

JOURNEYS OF TRANSFORMATION IN THE UGANDAN CONTEXT:

TRANSFORMATIVE CHANGE AT KCCA, UNRA AND URA



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* Strengthening
Uganda's
Anti-Corruption
Response



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Acronyms



GOU	Government of Uganda
IUT	Institution undergoing transformation
KCC	Kampala City Council
KCCA	Kampala Capital City Authority
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance Planning and Economic Development
NRM	National Resistance Movement
NSSF	National Social Security Fund
NWSC	National Water and Sewerage Corporation
PSC	Public Service Commission
SUGAR TAF	Strengthening Uganda's Anti-Corruption Response Technical Advisory Facility
UNRA	Uganda National Roads Authority
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau

1. Background



Uganda has been an early adopter of a number of public sector reforms over the years, but often with limited results. Yet there are institutions that appear to have bucked this trend, managing to bring about more far-reaching reform and improved performance. The Uganda Revenue Authority (URA) is frequently cited as the first of the so-called institutions under transformation (IUTs). Over the past decade URA has come to share this designation with entities such as the Kampala Capital City Authority (KCCA), the National Social Security Fund (NSSF), the National Water and Sewerage Corporation (NWSC), the Uganda National Roads Authority (UNRA), and the Uganda Registration Services Bureau (URSB).

Strengthening Uganda's Anti-Corruption Response Technical Advisory Facility

Funded by DFID and EU, Strengthening Uganda's Anti-Corruption Response Technical Advisory Facility (SUGAR TAF) was launched in in 2014 with the aim of to strengthening Government of Uganda's (GoU) response to corruption. As a technical advisory facility, SUGAR delivers expert advice. Its primary purpose is to support GOU to respond effectively to corruption, in ways that increase the risks and reduce opportunities for engaging in corruption. TAF advisors work with Government counterparts to improve the effectiveness of the government's critical anti-corruption response functions.

What then were the factors that led to actual reform at these institutions, as opposed to in others, and what can be learned from them? The purpose of this paper is to answer this question through providing a deeper understanding of the factors and approaches that played a role in the implementation of the IUTs' reform agendas. This is intended give insights to leaders and institutions seeking to undertake similar reforms on how the approaches pursued at these institutions can be adapted to their contexts, and on the possible pitfalls to avoid along the way.

SUGAR TAF will develop tools to support interested institutions to integrate and benefit from these lessons learned and make use of in current and future anti-corruption programming and reform interventions. TAF will also seek to support a number of institutions to integrate and pilot these lessons.

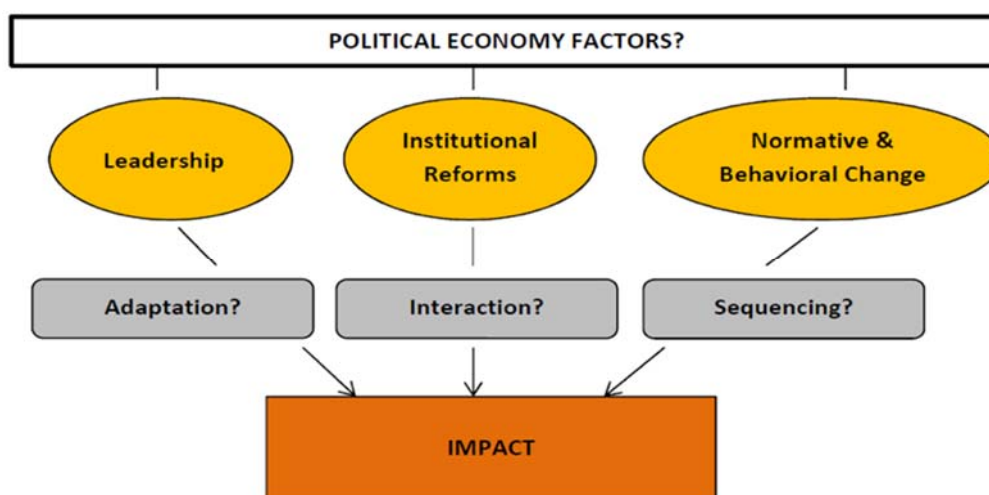
For the purpose of this paper, case studies were conducted on KCCA, UNRA and URA looking at the time periods 2011-2018, 2015-2018 and 2004-2014, respectively. The rationale for selecting these institutions was based on the similarity in the approach taken to transformation at the respective institutions; the institutions being at different stages on their path to transformation; the different sectors that they serve; and the different legal frameworks that regulate their activities. Taken together, these similarities and differences provide a solid foundation for carrying out a comparative analysis.

