Patronage Politics, Donor Reforms, and Regime Consolidation in Uganda
Author(s): Andrew M. Mwenda and Roger Tangri
Source: *African Affairs*, Vol. 104, No. 416 (Jul., 2005), pp. 449-467
Published by: Oxford University Press on behalf of Royal African Society
Stable URL: http://www.jstor.org/stable/3518724
Accessed: 10-12-2015 10:55 UTC

African Affairs, 104/416, 449–467 doi:10.1093/afraf/adi030

PATRONAGE POLITICS, DONOR REFORMS, AND REGIME CONSOLIDATION IN UGANDA

ANDREW M. MWENDA AND ROGER TANGRI

ABSTRACT

Using the state and its resources has constituted a vital form of consolidating power for Africa's rulers. However, donor-sponsored reforms have threatened to curtail the opportunities of African leaders to maintain their regimes in power. Donor reforms introduced under structural adjustment programmes have sought to reduce the size and scope of government as well as to cut state spending and thereby curb the possibilities of state patronage. Reforms have also attempted to contain corruption and improve state governance. In Uganda, however, the relationship between donors and the government has reproduced patronage government. The donors have hailed Uganda as a major case of economic success in Africa. They have provided it with large amounts of financial assistance to support the implementation of reforms. High levels of foreign aid have provided the government with public resources to sustain the patronage basis of the regime. Moreover, in a context where wide discretionary authority was conferred on governing elites in the implementation of reforms, public resources could be used in unaccountable and non-transparent ways to help the government maintain its political dominance. The donors have begun to realize belatedly that they have been propping up a corrupt government in Uganda.

AFRICA'S POST-INDEPENDENCE RULERS HAVE EMPLOYED DIVERSE MEANS to hold on to state power. Apart from coercive means, a vital form of consolidating power has been to rely on a system of state patronage. Wide-ranging government economic involvement after independence created many patronage opportunities for incumbent leaders, which were important in enabling them to sustain their regimes in power. Thus state elites have dispensed government-controlled economic resources — jobs, credit, licences, contracts, social services — to select groups and persons whose support they wished to secure. Politically-mediated access to public resources has

Andrew M. Mwenda (amwenda@monitor.co.ug) is the political editor of *The Monitor* newspaper in Kampala, Uganda. He presented an earlier version of this article while a visiting fellow at the Afrika Studie Centrum, Leiden, in September 2003. Roger Tangri (tangri@mopipi.ub.bw.) is currently teaching at the University of Botswana (UB). He wishes to thank UB as well as the Institute of Social Studies in The Hague for financing his research trips to Uganda in 2001 and 2004.

been a key mechanism for purchasing allegiance and maintaining support for African rulers.[1]

Yet although valuable in helping to secure the political incumbency of ruling elites, the dynamics of patronage politics — using the state and its resources to maintain themselves in power — proved economically highly damaging.[2] Politicized economic resource allocation as well as state sector corruption were among the most important domestic factors behind the severe economic and fiscal crises that befell African countries in the 1970s and 1980s. Since the 1980s, in a situation of growing economic deterioration, the international financial institutions (IFIs), principally the International Monetary Fund (IMF) and the World Bank, have become prominent in African development policy. They have been important in pushing major reforms in an attempt to promote African economic recovery as well as better state governance. The agenda of reform has been a long one but, as envisaged by the external lending institutions, various economic and administrative reforms would lead to the emergence of a smaller and more competent state, one in which there would be fewer opportunities for government leaders to exchange public benefits for political support as well as to engage in corrupt behaviour.

Donor-sponsored reforms have therefore threatened to curtail the opportunities of African leaders to mobilize and distribute patronage to maintain their regimes in power. Restrictions on public sector employment and on state spending, including elimination of government subsidies, would reduce the public resources political leaders can offer to acquire support. Privatization would reduce the number of state-owned enterprises and also remove from government the ability to provide goods and services to favoured constituencies. Administrative reforms would cut the size of overstaffed civil services, while governance reforms, which are concerned with ensuring that the responsibilities of African governments are carried out competently as well as conducted in a transparent and accountable manner, would make it more difficult for state elites to make public policy decisions to the advantage of individuals and groups supporting the government in power.[3]

1. The political dispersal of public resources to secure political support is considered in Richard Sandbrook, *The Politics of Africa's Economic Stagnation* (Cambridge University Press, Cambridge 1985), pp.90–111.
2. See, for example, Nicolas van de Walle, 'Neopatrimonialism and democracy in Africa, with an illustration from Cameroon', in Jennifer A. Widner (ed.), *Economic Change and Political Liberalization in Sub-Saharan Africa* (Johns Hopkins University Press, Baltimore, MD, 1994), pp.131–7.
3. For discussions of the connections between IFI-sponsored reforms and the creation of a smaller and better-governed state in Africa, see the following publications by the World Bank: *Sub-Saharan Africa: From crisis to sustainable growth* (World Bank, Washington, DC. 1989); *Adjustment in Africa: Reforms, results and the road ahead* (Oxford University Press, New York, 1994); and *World Development Report 1997: The state in a changing world* (Oxford University Press, New York, 1997).

