012.3</td>
</tr>
<tr>
<td>External Financing net</td>
<td>2494.0</td>
<td>4920.0</td>
<td>4407.8</td>
<td>4861.8</td>
<td>4126.6</td>
<td>3458.2</td>
</tr>
<tr>
<td>Domestic Financing</td>
<td>1899</td>
<td>677</td>
<td>1032</td>
<td>607</td>
<td>560</td>
<td>554</td>
</tr>
</tbody>
</table>


The macroeconomic assumptions indicate a financing mix between domestic (17%) and external debt (83%) on average over the medium-term projections. This implies that over the medium term, government will opt majorly for external debt to finance its budget deficit. However, the projections do not indicate the level of concessionality (concessional or non-concessional) of external debt to be contracted. Level of concessionality would indicate the trend of new external borrowing biased towards non-concessional compared to concessional terms, as is with most LICs.

Government tends to rely less on the domestic market for its deficit financing since it is more expensive in terms of interest costs, in support of private sector development through access of cheaper credit. This policy stance means that government will offer less support in the development of the domestic debt market.

The fiscal adjustment in Uganda is guided by the charter of fiscal responsibility approved by Parliament where fiscal deficit as a percentage of GDP should converge to 3% by 2021. Figure 1 below provides a path of the fiscal adjustment.
The fiscal adjustment seems to be smooth, although it may not be realistic as it does not fully support the need to address large infrastructure gaps, pressures stemming from important social needs, and low tax base that limits the scope for increasing revenue.

GDP growth projections averaging 6% over the medium term assumed that the scaling up of public investments would be implemented efficiently and on time, without being mindful of the recent past performance and trends of economic growth. A report by the Parliamentary Budget Office (2016) indicates that economic growth in Uganda is largely driven by consumption; and with projected subdued domestic demand in 2017, coupled with poor project implementation, generating less returns (World Bank, April 2006), growth dividends will be suppressed in comparison to projections.

On the external side under the macroeconomic projections, FDI increases from 1.7 per cent of GDP in 2016 to a medium-term average of 2.9 per cent of GDP up to 2021. While FDI helps finance a current account deficit without creating debt, it can lead to an increase in the import of capital goods and once the investment matures, outflows in form of profits and dividends start to occur (International Monetary Fund, 2003). Therefore debt sustainability should not be achieved by financing current account deficits with unrealistic large non-debt creating inflows of foreign direct investments (FDI) as a share of GDP.
Assessment of Risks within the External and Public DSAs

**DSA results indicate** that Uganda’s external public and publicly-guaranteed debt is found to be sustainable over both the medium and long term as indicated in Table 3.

*Table 3: Summary of External Debt Sustainability Assessment*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PV of External Debt to GDP</td>
<td>40</td>
<td>11.75</td>
<td>15.07</td>
<td>18.59</td>
<td>21.03</td>
<td>22.88</td>
<td>22.82</td>
<td>21.28</td>
</tr>
<tr>
<td>PV of Dom. Debt to GDP</td>
<td>20</td>
<td>12.82</td>
<td>12.91</td>
<td>12.60</td>
<td>11.80</td>
<td>10.96</td>
<td>10.27</td>
<td>9.31</td>
</tr>
<tr>
<td>PV of Public Debt to GDP</td>
<td>50</td>
<td>24.57</td>
<td>27.98</td>
<td>31.19</td>
<td>32.84</td>
<td>33.84</td>
<td>33.08</td>
<td>30.60</td>
</tr>
<tr>
<td>PV of External Debt to Exports of Goods and Services</td>
<td>150</td>
<td>64.10</td>
<td>74.80</td>
<td>101.35</td>
<td>115.68</td>
<td>128.93</td>
<td>138.55</td>
<td>106.42</td>
</tr>
<tr>
<td>PV of External Debt to Dom. Budget Revenue</td>
<td>250</td>
<td>85.85</td>
<td>106.26</td>
<td>127.74</td>
<td>141.57</td>
<td>148.99</td>
<td>143.91</td>
<td>130.12</td>
</tr>
<tr>
<td>Liquidity Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service to Exports of Goods and Services</td>
<td>20</td>
<td>2.07</td>
<td>2.47</td>
<td>3.99</td>
<td>5.76</td>
<td>8.00</td>
<td>9.74</td>
<td>8.29</td>
</tr>
<tr>
<td>Debt Service to Dom. Budget Revenue</td>
<td>20</td>
<td>2.77</td>
<td>3.51</td>
<td>5.03</td>
<td>7.05</td>
<td>9.24</td>
<td>10.11</td>
<td>10.13</td>
</tr>
</tbody>
</table>