2. Methodology



The findings of this paper are based on a comparative analysis of case studies carried out at KCCA, UNRA and URA. The methodology for the case studies assumes that there are factors other than the technical nature of intervention that played a role in the implementation and outcome of reforms.

Figure 1: Transformation research hypothesis



As outlined in Figure 1 above, the working hypothesis for the case studies was that leadership, institutional reforms, and normative and behavioural change together would play a major role in whether or not reform efforts would result in the intended impact. During the course of the research, how external relations were managed also emerged as an important factor. It was also assumed prior to the research that the level of adaptation, and the interaction and sequencing of reform interventions would be explanatory factors.

To that end, understanding the role of leadership, institutional reforms, normative and behavioural change, and external relations, as well as how they interacted with each other, was the main purpose of the case studies.

Primary data was gathered through interviews with key informants, capturing the knowledge of the group of senior public officials that were involved in implementing reforms within the respective institutions. This typically included the current or former heads of the institutions along with current and former staff who had been involved in the transformation, and in some cases also external stakeholders.¹ Interviews were complemented by reviews of relevant documentation relating to the reform at the respective institutions.

Each case study was reviewed by the Senior Management Team at the respective institutions and validation workshops were held to ensure that the findings of the studies are accurate and serve as a useful reference for other reformers within GoU.

¹ Please see the individual case studies for further information on the key informants at the respective institutions.

3. The transformation template



The transformation at KCCA, UNRA and URA followed a similar, although not identical, template divided into three phases:

- Staffing and organisational restructuring;
- Reform of systems and processes; and
- Changing organisational culture.

However, before looking at the details of the transformation template it is necessary to understand the impetus for this reform drive. The directive to pursue transformation at each of these entities was preceded by either a long-term inability to deliver on their mandate, corruption-related scandals, or alarming findings of commissions of inquiry set up to look into the performance of the institutions.²

The push for reform was also aligned with political priorities. In the case of URA it was the need to increase domestic revenue collection to ensure Uganda's economic self-sufficiency. For UNRA it was the desire to speed up the construction of roads in response to the National Resistance Movement (NRM) manifesto commitment to deliver more infrastructure for economic growth. The establishment of KCCA was in part born out of a desire on the part of GoU to build a stronger relationship with the citizens of Kampala.

As a result the newly appointed heads, charged with leading the transformation, came into office with strong political backing, a clear mandate for change, and a sense of urgency that wrongs needed to be set right. It is this that allowed them to push through with radical and often controversial reforms in their respective institutions. Without this mandate and clear signals of political support from the highest levels it would likely have been much more difficult, if not impossible, to overcome those within who were resistant to change.

3.1. Staffing and organisational restructuring

At both URA and UNRA the first step of the transformation was to review the organisational structure and carry out a subsequent restructuring to align it with the mandate and services to be provided by the respective institution. At URA this meant a decrease in the number of directorates, at UNRA an increase. It also included a drastic reduction in the number of reporting levels to speed up decision-making and implementation (in the case of URA this saw a reduction from 17 to 7 reporting levels).

The next step after the organisational restructuring at URA and UNRA was the termination of all staff contracts and requiring staff to reapply for their positions. Management also ensured that proper job descriptions were in place, along with minimum criteria for each position. This helped rectify the issue that in the past staff were holding positions they were not qualified for. It also provided the institutions the opportunity to not rehire staff in cases where there were concerns about their level of integrity.

At URA this resulted in 600 staff losing their jobs, with some 1500 remaining after the recruitment process was completed. As the vast majority of the remaining staff were rehired URA employees, the process, dubbed the 'tsunami', proved galvanising, contributing to building an *esprit de corps* within the institution. Those who were rehired felt a need to prove that they were worthy of the trust placed in them. With few new staff brought on board URA also did not have to invest heavily in building the capacity of new recruits and could go on with delivering on its core mandate despite the sweeping changes taking place.