Most African governments have entered into arrangements with the IFIs whereby, in exchange for financial support, they have agreed to carry out various donor-sponsored reforms. Not surprisingly, the initial implementation of economic and governance reforms was slow and partial. African leaders were hesitant to implement reforms that could undermine their ability to maintain their call on public resources, so essential for facilitating their political incumbency. Over time, however, African political leaderships have been obliged to surrender their opportunities for patronage, under the ubiquitous structural adjustment programmes. But they have often learnt how to manipulate these reforms better and to use them to reproduce patronage and other practices that help them stay in power. For instance, nearly everywhere in Africa, they have attempted to influence privatization transactions as well as the benefits of private sector promotion in favour of their political allies rather than their political opponents.[4] They have also undercut the governance reforms designed to hold them accountable for their actions. Many decisions have continued to be made in less than transparent ways to the benefit of political supporters. Indeed, state elites have had a profound effect on the implementation of donor-initiated economic and administrative reforms. As has become evident,[5] the reforms being introduced have only partially undermined the patrimonial basis of African rule. Patronage government remains prevalent, and as we attempt to show in the following case of Uganda, donor reforms have reinforced rather than reduced the propensity of political leaders to use the state and its resources to maintain themselves in power.

That donor reforms have only partly undermined the system of state patronage has owed much to the specific relationship between government and international donors. In Uganda, a close and cooperative relationship has evolved between the IFIs and the government since the introduction of structural adjustment reforms in the late 1980s. The IFIs have hailed Uganda as a major case of economic success in Africa. They have contended that their economic policy reforms have been behind Uganda's impressive economic recovery since the early 1990s. And they have provided Uganda with large amounts of financial assistance in support of the implementation of economic and administrative reforms. For their part, Ugandan leaders have adopted IFI policies in return for sizeable external financial support. Despite occasional differences, the relationship between government and donors has been an amicable and mutually beneficial one, with important implications for the politics of Uganda's reform process.

4. See Roger Tangri, *The Politics of Patronage in Africa: Parastatals, privatization and private enterprise* (James Currey, Oxford, 1999).
5. Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis, 1979–1999* (Cambridge University Press, Cambridge, 2001).

In providing aid, both the IFIs and the bilateral Western donors have paid little attention to the nature of the political system prevailing in Uganda since 1986. They have backed a quasi-authoritarian government with cascades of cash. In addition, they have conferred considerable discretionary powers on top state officials to enable them to implement difficult reforms more effectively. Yet they have subjected these officials to only limited scrutiny and control. While carrying out reforms, senior personnel, both political leaders and civil servants, have used their access to state resources as well as weak accountability and governance mechanisms to serve their personal interests as well as to enhance the political dominance of the regime. In Uganda, the relationship between donors and the government has reproduced a corrupt and patronage-based government, and also helped that government to remain in political power.

The political economy of reform under the NRM

Our Ugandan case focuses on the National Resistance Movement (NRM) government under President Yoweri Museveni, which has been in power since 1986. On taking power, President Museveni espoused a socialist-nationalist economic programme.[6] Within a year, however, he and his fellow NRM leaders had agreed with the IMF and the World Bank on an economic reform programme that incorporated various neo-liberal adjustment measures. Given the severe economic crisis confronting it as well as the outbreak of a formidable rebellion in the north, and in a situation where there were limited alternative sources of external support, an insecure and vulnerable NRM was obliged to turn to the IFIs for assistance. It accepted IMF proposals to stabilize the economy, and received, in return, substantial economic and financial assistance, averaging over $500 million per annum between 1987 and 1992. It was to become clear to the Museveni regime that support from the IFIs was vital not only for assisting Uganda's economic recovery and improving the lot of an impoverished population but also for promoting the political survival of the NRM, in spite of having to implement difficult externally-initiated reforms.

Since 1992, in exchange for carrying out more fundamental reforms advocated by the IFIs, including state sector reforms such as privatization, civil service retrenchment, public expenditure reform, decentralization and military demobilization, the Movement government has been rewarded with considerable foreign aid. Together with the bilateral donors from Western countries, the IFIs have provided substantial financial support to the government. Donor assistance averaged $500 million a year between

6. Yoweri K. Museveni, *What is Africa's Problem?* (NRM Publications, Kampala, 1992).

1992 and 1996, and over $800 million a year since 1996. Donor support has financed over half of the budget and 80 percent of development expenditures, especially since the late 1990s, and has been significant in promoting economic growth and recovery in Uganda.

Foreign aid has also been significant in consolidating the political dominance of President Museveni and the NRM. Large amounts of aid have enabled the government to ensure law and order and address basic needs including education, health care and infrastructure. Foreign aid has enhanced the popular legitimacy of the Movement regime. But it has also sustained the patronage basis of that regime. Large aid flows, which have been channelled through the state, have expanded the public resources available to the government. In a context where wide discretionary authority has been conferred on governing elites in the implementation of reforms and where few mechanisms have existed to ensure public accountability and transparency in decision-making, public resources could be used for political purposes including helping the government to maintain itself in power. As will be evident from the following discussion on privatization, the state sector and governance reforms, close donor-government interactions have had an important influence on the processes of reform in Uganda.