*Source: IMF, 2013 and Authors’ Computations*

The solvency and liquidity ratios all fall below their indicative thresholds throughout the projection period. The PV of external public and publicly guaranteed (PPG) debt to GDP doubles from 11.75% in 2015/16 to a peak of 22.88% in 2019/20, before reducing to 8.7% at the end of the projection period (2036/37). Even at its peak, this indicator is well below the Public Debt Management Framework (PDMF) threshold of 30% (Ministry of Finance, Planning and Economic Development, 2013) and the indicative threshold for CPIA medium performers of 40%.

The present value of debt service to revenue ratio, which averages 8% in the long term, is driven by short maturities of domestic debt, as well as low tax revenue collections.
Under the baseline scenario, the following results are obtained from the DSA.

**Figure 2a** indicates the high debt accumulation rate in the short and medium term due to the need of government to finance large infrastructure projects in various sectors. However, in the long run the level of debt accumulation declines as the level of non-concessional debt rises, as evidenced in the decline in the grant element.

---

1/ The most extreme stress test is the test that yields the highest ratio on or before 2027. In figure b. it corresponds to a One-time depreciation shock; in c. to a Terms shock; in d. to a One-time depreciation shock; in e. to a Exports shock and in figure f. to a One-time depreciation shock.
Figure 2b indicates PV Debt to GDP compared to the historical trends of growth of debt and shows that current projections remain above the historical average in both the short and medium term. However, the projections remain below the threshold even after a one-time depreciation shock. This reflects the largely concessional nature of Uganda’s debt stock.

The economy’s ability to pay external debt using export revenue weakens in the short to medium term because export growth is slow, while government accumulates more debt compared to the historical average. However, in the long run, the country’s position to repay debt from export improves as debt accumulation declines as shown in Figure 2c where export growth picks up.

However, should the country experience severe terms of trade shocks, the present value of debt to exports will exceed the threshold of 150 in FY 2020/21 – FY 2021/22 to reach 169.2. Using the probability approach, this is temporary because the baseline (at 138.5) is below the 145 level as recommended by IMF (International Monetary Fund, November 2013)

Figure 2d shows a solvency ratio of the present value of external debt to revenue. The figure also indicates the ratio being within its threshold of 250, although a high depreciation shock will exert pressure on debt repayment in foreign currency terms.

Figures 2e and 2f refer to liquidity ratios. These also remain within the thresholds, although they increase rapidly in the medium term. A rise in debt service in the medium term in line with the historical trend is due to the rundown of grace periods for both non-concessional and concessional debt up to 2021 and thereafter starts to decline in the long term as shown in Figure e.

Therefore from the above demonstration, Uganda is considered a low risk country in terms of its rating. However, there are serious vulnerabilities that government needs to address related to depreciation of the shilling and potential deterioration of terms of trade.

To gauge the sensitivity of the baseline scenario to shocks and changes in assumptions, the DSA applies a series of standardized stress tests (Painchaud & Stucka, 2011). The impact of stress tests is channeled in two ways: through changes in the evolution of indebtedness and through changes in the capacity to repay. There are two types of stress tests: alternative scenario and bound tests. Bound tests are temporary shocks that last one or two years, after which modified variables return to their baseline values.