By contrast, only some 350 out of the 1000 staff at UNRA were successful in reapplying for their jobs. Approximately 700 new staff were brought on board by the end of the process. This made it more difficult to build an *esprit de corps*, with challenges faced in bridging the divide between old and new staff. With the inevitable loss of institutional memory that came with this change it became necessary for UNRA to build capacity to deliver on its targets. In some cases where issues were seen to particularly entrench the staff of

² In the case of KCCA, the inquiries were into the performance of its predecessor institution, the Kampala City Council which led to the decision to establish KCCA as a central government entity. The commission of inquiry into the performance of UNRA was initiated after the transformation agenda was already underway.

entire directorates were terminated and not rehired, as was the case for the Directorate of Procurement. In this case UNRA outsourced procurement to KCCA so that it would not have too severe an impact on service delivery.

Transformation at KCCA initially took a somewhat different trajectory. No provision had been made in the act establishing the KCCA for the transfer of staff from the Kampala City Council (KCC) – the entity that KCCA was replacing. To allow it to continue to deliver services, KCCA was permitted to hire the former KCC employees on a temporary basis. As a result KCCA ended up largely inheriting the staff, structure, systems and procedures of the KCC.

Restructuring and re-staffing KCCA then became the immediate priority. A new structure was established along with the staff complement considered necessary to perform KCCA's mandate. Sensing that the salaries paid at KCC would not be sufficient to attract the right staff a new salary structure was proposed. However, unlike URA and UNRA who are governed by a board that can approve proposals for staffing and salary structures, KCCA falls under the Public Service Commission Regulations, 2009. This meant the proposed structure had to be agreed by the Public Service Commission (PSC), who rejected it as the proposal fell outside the norm within the public service. Approval was only obtained subsequent to the direct intervention of President Museveni.

Rather than following the 'tsunami' approach, KCCA pursued a phased approach to re-staffing so as to retain institutional memory. A transition period of one year was decided after which staff would have to reapply for their positions. Directors carried over from KCC were also slowly phased out, with new directors brought on board during the transition period. During this period KCCA also began recruiting against its staff complement but were informed by the Ministry of Finance, Planning and Economic Development (MoFPED) that only funding covering about 40% of these positions would be made available. Again KCCA was allowed to recruit staff on a temporary basis.

Only about 3% of the former KCC staff remained at the end of the restructuring and re-staffing period and by the end of 2018 some 700 out of a total of 1100 staff remained on temporary 4-month rolling contracts. However, making use of temporary contracts has allowed greater flexibility in managing staff as they are directly recruited, and can be terminated, without the involvement of the PSC.³

Following the initial 'tsunami' at URA the institution embarked on a comprehensive 12-month in-depth planning process. At KCCA and UNRA a transformation plan was developed concurrently with the restructuring and re-hiring process. While restructuring and re-staffing were challenging processes, it was recognised that the long-term success of institutional transformation would also depend on the reform of systems and processes.

3.2. Reform of systems and processes

At the outset of the transformation all three institutions, to varying degrees, faced a lack of modern management systems, automation and effective record keeping. Staff operated in a context where they had a high degree of discretion, had frequent interactions with the public and vendors, and many services were paid for in cash. This lack of accountability created an environment that bred corruption and impunity. In all three institutions it thus became a priority to reform and modernise systems and processes.

Following a review of existing systems and processes, plans for reforming and modernising them were drawn up. In URA there was initially uneven progress across priority areas. As a result a modernisation office was established to oversee reform and modernisation efforts. URA's board also insisted on being informed about the progress being made. This coordination and additional oversight proved critical to ensuring progress was made.

Drawing on the experience of URA, both KCCA and UNRA put in place coordination mechanisms to oversee the transformation process from the outset. Being able to draw on the experience, as well as staff, of an institution that has already undergone transformation has proven valuable and allowed KCCA and UNRA to sidestep some of the issues faced at URA.

At later stages in URA's transformation when coordination became less effective the pace of transformation also began to taper. In both URA and KCCA where transformation has gone on for longer the energy that initially

³ By early 2019 it seemed that this practice would be coming to an end with all staff to be regularised.

drove the reform agenda dissipated with time and as the complexity of interventions increased. Continuous reform also left staff with increasing levels of change fatigue. As a result, it became necessary to on a regular basis to reinvigorate the reform agenda and ensure staff engagement. It also proved necessary to regularly revisit systems and processes to ensure that they were fit for purpose and able to cope with emerging or changing risks.