Patronage politics, privatization, and private sector development in Uganda

As elsewhere in sub-Saharan Africa, Uganda's political leaders were sensitive about privatizing publicly-owned enterprises, which had served as important vehicles of NRM patronage since it came to power in 1986. As the head of the government's privatization programme put it in 1994: 'Over the years politicians have used public enterprises as centres of patronage to reward or appease relatives, friends, political supporters or as sources of profit in one way or another'.[7] But state-owned enterprises were a drain on public finances, and their performance was widely criticized by the IFIs as inefficient and unprofitable. In the early 1990s, the World Bank attributed the poor performance of several important state-owned enterprises in part to political factors, which were impinging on their decision-making and operations. Thus, the privatization reforms it advocated would both reduce the number of public enterprises and curtail the opportunities for political patronage. It was only gradually, however, that the NRM government committed itself to implementing a privatization programme; and the process, which began in 1992, proceeded slowly, being constrained by political obstacles, including concern about the loss

7. Robert K. Rutaagi, 'Public enterprise reforms and privatization: the Ugandan experience'. Paper presented at a workshop on Assessment of the Impact of Public Sector Management Reforms in Africa, UN Economic Commission for Africa, Addis Ababa, December 1994.

of access to public resources. By 1995, three years after its commencement, less than a sixth of Uganda's state firms had been divested.[8]

The pace of privatization picked up from the mid-1990s, not least because Uganda's powerholders were able to direct and manage the privatization process. Under the structural adjustment programmes, they were given wide responsibility for managing and concluding privatization decisions. Privatization in Uganda has been an essentially top-down process controlled by incumbent leaders. It has also been a far from open and transparent process. Malpractice and manipulation have characterized the divestiture of state-owned enterprises.[9] In December 1998, a World Bank report criticized Uganda's privatizations 'for non-transparency, insider dealing, conflict of interest and corruption'.[10] Many privatizations were favourable to those with political connections. As a journalist with the government-owned daily newspaper wrote: 'in almost each case, buyers are firms that are connected to people in high places'.[11] In controlling various aspects of the administration of the privatization process, Uganda's state rulers were centrally placed to ensure that specific divestiture transactions were congruent with their political interests. And even if the newly privatized enterprises no longer serve as patronage vehicles as did the earlier public enterprises, they are at least in the hands of political loyalists rather than political opponents, and are also available, particularly at election time, to assist those in power to maintain political support.[12]

As in other African countries, the IFIs also emphasized the need for the government to promote private sector development in Uganda. As with the implementation of other reforms, the government was permitted considerable discretionary authority over many matters (licences, government contracts, taxes, tariffs) affecting the operations and expansion of private business. Those in control of the state have used their powers to consolidate their political support by apportioning benefits and economic preferences to politically favoured groups and individuals in the private sector.[13] The evidence available suggests that many decisions within the purview of the government (especially those relating to contracts, credit, and concessions)

8. See Roger Tangri and Andrew M. Mwenda, 'Corruption and cronyism in Uganda's privatization in the 1990s', *African Affairs* **100**, 398 (2001), pp. 117–33.
9. *Ibid.*
10. World Bank, *Recommendations for Strengthening the Anti-Corruption Program, Uganda.* Poverty Reduction and Social Development, Africa Region, PRSD Anti-Corruption Series No.1. (World Bank, Washington, DC, December 1998), p. xiv.
11. Ofwono Opondo, 'Nepotism in high places is alarming', *The New Vision* (Kampala), 9 April 1997.
12. Several owners of privatized companies contributed generously to President Museveni's re-election bid in 2001, while a number of others who had benefited from loans out of privatization proceeds were key campaign agents for the president. See Roger Tangri and Andrew M. Mwenda, 'Political finance and electoral corruption in Uganda'. (Seminar paper in Political Studies, University of Botswana, March 2004) for some details.
13. *Ibid.*

have been made in favour of those with close political and personal ties to the political leadership. Select entrepreneurs with political connections have been given loans, allowed to evade taxes, and provided with protective tariffs and preferential contracts for government projects. In turn, those private entrepreneurs benefiting from patronage favours have reciprocated, particularly at election time, by contributing generously to the campaign chests of their political benefactors.[14] They have also used their influence to mobilize support for state office-holders in other ways.

Patronage politics and public sector reform in Uganda

Political leaders in African countries have for many years been using public service institutions to generate the benefits and patronage needed to fashion patron-client linkages of support for themselves. Nearly everywhere, top administrators have been appointed on the basis of personal and political ties to those in state power. Politically loyal officials have filled an array of senior positions, and public administration has clearly become an arm of government politicians.[15] Moreover, higher-level bureaucrats have deliberately allocated public expenditures, goods and services in ways that attracted and rewarded political supporters, and enabled the political leadership to retain office.[16] Politicization has also produced a highly corrupt state apparatus as senior personnel and their close associates have been involved in much private appropriation of public resources. And, finally, there has been a virtual absence of scrutiny over resource allocation: government ministers and top administrators have run largely authoritarian and unaccountable public institutions.

In 1989 the World Bank referred to 'a crisis in governance' in African public management, manifested in 'patronage and nepotism' as well as in the absence of 'accountability to the governed'.[17] The 1990s saw the World Bank initiating public sector reform programmes in African countries. These have sought to reduce the size and scope of government as well as to cut state and military spending, and thereby curb the possibilities of state patronage. They have also attempted to contain public sector corruption and unaccountable public administration.[18] Yet, as our discussion in the following sections shows, not only was the level of public spending

14. See, for example, Kennedy Lule, 'Mukwano denies funding Museveni', *The Monitor*, 13 December 2002.
15. See Goran Hyden, 'Public administration in developing countries: Kenya and Tanzania in comparative perspective', in Jon Pierre (ed.), *Bureaucracy in the Modern State: An introduction to comparative public administration* (Edward Elgar, Cheltenham, 1995), pp. 161–84, for a discussion of public administration in Africa 'in the era of authoritarian patronage politics'.
16. See John M. Cohen, 'Importance of public service reform: the case of Kenya', *The Journal of Modern African Studies* 31,3 (1993), pp. 449–76, on how Kenyan senior state personnel, especially from the early 1980s, used the public sector for their personal and political purposes.
17. World Bank, *Sub-Saharan Africa*.
18. World Bank, *World Development Report 1997*.

maintained but political leaders were also able to continue using public resources to sustain themselves in power, and to do so in unaccountable and non-transparent ways.