The External DSA has two alternative scenarios and six bound tests, as indicated in the tables below for the case of Uganda’s 2016 results. This article illustrates with an example on how to analyze stress tests

A1: is the alternative historical scenario that generates an alternative path of debt by freezing four key variables at their 10-year historical averages. They include the non-interest current account balance, net FDI, real GDP growth and the GDP deflator in US dollar terms.

The historical scenario causes debt burden indicators to deteriorate, reflecting a decline in the measure of the capacity to repay (nominal GDP) in conjunction with an increase in indebtedness.
Table 4 indicates that if Uganda maintained its 10-year GDP growth path, then PV of debt to GDP will improve to 16 per cent in 2018, when compared to the baseline projection of 19 per cent, but worsens in the longer term to 20 per cent onwards compared to the base case of 14 per cent in 2027. The 10-year average GDP growth will have a proportional increase in exports and revenues. Shocks to the non-interest current account balance and net FDI increase the financing needs met by additional public external borrowing (on less favourable terms), which starts to increase in 2019 to 24 per cent of GDP against the baseline of 21 per cent. The additional borrowing leads to an increase in indebtedness and more debt service payments, as indicated in the deterioration in the debt burden indicators, where debt to exports reaches 132 compared to the baseline levels of 116 in 2019; debt to revenue ratio reaches 161 compared to the base case of 142 in 2019, as indicated in Table 4.