In all three institutions strong compliance and investigations units were put in place, with delegated investigative, and in the case of UNRA and URA also prosecutorial, powers. This provided the institutions with credible deterrence that staff engaging in corruption would be punished. For UNRA and URA it has allowed them to take direct action rather than having to rely on the usually slower processing times in the justice sector institutions. KCCA has been able to deal directly and quickly with cases involving staff on temporary contracts. However, when referring cases to the service commissions, as is the case when they related to permanent KCCA staff, or the justice sector institutions in criminal cases, the institution has met with more limited success.

3.3. Changing organisational culture

At URA emphasis was initially largely on 'hard' reforms, that is to say reform of systems and processes. Not enough emphasis was placed on change management. As a result staff at best did not understand the reforms and at worst saw them as a potential threat to their employment. It became apparent that for transformation to take hold more effort needed to be placed on human centred reforms. Progress made would only be sustainable insofar as there was also a change in organisational culture.

Efforts to change organisational culture started from the top, by demonstrating a different leadership style. Emphasis was placed on empowering line managers to plan for and implement reform within their respective units. Line managers were in turn expected to model the same leadership style with their subordinates. The objective was for staff to take more initiatives and feel greater ownership for the tasks assigned to them, as well as to break down the often very hierarchical structures pervasive within the Ugandan public service. To ensure broad awareness about the reform agenda, managers were expected to keep staff informed about reforms and the role that they had to play in seeing them through.

At both KCCA and URA significant efforts were put into changing public perception of the institutions. A side-effect of this was to also increase the sense of pride that the staff had in their institutions.

While the compliance and investigation units certainly played a deterrence role, through which they had an impact on organisational culture, they played an important role in educating staff on issues related to ethics and integrity. Codes of conduct were also introduced and it became part of line managers' performance targets to ensure that their subordinates were aware of these policies.

At URA programmes were put in place to develop the next generation of leaders within the institution. Emphasis was placed on introducing modern management techniques as well as stressing the importance of ethics and integrity. This was part of the plan for sustaining transformation as well as contingency planning for when current leaders would move on to other positions.

4. Factors of success



The review of the reforms at KCCA, UNRA and URA, as outlined in the case studies, confirmed that leadership, institutional reforms, and normative and behavioural change played a significant role in the success of transformation efforts.

However, it also revealed that political economy factors were not only critical in setting the transformation process in motion, but also that high level political support, in particular from President Museveni, played a critical role in providing the cover that the Heads of Institutions needed to succeed in the initial, sensitive stages of the reform process. When and where tensions arose from perceived inefficiencies, or expected targets were not met, political support was negatively affected, resulting in a narrowed space for Heads of Institutions to manoeuvre within. This in turn also meant that the ability of institutions to navigate and manage external relations emerged as a fourth, significant, explanatory factor.

4.1. Leadership – setting the tone from the top

In all three institutions reviewed, leadership, in particular that of the head, was noted as a critical factor behind the results achieved. The heads were seen as bringing in a new management style, focused on facilitating and enabling staff in performing their tasks. Modelling a different way of doing things permeate through to the behaviours of managers at lower levels. Managers were encouraged to support their staff and provide an enabling environment for them to do their jobs in, rather than seeing themselves mainly as the ones who carry out the more complex tasks within their units.

In all three institutions a deliberate attempt was made to create management and transformation teams within which there was mutual trust and support. In short, emphasis was placed on building team spirit to provide the strength necessary to see through often challenging reforms. This proved easier when leaders came from within the institution or had the freedom to choose their own team. When this trust and support was not there, getting reforms implemented proved more challenging.

The leaders were seen as willing to take risks and see through potentially politically sensitive reforms to carry transformation forward. This required a high level of political astuteness on the part of leaders and also depended on the high-level political support they had at the outset. However, where there were miscalculations around which risks to take, the political fallout could at times be severe. What the leaders have in common is that they shielded their staff from this fallout and more generally resisted outside interference. This allowed staff to get on with their tasks without having to fear outside interference. At the same time, this took a heavy toll on the heads of the institutions.