Reducing state spending and the size of the state: In 1992, a World Bank-sponsored civil service reform programme was launched in Uganda, one of its main objectives being the rationalization and downsizing of an over-expanded civil service.[19] By 1996, it had succeeded in halving the numbers in the civil service from 320,000 to 156,000 employees. A ban was imposed on civil service recruitment, and the number of government ministries was cut from 38 to 17. Moreover, in 1991 the World Bank and other donors financed a demobilization programme in the military. The size of the army was reduced from 100,000 to 40,000 between 1990 and 1996.

The IFIs claimed that these reforms would lead to the emergence of a smaller state. They would also result in reduced state spending as well as lower fiscal deficits. But despite civil service retrenchment and army demobilization, public service and military budgets have grown, particularly since the late 1990s. For instance, the defence budget was $44 million in 1991, $88 million in 1996, over $155 million in 2003, and $196–203 million in 2004. 'The public administration budget has grown rapidly over the past few years, at an average rate of 16 percent', reported the World Bank in 2002.[20] In the 2003 and 2004 budgets, the cost of defence amounted to around 23 percent and that of public administration to 20–23 percent of total government expenditure. Public administration and the military were the main cause of the expansion in government spending and the associated rise in fiscal deficits, which in 2003–4 amounted to approximately 13 percent of GDP. All this was occurring with the concurrence of the donors: they were willing to provide large budgetary support, some 50 percent of the budget, and this was enabling the government to increase state spending, particularly in the public administration and defence sectors.[21]

The high cost of public administration was the consequence of the state being called upon to play an active role in the implementation of structural adjustment reforms. Concurrent with civil service retrenchment, donors were establishing specialized statutory bodies to carry out specific economic and administrative reforms. With the exception of the ministry of finance, the traditional civil service was proving inadequate to undertake key policy reforms. Certain activities were moved out of the civil service by

19. Petter Langseth, 'Civil service reform in Uganda: lessons learned', *Public Administration and Development* **15** (1995), pp. 365–90.
20. The quotation is from World Bank, *Uganda Public Expenditure Review,* Poverty Reduction and Economic Management 2. (World Bank, Country Department for Uganda, 23 September 2002).
21. The figures in this paragraph are taken from various sources including *Background to the Budget for Financial Year 2004/05*(Ministry of Finance, June 2004).

creating semi-autonomous units, which allowed greater independence and the ability to operate on commercial principles. By 2002 there were 'almost 70 semi-autonomous agencies, including a number of secretariats, autonomous bodies, and non-constitutional commissions. Many of these bodies had been set up with the strong support of donors. . . .'.[22] These were also enclaves employing public officers at higher pay than others in the public service. Thus, contrary to the initial intentions of the IFIs, the size and cost of Uganda's public sector had not been reduced. As the permanent secretary to the ministry of finance pointed out: 'the growth in the number of these institutions [semi-autonomous agencies] has not seen a corresponding reduction in Government establishments, often leading to a duplication of functions'.[23] By 2003, the size of the traditional civil service was approximately 200,000, while the numbers employed in the semi-autonomous agencies and commissions had reached nearly 50,000.

The creation of many new specialized agencies enabled the ruling Movement to use these enclaves to give jobs to its supporters and evade the ban on recruitment in the civil service. It also offered the regime an opportunity to continue using public resources to maintain its political support. As one commentator noted, 'the new institutions seem to be afflicted by the same ills of corruption, political patronage, overmanning, red tape and lack of accountability which eventually led to the demise of the old [public enterprise] corporations'.[24] Thus many top positions in these public agencies have been in the hands of politically loyal officials who have ensured that allocations of resources are made with an eye to the political advantages that can be engendered.

Major government decentralization reforms have also been taking place, especially since the Local Government Act of 1997. With strong donor support, central government functions have been decentralized increasingly to the 56 district administrations. In 2003, there were 56 chief administration officers as well as 56 resident district commissioners, 48 deputy RDCs, and 38 assistant RDCs. They were all centrally appointed and wellpaid to exercise administrative and political control in the districts. At the district level as well, there were large numbers of elected councillors — Local Council Five councillors — receiving government salaries, while below the district there were thousands (over 400,000) of local councillors who were paid sitting and other allowances. The costs of local public administration have burgeoned, partly due to the number of districts having expanded to 56 from 33 at the time the NRM came to power.

22. C.M. Kassami, 'Budgetary aspects of public administration'. Paper for the Public Expenditure Review 2002, 21 May 2002, p.7.
23. *Ibid.*, p.8.
24. Justus Mugaju, 'From corporation to authority', *The Market Place* (Kampala), 10 January 1997.