B1 bound test simulates a temporary shock to real GDP growth. In 2018-2019, real GDP growth is set to its 10-year historical average minus one standard deviation; thereafter it returns to its baseline projection. Table 4 indicates that this shock on Uganda has a permanent impact on the level of real GDP and nominal GDP affecting Public Sector revenue. The lower tax revenue results in a wider non-interest (primary) fiscal deficit and therefore increased financing needs and additional borrowing from baseline levels of 23 per cent to 24 per cent in 2020. Additional borrowing leads to increased level of indebtedness and more debt service, increasing to 10 per cent of revenue compared to a baseline case of 9 per cent in 2020 as shown in Table 4b.
<table>
<thead>
<tr>
<th>Projections</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2027</th>
<th>2037</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PV of debt-to-GDP ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline</td>
<td>15</td>
<td>19</td>
<td>21</td>
<td>23</td>
<td>23</td>
<td>21</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>A. Alternative Scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1. Key variables at their historical averages in 2017-2037 1/</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>19</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>A2. New public sector loans on less favorable terms in 2017-2037 2</td>
<td>15</td>
<td>19</td>
<td>24</td>
<td>27</td>
<td>28</td>
<td>27</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>B. Bound Tests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1. Real GDP growth at historical average minus one standard deviation in 2018-2019</td>
<td>15</td>
<td>18</td>
<td>22</td>
<td>24</td>
<td>24</td>
<td>22</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>B5. Combination of B1-B4 using one-half standard deviation shocks</td>
<td>15</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>21</td>
<td>19</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/</td>
<td>15</td>
<td>26</td>
<td>30</td>
<td>33</td>
<td>33</td>
<td>30</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td><strong>PV of debt-to-exports ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline</td>
<td>75</td>
<td>101</td>
<td>116</td>
<td>129</td>
<td>139</td>
<td>106</td>
<td>71</td>
<td>40</td>
</tr>
<tr>
<td>A. Alternative Scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1. Key variables at their historical averages in 2017-2037 1/</td>
<td>75</td>
<td>85</td>
<td>85</td>
<td>90</td>
<td>102</td>
<td>93</td>
<td>97</td>
<td>46</td>
</tr>
<tr>
<td>A2. New public sector loans on less favorable terms in 2017-2037 2</td>
<td>75</td>
<td>106</td>
<td>132</td>
<td>153</td>
<td>169</td>
<td>133</td>
<td>100</td>
<td>77</td>
</tr>
<tr>
<td>B. Bound Tests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1. Real GDP growth at historical average minus one standard deviation in 2018-2019</td>
<td>75</td>
<td>98</td>
<td>116</td>
<td>130</td>
<td>139</td>
<td>107</td>
<td>71</td>
<td>40</td>
</tr>
<tr>
<td>B2. Export price growth at historical average minus one standard deviation in 2018-2019 3/</td>
<td>75</td>
<td>96</td>
<td>130</td>
<td>145</td>
<td>155</td>
<td>119</td>
<td>79</td>
<td>44</td>
</tr>
<tr>
<td>B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019</td>
<td>75</td>
<td>98</td>
<td>116</td>
<td>130</td>
<td>139</td>
<td>107</td>
<td>71</td>
<td>40</td>
</tr>
<tr>
<td>B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/</td>
<td>75</td>
<td>101</td>
<td>126</td>
<td>139</td>
<td>149</td>
<td>114</td>
<td>76</td>
<td>42</td>
</tr>
<tr>
<td>B5. Combination of B1-B4 using one-half standard deviation shocks</td>
<td>75</td>
<td>77</td>
<td>87</td>
<td>100</td>
<td>109</td>
<td>84</td>
<td>57</td>
<td>35</td>
</tr>
<tr>
<td>B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/</td>
<td>75</td>
<td>98</td>
<td>116</td>
<td>130</td>
<td>139</td>
<td>107</td>
<td>71</td>
<td>40</td>
</tr>
<tr>
<td><strong>PV of debt-to-revenue ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline</td>
<td>106</td>
<td>128</td>
<td>142</td>
<td>149</td>
<td>144</td>
<td>130</td>
<td>84</td>
<td>46</td>
</tr>
<tr>
<td>A. Alternative Scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1. Key variables at their historical averages in 2017-2037 1/</td>
<td>106</td>
<td>107</td>
<td>104</td>
<td>104</td>
<td>106</td>
<td>114</td>
<td>115</td>
<td>53</td>
</tr>
<tr>
<td>A2. New public sector loans on less favorable terms in 2017-2037 2</td>
<td>106</td>
<td>133</td>
<td>161</td>
<td>177</td>
<td>176</td>
<td>163</td>
<td>119</td>
<td>90</td>
</tr>
<tr>
<td>B. Bound Tests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1. Real GDP growth at historical average minus one standard deviation in 2018-2019</td>
<td>106</td>
<td>126</td>
<td>147</td>
<td>155</td>
<td>149</td>
<td>135</td>
<td>87</td>
<td>48</td>
</tr>
<tr>
<td>B5. Combination of B1-B4 using one-half standard deviation shocks</td>
<td>106</td>
<td>108</td>
<td>122</td>
<td>132</td>
<td>130</td>
<td>118</td>
<td>78</td>
<td>47</td>
</tr>
<tr>
<td>B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/</td>
<td>106</td>
<td>176</td>
<td>202</td>
<td>213</td>
<td>206</td>
<td>186</td>
<td>120</td>
<td>67</td>
</tr>
</tbody>
</table>
Under the Public DSA, the projected evolution of public debt indicators in the baseline scenario and under stress tests is analyzed. If public debt to GDP is moving rapidly towards or exceeding the relevant threshold in the baseline scenario, then an in-depth analysis is conducted to determine the extent of public domestic debt vulnerabilities. If significant vulnerabilities are detected, then they should be highlighted in the assessment of the overall risk of debt distress.

Public DSA threshold was established to guide the analysis of total public debt, and is indicated in Table 5.
Table 5: Public Debt Thresholds

<table>
<thead>
<tr>
<th>Quality of policies and institutions (CPIA)</th>
<th>PV of total Public debt in % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>74</td>
</tr>
<tr>
<td>Medium</td>
<td>56</td>
</tr>
<tr>
<td>Weak</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: IMF, 2013

DSA results indicate that Uganda’s Public debt is found to be sustainable over both the medium and long term as indicated in Table 6.