4.2. Institutional reforms

Initially reform provided the institutions with structures more conducive to agile leadership (e.g. through dramatically reducing the number of reporting levels). In URA, where most of the staff remaining after the 'tsunami' were 're-hires', moving ahead with reforms proved easier. While the large number of fresh recruits at KCCA and UNRA may have been reflective of the severity of the issues that the institutions had at the outset, it also meant that more efforts had to be invested in capacity building before moving on to delivering on their mandates. Here there is trade-off that needs to be taken into consideration when deciding the best way to forward on the initial stages of transformation.

Reviewing, reforming and modernising systems and procedures played a major part in reducing opportunities for corruption and increasing the efficiency and effectiveness of service delivery. The institutions sought to implement reforms that were relevant to the Ugandan context as opposed to bringing in external 'good practices', which is likely to have played a role in them taking hold. At the same time, a balance needed to be struck between increased controls and safeguards and the need to continue to deliver services. The systems and procedures also required continuous improvement and strengthening, something that the institutions had to build into their long-term planning.

As the transformation journey continued however, the complexity of the institutional reforms also increased. Wins and success stories did not come as easily and quickly as at the outset. This meant the institutions needed to continue to build capacity of their staff to meet new challenges and shift to a more long-term focus.

4.3. Normative and behavioural change

With less effort placed on directly changing norms and behaviours, this is also where progress was more limited. Much of the change that did occur was instead attributed to institutional reforms and leadership.

The 'tsunami' that swept through URA played a significant part in changing norms and behaviours. First, it showed that even those who had been considered untouchable could be removed from their positions – demonstrating that what had been thought of as 'impossible' was in fact possible. Second, those who made it through the 'tsunami' formed a strong bond and felt the need to prove that they were worthy of the trust placed in them. However, this effect cannot be relied on to be sustainable over time. Today, the vast majority of staff at URA were recruited after the initial restructuring and re-staffing, so have no memory of what URA was like prior to the transformation or the upheaval itself.

The leadership styles at the respective institutions created, to a varying degrees, an atmosphere of innovation and initiative. This, together with the trust placed in staff, created a higher degree of ownership among employees. This was complemented by efforts to institutionalise values and ethical behaviour. The extent to which this has taken root was however questioned, with fears that it is the controls introduced and the deterrence effect of the strong investigation and compliance units that played the greatest role in changing behaviours and if removed staff would revert to their old patterns. The deterrence effect could also be so severe that it proved demotivating for staff, highlighting the importance of striking the right balance.

It also has to be recognised that individual and institutional norms and behaviours are shaped by wider societal norms and behaviours. Thus changing norms and behaviours is a long-term effort that requires continuous attention, both within the institutions seeking to transform and society at large.

4.4. Managing external relations

As noted at the start of this section, managing high-level political support, in particular that of President Museveni, was essential to seeing transformation through. Leaders needed to balance the pressure to deliver services with reforms aimed at transformation. Where reforms were seen to interfere with an institutions ability to deliver services political support could quickly diminish. Relationships with other government entities also played a role as they had the power to approve or block reform proposals and provide or deny the needed staffing or financial resources.

The success of transformation efforts were also dependent on the engagement with other stakeholders within the institutions remit. For KCCA it was essential to rebuild trust with vendors and suppliers in order to be able to provide services. Providing high quality services was also part of KCCA's efforts to build trust and support from the citizens of Kampala. URA made extensive efforts to build a relationship with taxpayers and to show them how their money is being put to use, in order to increase tax compliance. For UNRA, before prioritising engaging with private sector actors in the construction sector, it faced significant resistance from external stakeholders.

Managing external relations also entailed building relationships with communities and local governments, as well as with development partners. Relationships with communities and local governments have in some cases proven valuable as additional monitoring and oversight functions, helping to improve service delivery. Development partners were able to contribute resources where sufficient funding could not be found from the GoU.

5. Lessons learned

Political support: The political context played an important role in setting in motion the change at all three institutions. High-level political support was critical in providing the necessary cover to push on with difficult and at times unpopular reforms. Transformation also aligned well with political priorities at the time. Challenges emerged however where transformation was not seen to be delivering on, or undermining, those political priorities. As should be expected, none of the institutions saw significant results in the short-term meaning that long-term patience and support is required on the part of political leaders if transformation is to take hold.

Building alliances/Stakeholder management: While political support is critical at the outset, it may, as noted above, wane over time. Building alliances with other institutions and actors then becomes necessary to ensure that other sources of political support are in place. In the same way, it is essential that institutions manage their relationships with relevant external stakeholders to bring on board supporters and neutralise spoilers.