Local government institutions have been given increasing responsibility for the delivery of many public services. Financial resources have also been devolved to local levels. Financial transfers to districts increased from 11 percent of the budget in 1995 to 20 percent in 2000 and 34 percent in 2003. Increased budgetary allocations (totalling more than Uhs 760 billion [$380 million] in 2003/4), as well as increasing autonomy in spending for the districts, have also meant greater opportunities for corruption and patronage in local government. Locally-elected representatives, mostly belonging to the NRM, have recruited their supporters into the expanding district government bureaucracy. Many government decisions have been in favour of Movement supporters. In addition, large numbers of local government employees, elected representatives, and local councillors have employed their positions and resources to mobilize support for the Movement government, particularly at election time.[25]

Increased spending on the political system: We have shown that with donor support the establishment of many semi-autonomous agencies as well as the implementation of decentralization to the districts have resulted in many new public positions being created. Public appointments have been given not so much on the basis of merit, although that is a consideration, but principally to Movement loyalists. The holders of these positions have had access to large aid resources, which could be used to benefit themselves as well as to mobilize support for the Movement.

The donors have also abetted, perhaps unwittingly, the marked expansion that has taken place, especially since the late 1990s, in spending on political appointments and the political system. 'The direct budgetary costs associated with political appointees can be estimated at Shs.34 billion this current financial year.... This is a large amount....', declared the permanent secretary of finance in mid-2002. [26] In fact, expenditure on the cabinet, State House, the president's office, parliament, and the local councils, which are key areas of political spending included in the public administration budget, are probably higher than those estimated by the finance ministry. Our argument here, however, is that donor aid has, in the words of an editorial in *The Monitor* (18 May 2001), constituted a 'vast subsidy' to 'an otherwise puny budget' enabling the Museveni administration to 'turn government into a long gravy train'. As structural adjustment reforms such as privatization and civil service retrenchment began to be implemented and reduced opportunities for state patronage, so the Museveni regime, in search of new avenues for creating jobs for its supporters, was able with donor aid to increase the number of positions in the political system.

25. See Andrew M. Mwenda, 'The politics of Uganda's economic recovery: 1987–2003'. Seminar paper, Afrika Studie Centrum, University of Leiden, September 2003.
26. Kassami, 'Budgetary aspects', p.8.

At the central state level, the size of the political class has been growing, especially since the 1996 elections. Following early pressure by the donors, the cabinet was reduced to 21 members in 1994. But after 1996, it grew in size to 56 ministers, and increased further to 67 ministers after the 2001 elections. 'I had to have enough cake to pass around', said President Museveni at a swearing-in ceremony of the cabinet in 1996, referring to the need for regional balance in his government. The present bloated cabinet features two deputy ministers, for most ministries, to balance regional and ethnic groupings.[27] By 2003, there were in addition 71 presidential advisers, special assistants, and deputy special assistants, a huge increase over the four presidential advisers in 1994. Uganda also has over a hundred ambassadors, although it has only a dozen embassies abroad. Many of these political sinecures are in the hands of ethnic kinsmen of the political leadership and, not surprisingly, all of these individuals are loyal Movement supporters. In 1997, members of the parliamentary standing committee on appointments complained to President Museveni that nominees sent to them for approval for these positions 'seem to be a roll-call of political associates, friends and relatives'.[28] Political appointees enjoy substantial perquisites, which make them active in maintaining the government in power.

The legislature has seen a similar growth in numbers. The original National Resistance Council in 1986 comprised 38 persons. Two years later, it had been expanded to 80 with the inclusion of cabinet ministers. In 1989 it had grown to 130. The 1996 parliament, however, had 284 MPs, while that in 2001 went up to 304 MPs. With a population of 24 million, Uganda has one of the highest per capita parliamentary representations in the world. MPs draw high salaries and allowances. Under the no-party political system, a large majority of the MPs are pro-Movement, and have hardly challenged executive political dominance.

The size of the military has also been growing in the past decade from some 40,000 soldiers in the mid-1990s to 56,000 soldiers in 2003. Apart from the regular establishment, the military has witnessed an increase in defence-related appointments. There is a minister of defence and another responsible for security. There is a presidential adviser on security as well as a military assistant to the president. There are the chiefs of military intelligence, internal security and external security. Each of these security organs has large numbers of personnel: The Internal Security Organisation (ISO) employs some 3,500

27. Mwenda shows that many of these ministerial positions are actually redundant jobs. In the ministry of finance there are 5 state ministers responsible for planning, investment, privatization, etc. whose jobs are carried out by fully-fledged statutory bodies. See Mwenda, 'The politics'.
28. *The Crusader* (Kampala), 10 July 1997. Also, the NRM was treated as a state institution and since 1997 had its activities and agents paid for out of taxpayers' money. In 2003, the Movement secretariat comprised 60 well-paid officials. Opposition parties were denied any state support.

persons. In addition, there are the proliferating paramilitary organizations such as the Kalangala Action Plan, all filled with regime supporters. Within the Uganda People's Defence Force, the Presidential Protection Unit (PPU) (now the Presidential Guard Brigade) has some 10,000 personnel. It consumes a significant portion of the defence budget, and includes the president's son among its leading officers. It is seen as President Museveni's personal militia. Moreover, the PPU's top echelons as well as those within the UPDF — the lieutenant generals, major generals, and brigadiers —are nearly all drawn from President Museveni's Banyankole (Bahima) ethnic group. The same is the case with strategic positions within the intelligence and security agencies. Senior army officers and security officials have also been active in trying to maintain the government in power: for instance, they campaigned openly for President Museveni in the presidential elections of 2001.[29]

Since the 1996 elections, the NRM government has expanded the local government system, as already noted. Most local councillors are professed Movement supporters. As a presidential adviser on political affairs commented: 'The Movement is Uganda's biggest employer: it has half a million officials at the grassroots'. [30] Many local councillors were appointed campaign agents for President Museveni in the 2001 presidential election. In early 2004, the national political commissar was urging the 56 district chairpersons and the 13 municipality mayors, as members of the NRM national executive committee, to campaign for the removal of presidential term limits so that President Museveni could continue in power beyond his second and last constitutional term.