Table 6: Summary of Public Debt Sustainability Assessment

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Medium Term Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Public Debt-to-GDP</td>
<td>33.80</td>
<td>36.97</td>
<td>40.34</td>
<td>41.66</td>
<td>42.55</td>
<td>41.24</td>
<td>37.97</td>
<td>39.22</td>
</tr>
<tr>
<td>o/w External</td>
<td>20.99</td>
<td>24.06</td>
<td>27.74</td>
<td>29.86</td>
<td>31.59</td>
<td>30.98</td>
<td>28.66</td>
<td>27.70</td>
</tr>
<tr>
<td>o/w Domestic</td>
<td>12.82</td>
<td>12.91</td>
<td>12.60</td>
<td>11.80</td>
<td>10.96</td>
<td>10.27</td>
<td>9.31</td>
<td>11.52</td>
</tr>
<tr>
<td>PV of Public Debt-to-GDP</td>
<td>50</td>
<td>24.57</td>
<td>27.98</td>
<td>31.19</td>
<td>32.84</td>
<td>33.84</td>
<td>33.08</td>
<td>30.60</td>
</tr>
<tr>
<td>o/w External</td>
<td>40</td>
<td>11.75</td>
<td>15.07</td>
<td>18.59</td>
<td>21.03</td>
<td>22.88</td>
<td>22.82</td>
<td>21.28</td>
</tr>
<tr>
<td>o/w Domestic</td>
<td>12.82</td>
<td>12.91</td>
<td>12.60</td>
<td>11.80</td>
<td>10.96</td>
<td>10.27</td>
<td>9.31</td>
<td>11.52</td>
</tr>
<tr>
<td>Total interest Cost-to-Revenue</td>
<td>15</td>
<td>13.76</td>
<td>14.51</td>
<td>14.49</td>
<td>16.18</td>
<td>16.23</td>
<td>17.31</td>
<td>17.14</td>
</tr>
</tbody>
</table>

Source: PDMF, 2013 and Authors’ Computations

The PV of public debt increases from 24.57 per cent in 2015/16 to peak at 33.84 per cent in 2019/20. This increase is driven by external debt to GDP, which doubles between 2019/20 and 2020/21. Throughout the projection period, the PV of public debt remains below the PDMF and EAMU convergence criterion of 50 per cent, which emphasizes the sustainability of Uganda’s debt. The higher rate of debt accumulation in the medium term – compared to previous periods – is indicative of Government’s deliberate decision to frontload infrastructure investment, a necessary step if Uganda is to achieve the development goals contained in the NDPII.

The low tax revenue collections also affect the ratio of interest cost to revenue, which averages 15.7 per cent in the medium term, above its PDMF benchmark of 15 per cent. This highlights the need to increase the maturity of domestic debt by issuing longer-dated securities; and the importance of enhancing revenue mobilization efforts.

The article undertakes an in-depth analysis to determine the extent of public domestic debt vulnerabilities as public debt to GDP grows, although less rapidly in the medium to long term.
From Table 6 the PV of domestic debt to GDP is at its highest in 2017, and declines throughout the medium term. This reflects Government’s decision to scale back on domestic borrowing. However, domestic debt indicators point towards future risks as indicated in Table 7.

Table 7: Domestic Debt Sustainability Benchmarks

<table>
<thead>
<tr>
<th>Domestic Debt Indicator</th>
<th>Benchmark</th>
<th>End June 2015</th>
<th>End June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Value of Domestic debt stock/GDP</td>
<td>&lt;20%</td>
<td>12.0%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Domestic interest cost/Domestic revenue (excluding grants)</td>
<td>&lt;15%</td>
<td>12%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Domestic interest cost/Total Government Expenditure</td>
<td>&lt;10%</td>
<td>11.9%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Domestic Debt stock/Private Sector Credit</td>
<td>&lt;75%</td>
<td>85.1%</td>
<td>95.0%</td>
</tr>
</tbody>
</table>

Source: PDMF, 2013 and Authors’ Computations

The PV of domestic debt to GDP has increased by 0.8 per cent from June 2015 to June 2016.

The ratio of Domestic interest cost to revenue (excluding grants) has increased by 1.8 per cent from 2015 to 2016, and approaching the limit despite remaining within the threshold. The interest cost has increased the burden on domestic revenues, due to the short-term nature of the domestic debt.