Experience: Given the number of institutions in Uganda that have successfully undergone transformation there is a vast pool of experience to draw on. Both KCCA and UNRA greatly benefited from the lessons learned at URA, and other institutions looking to transform should consider doing the same.

Decisive action vs. gradual change: At both URA and UNRA decisive action was seen as critical to move reforms forward, giving the system a shock and showing that a new way of doing things was possible. The restructuring and rehiring process was completed quickly and within the stated timeline, which also showed the remaining staff that the institutions would be working in a differently from then on. However, terminating the entire staff may not be feasible for every institution. And as was the case for UNRA, losing a significant proportion of its staff also resulted in a loss of institutional memory. At URA where the majority of staff were in the end retained this was less of a challenge, as was building staff cohesion. A more gradual approach was pursued at KCCA, although in the end the staff turnover there was even more dramatic.

Clarity of vision: It is necessary to have a clear and consistent vision from the top and clear and easily understandable objectives that staff can rally around. It is also critical that the objectives and the overall strategy for transformation are communicated to the staff of the institution, as well as to external stakeholders who may otherwise act as spoilers.

Empowering staff: Empowering staff was critical in driving reform forward. The leaders encouraged their staff to come up with ideas and solutions and then provided the necessary resources. It is not possible for one person to reform an institution on their own, and to that end, the leaders surrounded themselves with a group of people that could support their reform efforts and communicate their vision throughout the institutions.

'Soft' vs. 'hard' reforms: While reform efforts targeting the improvement of services and systems and more technical interventions played an important role in the transformation of the institutions reviewed, it appears reforms that may play a critical role in long-term sustainability, such as human resource management and change management, were somewhat neglected. While perhaps not delivering immediate results in the same way, they are important in furthering normative and behavioural change. A relentless focus on reforms of systems and process, without allowing change to consolidate and bringing staff on board, is also likely to result in change fatigue and the transformation process stagnating.

Balancing deterrence and encouragement: The institutions were successful in putting in place strong deterrence and control mechanisms. This was necessary given the previously high levels of corruption in the institutions. However, deterrence and control on their own are not sufficient. If staff become fearful of take initiative, transformation will slow down. To that end, institutions should also focus more on other measures to change norms and behaviours, aimed at building trust and confidence among staff.

Willingness to adapt: Throughout the journey transformation the management of the institutions had to adapt to changing circumstances. Transformation is not a linear process and obstacles will crop up along the way. The ability to find solutions and alternatives when this happens is critical, as is the willingness to give up on an intervention if it is clearly not having the expected impact.

Continuous transformation: An organisation is never finished with its transformation with its transformation. It is a continuous process and any systems and procedures put in place need to be regularly reviewed and

tested to ensure that they remain fit for purpose. Similarly, changing norms and behaviours is a long-term endeavour and institutions need to ensure that ethics and integrity are not undermined over time.

Building capacity for reform: At the initial stages of reform there were many opportunities for quick impact and a sense of achievement. As reforms progress, however, interventions are likely to become more complex, success harder to define, and staff require new skills and knowledge. Reform efforts should, therefore, look to build the capacities that will be needed in subsequent phases of transformation, with staff technical needing to be continuously enhanced.

Leadership: The type and quality of leadership necessary for successful transformation runs through the preceding lessons learned. The leaders have played a significant part in bringing the institutions to where they are today. However, to ensure that there is not an overdependence on the leader, there is a recognition that succession planning is necessary, along with building the capacity to lead transformation at all levels within the organisation.

6. Conclusions

Transformation is a long-term and continuous endeavour. Institutions at the early stage of transformation are unlikely to be able to show the same results as those who have had more time to progress. A certain level of patience and continued high-level political support is necessary for these nascent signs of progress to fully take hold. At the same it is also necessary to continue to focus on institutions at the later stages of transformation to avoid backsliding.

While it was assumed at the outset that the factors of success would work concurrently to achieve impact, the experience at KCCA, UNRA and URA shows that leadership and institutional reform acted together to drive normative and behavioural change and together achieved impact, where external relationships were also managed – answering to the interaction between the expected success factors. Adaptation also played an important role where positive impact was seen, as it allowed for course-corrections along the way when a particular set of interventions were not having the desired results. The impact of the sequencing of reforms on the other hand was less evident.