The politics of 'good' governance

Recent years have seen the IFIs focusing on issues of government responsibility in African countries. International donors have advocated greater openness and transparency in bureaucratic procedures, processes, appointments, contracts, procurement and investment decisions as well as seeking to strengthen accountability measures including scrutiny by the legislature and prosecution by the courts. But despite the emphasis on 'good' governance,[31] authoritarianism, arbitrariness, corruption and other manifestations of patronage politics have remained the prevailing patterns in African and Ugandan public management.[32]

29. For some details, see Mwenda, 'The politics', and also International Crisis Group, *Northern Uganda: Understanding and solving the conflict*. ICG Africa Report No.77. (ICG, Nairobi/Brussels, 2004), Part III.
30. Presidential adviser Major Kakooza Mutale quoted in Mwenda, 'The politics'.
31. See World Bank, *Governance and Development* (Washington, DC, 1992) and *Governance: The World Bank's experience* (Washington, DC, 1994).
32. Van de Walle, *African Economies*, pp.74–85, has some pertinent comments to make on patronage politics and public sector reforms in African countries.

In Uganda, the requirements of patronage for a political leadership bent on remaining in power have meant that accountability, openness, and probity in government actions have been liable to be subverted. Constitutional provisions to insulate public institutions from the influence of patronage politics and corrupt actions have been of limited impact. For example, the 1995 constitution provides for a leadership code of conduct and an 'ombudsman', the Inspectorate of Government (IG), to prevent corruption in public life. However, the head of the IG has invariably been a staunch member of the ruling NRM, and this has evidently affected the control of corruption at the highest levels of the state. Politically sensitive cases have rarely been investigated by the IG's office. The IG is also responsible for the implementation of the leadership code and specifically the requirement for the declaration of assets. But legal rulings have reduced the IG's powers of enforcement and the declarations of the top leaders have also not been verified. Moreover, both the IG and the directorate of ethics and integrity have been inadequately resourced and unable to monitor and check the behaviour of those holding public office.[33]

There is also much evidence of continuing abuse of power in situations of weak transparency and limited accountability in public institutions. Those in positions of power have possessed considerable autonomy to make decisions to their personal as well as partisan advantage. This has been evident in regard to privatization and private sector development but also in a number of other areas, especially those involving financial transactions, the public procurement of goods and services, and the award of licences, scholarships, contracts, etc. Various fraudulent and corrupt practices including situations of conflict of interest have occurred in public procurement. Over 65 percent of government expenditure is spent on procurement but, in the absence of a transparent, accountable and value-for-money system, personal and political interests have often prevailed over public ones. Indeed, some of our interviewees spoke of a 'crisis' in public procurement as irregularities in the award of contracts marred the tendering process.[34]

A recent important area of state corruption concerns the government paying out huge sums in dubious compensations and lost court cases. The value of these payments amounted between 1999 and 2002 to Ushs80

33. For some details, see Milton Olupot, 'I'm toothless, laments IGG', *The New Vision*, 22 April 2004, and 'Interview with IGG, Jotham Tumwesigye' in *The Weekly Observer* (Kampala), 6 May 2004.

34. The World Bank's East Africa procurement coordinator said in April 2004 that the Ugandan government spends about 65 percent of its expenditure on procurement, while 10–20 percent of this was lost to corruption. See also World Bank *Recommendations for Strengthening the Anti-Corruption Program, Uganda*. PRSD Anti-Corruption Series No. 1 (World Bank, Washington, DC, December 1998) for serious concerns about fraudulent behaviour in public procurement in Uganda.

billion ($40 million) plus an additional $69.2 million.[35] Many awards may have been based on collusion between private lawyers and the ministry of justice. 'We found out that those who represent government in court did not defend it, as they should have done', said the IG, Jotham Tumwesigye, in late 2003 of two cases his office had investigated.[36] The government lost $10 million in court awards in these cases filed by two Yugoslav firms, which were represented by a law firm belonging to a minister of state, Sam Bitangaro, which the IG accused of bribing the former director of civil litigation with at least $90,000. The IG wrote to the president that nearly half the monies awarded to the two Yugoslav companies remained in Uganda being 'shared among key officials in the Ministries of Finance, Justice and the lawyers involved'.[37] Both diplomatic and other sources intimated to us that monies from court awards were used to finance Movement candidates at times of elections, as well as to influence members of parliament to support constitutional amendments to remove term limits on the tenure of the president.[38]

Public management reforms, including decentralization reforms being pushed by the donors, have not developed much accountability, probity or openness in Ugandan state governance. There has been considerable corruption in the large sums disbursed annually by the central government to the district administrations. Much theft of public funds has occurred through dubious procurement deals. Members of the district tender boards have often given lucrative contracts to their relatives and supporters or awarded them to their own supply companies.[39] Corrupt resource allocations have enabled the Movement to build a nationwide political constituency. Under the no-party electoral system, the bulk of district councillors are pro-NRM and have mobilized support for Museveni and the Movement.