The ratio of domestic interest on Government expenditure has exceeded its threshold of 10 per cent, despite following an annual decline by 1.8 per cent.

Domestic debt stock relative to private sector credit experienced an annual increase by 9.9 per cent between 2015 and 2016, and was above the threshold. This will certainly affect private sector credit growth which has implication for economic growth.

Deviations from fiscal objectives are the main risks to debt sustainability. An illustrative scenario with a fixed primary deficit over the projection period indicates a significantly higher PV of public debt-to-GDP ratio, approaching the benchmark level of 56 per cent of GDP in the long run, as indicated in Figure 3.

Figure 3: Debt-to-GDP Ratio under Alternative Scenario
This highlights the importance of staying the course on fiscal policies (revenue mobilization, expenditure reprioritization) and reducing fiscal deficits consistent with the approved Charter of Fiscal Responsibility. Uganda faces a low risk of debt distress, based on an assessment of public debt; however, significant vulnerabilities related to domestic debt have heightened overall risk of debt distress.

5.0 Policy Implications of Uganda’s DSA Results

i) Despite Uganda’s external debt being rated low risk, public debt is projected to gradually increase rapidly from 25 per cent in 2016 to 34 per cent in 2020 in the baseline scenario, implying that significant vulnerabilities related to public domestic debt exist. Indeed, there is evidence of elevated levels of public domestic debt from 5.7 per cent in 2009 to 14 per cent in 2016 as a ratio to GDP.

ii) The domestic interest costs have increased the burden on domestic revenues, due to short-term nature of the domestic debt. This highlights the need to increase the maturity of domestic debt by issuing longer-dated securities.

iii) The violation of the threshold on domestic interest costs to government expenditure implies that the amount of resources available for allocation to other critical sectors of the economy is constrained.

iv) The excess of public domestic debt to private sector credit implies that Government domestic debt is growing faster than private sector credit, hence constraining funding to the private sector. If this trend is sustained, then the private sector will be crowded out of the domestic debt market.

v) There is risk of failure to generate growth resulting from the debt burden the country is facing as seen in the decline in the amount of resources available to finance critical
budgetary expenditures. The principle is that, while foreign financing should have a positive impact on investment and growth, the associated debt service tends to work in the opposite direction, with the latter effect becoming stronger as debt grows.

vi) The increasingly adverse effect of debt service on investment and growth has been explained by the anticipation of higher and progressively more distortionary taxes needed to repay the debt, which dampen investors’ (after-tax) returns. At a sufficiently high level of debt, the adverse effect dominates, implying that the initially positive relationship between borrowing and investment is reversed. The resulting debt-servicing difficulties, in turn, create expectations that some of the debt will have to be forgiven, thereby discouraging new financing frontiers like China from providing new financing, while reducing Uganda’s incentives to pursue sound policies that strengthen their capacity to repay.

vii) The macroeconomic projections were premised on the assumptions that all projects included in the analysis will generate positive returns to growth of above 5 per cent per annum in the medium term. However, a study carried out by the World Bank indicated that for every US$ 1 invested in Uganda, less than a dollar is generated from the project due to implementation challenges. This also points at low actual growth rates currently at 4 per cent for FY 2016/17 against the DSA target of 5 per cent.

viii) Projections for new PPG external debt are premised on pipeline projects whose actual costing is not definite, as feasibility or appraisal documentation has not been concluded. This overstates or sometimes underestimates the costs of externally financed projects, as evidenced from a number of supplementary loan approvals and cost savings realized in other projects. In addition, financing terms are assumed to be constant over the projection period; yet they could vary depending on the creditor or projected credit conditions that may occur. Projects to be considered in the DSA should be those with complete appraisal documents to improve estimation and should be part of the NDP pipeline projects.

ix) PPG external debt projections underestimate or ignore the importance of contingent liabilities that pose fiscal risks to the national budget. Such liabilities may include guaranteed external debt for private sector companies or state enterprises. Government should consider publishing annually an updated list of contingent liabilities for consideration in the DSA exercise.

x) The DSF tool emphasizes the external PPG in assessing the external risks of debt distress, paying limited attention to private external debt. While data challenges on private external debt in LICs could constrain debt analysis; use of debt statistics from the balance of payments provides insights in the actual size of private sector external debt. In Uganda, private sector external debt is rising from levels averaging 11 per cent of GDP between FYs 2008/19 and 2010/11 to an average of 17 per cent between FYs 2013/14 and 2015/16. This illustrates the significance of private sector external debt that could create balance of payments pressures by competing with the public sector for foreign exchange; increasing government’s exposure to contingent liabilities.
6.0 Conclusion

In a global environment in which many economies have prospered from growing trade and financial integration, countries like Uganda will be left further behind—seemingly unable to put large amounts of net external financing to good use. Although the mounting debt is only one of several factors contributing to slower growth, this experience is a reminder of the challenges that lie ahead in translating new borrowing into growth-enhancing projects and policies.

Uncertainties surrounding development aid, given changes in the USA’s position on global trade, BREXIT, the war against terrorism, etc, will further divert development resources.

The recent USA-Africa business summit in June 2017 fronted trade pacts with Africa, meaning a shift from aid-based to trade-based. USA will continue to honour the African Growth Opportunity Act (AGOA), preferring two-way and bilateral agreements to large multilateral agreements. The summit further encouraged African countries to implement the new World Trade Organization’s trade facilitation agreement to streamline customs operations, enhance transparency, remove red tape and reduce costs to exporters and importers.

In a related development, the US Commerce Secretary, Wibur Ros, encouraged countries to re-think the procurement process to make decisions based on quality and long-term value, rather than bottom-line cost, a shift that would favour more US companies.

Nevertheless, many weaknesses remain that warrant a cautious approach to new borrowing. First, overoptimistic growth projections risk being repeated, unless there is a deeper understanding of what drives growth and how to foster it in Uganda. While further study may be required, it is clear that many structural reforms will take time to bear fruit; and as evidenced from the CPIA downgrade, the country continues to be characterized by weak institutions, volatile export and production bases, and limited administrative and debt-management capacity. For these reasons, the most general lesson from the DSA results is that new borrowing even on concessional terms be pursued with caution, based on prudent economic projections and recognition of country-specific circumstances and risks.

Uganda’s risk of external debt distress remains low. The temporary increase in borrowing is intended to finance public investment, with an objective of enhancing economic growth. However, risks to debt sustainability have increased, as the temporary breach under an export shock scenario illustrates. To mitigate these risks, it is important to ensure efficient project selection and implementation to achieve growth dividends, and improve domestic revenue mobilization. Significant vulnerabilities related to fiscal policy are a source of concern for the overall risk of debt distress. Sticking to the fiscal charter targets remains fundamental in minimizing risks of debt distress.
References


Open call for Papers

The Ugandan Journal of Management and Public Policy Studies

Full paper

We are pleased to invite you to submit your manuscripts to the Ugandan Journal of Management and Public Policy Studies (UJMPPS). The Journal accepts manuscripts from subscribers throughout the year. It accepts original theoretical and empirical research articles, essays as well as reviewed articles and books related to management throughout the year. The article submitted should not have been submitted in any other journal.

UJMPPS is a multidisciplinary internationally peer-reviewed journal publishing a wide range of articles in the fields of public administration and management, governance, leadership and public policy. UJMPPS is dedicated to increasing the depth of the subject across the Management Discipline. Thus the journal covers all management related subjects and welcomes submission of manuscripts that meet the general criteria of significance to management discipline and scientific excellence. The journal welcomes;

- Original articles in basic and applied research
- Case studies
- Critical reviews, surveys, opinions, commentaries and essays.

The journal has a distinguished editorial advisory board with extensive international scholarship and this ensures that the journal maintains high scientific standards and has a broad international coverage. A current list of the editorial advisory board and journal's editors can be found at www.umi.ac.ug.