Much state decision-making has remained embedded in personal interests and patrimonial politics as well as corruption. The British-backed defence review programme, which has been in existence for the last few years, has also achieved little in improving the quality of governance in the military sphere. It has taken years to get the Uganda People's Defence

35. C.M. Kassami, 'Summary of all court awards for external debts, war debts or compensation since 1999' (Ministry of Finance, December 2002).
36. Quoted in Emmanuel N. Mugarura, 'Fishy cases cost govt Shs245bn', *The Monitor*, 11 November 2003.
37. Quoted in Izama Angelo, 'IGG says Bitangaro gave Shs170m bribe', *The Monitor*, 15 July 2004. See also Grace Matsiko, 'Museveni told to act on Tibaruha, Bitangaro', *The Monitor*, 18 August 2004.
38. For donor concerns on the issue of large court awards, see 'Statement of Uganda's development partners on governance and anti-corruption' (Consultative Group Meeting, Kampala, April 2003). And for revelations of MPs receiving money to support President Museveni's third term bid, see local newspaper accounts in late October 2004.
39. For critical comments on corruption in Uganda's central and local government institutions, see 'Statement', and also Uganda Debt Network, 'Dossier: Corruption in Uganda' (Kampala, n.d.).

Force (UPDF) to begin to deal with the critical problem of 'ghost' soldiers. Large numbers of non-existent soldiers remain on the army register, their salaries appropriated by army officers. Military procurement and its accompanying corruption have also only begun to be addressed in the Uganda Defence Review presented to the government at the end of 2003. Meanwhile, the military has been riddled with the worst forms of corruption.[40] Military officers and their business associates continue to be implicated in lucrative deals to supply the army with food, weapons and other materials. In addition, the accounts of the ministry of defence remain closed and, because of their classified nature, not subject to external audit and scrutiny.[41] Both the military and the intelligence services have been receiving increasing budget allocations during the past decade, the expenditure of which has been anything but transparent or subject to any accountability. Although constitutionally within the jurisdiction of the IG, the military's affairs have been excluded by the president from the anti-corruption agency's remit. Finally, the Ugandan constitution notwithstanding, little has been done to build a non-partisan army that is subordinate to civilian authority. Instead, politicization of appointments and promotions in the army has turned it into a force personally loyal to the president.[42]

Conclusion

Uganda's rulers accepted various donor-sponsored reforms primarily for reasons of political survival. In the absence of an alternative source of external funding, they turned to the international financial institutions that alone could provide the financial support to enable the NRM to maintain its hold on power. And, indeed, by implementing structural adjustment reforms, the government has been amply rewarded with sizeable amounts of donor aid, which have permitted it to consolidate its political base. The government's budget has benefited considerably from the inflow of external resources and loans provided by the IFIs and Western bilateral donors. High levels of foreign aid have helped the Movement government to increase spending on primary education, basic health care and feeder road construction in the rural areas. Increasing government expenditures on vital social services to an impoverished population have lent the regime popularity and legitimacy.

But donor-initiated economic and administrative reforms could have been politically difficult for the government to implement and could have undermined its political support base. Structural adjustment lending required the

40. See Roger Tangri and Andrew M. Mwenda, 'Military corruption and Ugandan politics since the late 1990s', *Review of African Political Economy* **98** (2003), pp. 365–78.
41. The government agreed in 2004 to permit the auditing of classified expenditure for financial year 2004–5.
42. See ICG Africa Report No. 77 pp.13–18 for some details.

government to reduce its wage bill as well as cut the numbers in public employment in order to contain government expenditures on public administration. IMF and World Bank reforms entailed a diminution in the size of the state and the military as well as the stock of resources controlled by the government. The reforms were meant to curtail the patronage opportunities needed to uphold political support. However, as we have argued, the Ugandan state has continued to afford the means to maintain the political dominance of the NRM. Donor reforms initiated under structural adjustment have not, in fact, resulted in a smaller state or in fewer public resources. On the contrary, large amounts of donor aid have enabled the Movement leadership to erect an expansive and expensive government bureaucracy and political system, which have permitted Uganda's leaders to rely on state patronage and the distribution of public resources to maintain themselves in power.

Moreover, governing elites were given wide discretion in the implementation of reforms. To be sure, the IFIs hoped that administrative reforms would improve the quality of governance in the management of public affairs. But the process of public accountability has not been well developed and the transparency of public transactions has remained limited. Within the context of a quasi-authoritarian political system as well as limited accountability and transparency, government ministers and top civil servants have used their wide powers to make public appointments and allocate public resources in ways that have helped to build political support for the government.