We invite you to submit your manuscript(s) to: umijournal@gmail.com; and or journal@umi.ac.ug for publication. If for any reason submission through the above addresses is not possible send your submission to the Chief Editor - Lazarus Nabaho (PhD), lnabaho@umi.ac.ug and or to the Managing Editor-Rose B. Namara (PhD), rosenamara@gmail.com as an MS-Word file attachment. Once a manuscript has been received, it will undergo a rigorous peer-reviewing process before acceptance.

Normally a paper will normally be referred back to the author with reviewer’s comments before a final issue is submitted. Once fully accepted, the paper will be published in the next issue. Any article submitted should meet the UJMPPS guidelines. The Editors reserve the right to reject any submitted article which does not conform to the guidelines.

Copyright Assignment: All articles should be accompanied by a covering letter in which the author(s) state(s) that the article has not been submitted or will not be submitted, or published or is not being considered for publication elsewhere in any form. Papers will not be passed to the publisher for production unless copyright has been assigned.
Manuscript submission Guidelines

Manuscript Specifications

Length and layout of the article

a) Length and layout of the article: A manuscript should be within the range of about 3,500 to 6000 words excluding references.

b) A manuscript should include a relevant and suitable summary (abstract) of 250-300 words.

c) Six key words should be provided at the bottom of the abstract.

d) Footnotes and endnotes are not accepted.

e) Notes or book reviews should be shorter than this, i.e. 1500 to 3000 words.

f) The title of a manuscript should be brief, attractive and accurate in describing what the study is about.

g) Headings and sub-headings within the text should be short and clear. Only three levels of sub-headings per section will be acceptable.

h) The manuscript should be submitted after careful proof reading and ready for press-edit. Readability, fluency of clarity of exposition and style are essential.

i) Submissions with tables, figures, appendices, should contain a shorter text. These are often taken into consideration when determining the length of the manuscript. Notes and sources should be placed under each table/figure.

j) Tables, figures (or similar items) should be numbered consistently.

Composition of the Manuscript

Introduction: under this section the author should state the context in which the study is conducted, what is already known about the phenomenon under study, the gap to be filled by the study and how the study fills the knowledge gap. This section should specify the rationale for the study and provide the reader with the flow of the paper detailing key sections of the paper and how they follow after each other.

Methodology: provide detailed description of the research process.

Findings: surprises and non-surprises either from secondary or primary data sources.

Discussion: engage existing literature to relate findings to current knowledge, indicate emerging debates, and explain the differences or similarities if any.

Conclusion: key message of the study in line with the purpose of the study and research questions.

Recommendations: indicate likely implications for policy and/or management practice. These should be informed by the discussion section of the paper.

Referencing style: American Psychological Association (APA), Sixth Edition
Writing Style:

a) For the main text, use Times New Roman, 12 point, 1.5 line spacing.

b) Use double quotation marks for all text quoted verbatim.

c) Use single quotation marks within double quotation marks for content that was earlier quoted with double quotation marks. For example: Miele (1993, p. 276.) found that “the ‘placebo effect,’ which had been verified in previous studies, disappeared when [only the first group’s] behaviors were studied in this manner” ‘Placebo effect’ was earlier in double quotation marks.

d) Indent quotations of 40 or more words, cite without quotation marks.

e) Provide page number(s) for direct/verbatim quotations from other publications, however short. Do not provide page numbers for paraphrased quotations.

f) When using an abbreviation or acronym for the first time, the full name should be provided (with the acronym or abbreviation in parentheses). The abbreviation or acronym is used thereafter instead of the full name. The acronym should not be used to begin a sentence.

g) In the text, spell out numbers from one to nine. Use numerals for 10 and over (but when they appear in one phrase, use all numerals, e.g. ‘between 8 and 11 …’). Numerals should not be used to begin a sentence.

h) Spell out ‘per cent’ (not ‘percent’) in the text. The symbol % is acceptable in tables.

i) Authors are required to submit their manuscripts online in Microsoft word to; umijournal@gmail.com accompanied by a declaration of originality of the study.