In the last few years, however, the donors have begun examining government expenditures and public transactions more closely. In order to maintain their access to resources for patronage purposes, Uganda's rulers have been obliged to turn to areas less subject to donor scrutiny. Increasingly, the military budget, large parts of which are classified, has been appropriated for personal and patronage purposes. Defence spending has been growing rapidly during the past five years, ostensibly to combat armed rebellions and particularly the Lord's Resistance Army (LRA) in northern Uganda. In the period 2002–4 the military budget grew by 48 per cent. For the government, control of the defence budget has become vital in financing the political requirements of the NRM. Growing portions of defence funding have been appropriated through the phenomenon of 'ghost soldiers' and corrupt military procurement. Resources thus obtained have been distributed to maintain the political dominance of the Movement, although clearly at the expense of the army's effectiveness in meeting its security threats.[43]

43. In early 2004, the parliamentary budget committee reported that it did 'not support any further increases in defence expenditure in the next financial year as budget increments last financial year did not yield any tangible reduction in the insurgency'. The legislators maintained that growing portions of defence funding had been appropriated corruptly to consolidate the Movement's hold on power. See 'Bigger budget won't end North war – MPs', *The New Vision*, 11 May 2004.

For their part, the IFIs and bilateral Western donors have been taken aback as they have discovered how the government has been using their support for political purposes. Up to the late 1990s, the donors were encouraged in pushing wide-ranging policy and administrative reforms in a country where the government embraced these reforms as its own. In introducing the reforms, the donors saw the need to build and strengthen the existing government bureaucracy, so that it was supportive of, as well as able to implement, the various changes being proposed. Because of the limited capacity of the traditional civil service, the donors supported the establishment of a large number of statutory authorities as well as a sizeable increase in the number of public service employees. Moreover, although non-statist actors were given some support, the donors favoured public institutions regarding the delivery of goods and services. The result has been not a smaller state in terms of size and cost but a central and local administration which has commanded significant resources.

To be sure, improving the effectiveness of state institutions at both the central and local levels has been an ongoing concern of the donors. So also has been the desire to ensure that public management is conducted in a transparent and accountable manner. But achieving probity, honesty and better governance has been a fitful process. The donors have permitted government officials great discretion in the management of economic and administrative reforms, but there has been only limited external capacity to supervise closely the management of the reforms. Little effective donor monitoring and auditing has taken place to prevent top administrators and government ministers from manipulating reforms and resources to their own personal and political advantage.

The donors have gradually become aware of the abuses occurring in the public sector. At the consultative group meeting in April 2003 they referred to 'large-scale corruption and embezzlement at the top, which is carried out with impunity'.[44] They have set in place systems to monitor government procurement as well as to control public finances. They have also begun calling for a reduction in the 'excessive' cost of public administration including the political system. In May 2004, for example, they asked for the costs to be reduced, given the 'excessive numbers' of public office-holders and the 'multiple layers of bureaucracy'. They warned of 'serious consequences' for donor support for Uganda, should public administration expenditures not be reduced in the government's forthcoming budget.[45]

It is also only recently that the donors have become insistent on controlling increases in military spending. For many years, the brutalities of the

44. See 'Statement'.
45. See the May 2004 donor statement on the draft budget proposals for 2004/5.

LRA had drawn much international sympathy for the government. Moreover, for many years the government of Sudan, which the US and British governments accused of spreading 'Islamic fundamentalism', had supported and supplied the LRA. As a result, Uganda had been viewed as a key state in Western geo-strategic interests in the region, and had been a beneficiary of small amounts of military and counter-terrorism aid. But in recent years the donors have become much more aware of corruption within the military budget. In early 2004, the British, who are Uganda's largest bilateral donor, protested against increases in defence spending from \$196 million to \$203 million. They withheld \$18 million of their budgetary aid on the grounds that the Ugandan government had not consulted the donors on defence expenditure to ensure it was in line with the donor-supported Uganda Defence Review.[46] The donors are now beginning to introduce guidelines for the procurement of military hardware, which are intended to make procurement a more efficient and transparent system.

It is evident that the donors have allowed a large governmental, military and political apparatus to be built up in Uganda, especially since the mid-1990s. The reasons lie in Uganda's importance to donor interests. The highly supportive stance of the donors towards the NRM government has been based partly on geo-strategic grounds but also on Uganda being an economic showcase in Africa. The IFIs have held Uganda up as a paradigm of economic recovery, which, they contend, confirms the validity of their economic reform policies. It is because Uganda's economic situation has become less successful since the late 1990s on account of increasing foreign debts, fiscal deficits, trade imbalances, and limited foreign direct investment (annually around \$260 million) that the donors have begun to question whether governmental corruption, including that in the military sphere, has been hindering economic transformation. Indeed, bilateral donors are how realizing that their large support for the budget (approximately 50 percent in 2003) as well as their tacit approval of increased government spending on public administration and the political system may have been propping up a corrupt NRM regime in Uganda.

There is ample evidence of public and military corruption in Uganda. Yet as long as the NRM regime remains of some importance to the West's interests in the region, as well as continuing to enjoy its reputation as an economic model in Africa, strong donor support for it is likely to continue. Some of the bilateral donors may be unwilling to continue providing support at current levels but the IMF and the World Bank are opposed to

46. In a May 2004 statement, the donors rejected the government's draft budget partly because of an unjustified proposed increase of 19 percent in defence expenditure and because of doubts that 'the relevant management changes identified under the Defence Review will be in place to effectively manage such an increase'. They also warned that unless the proposed defence budget for the following year was reduced 'a number of Uganda's development partners' would review 'providing support at critical levels'.

adopting too punitive an approach to Uganda. Uganda is unlikely therefore to experience any major reduction in donor lending, especially from the IFIs. For the NRM which has for so long relied upon the state to maintain itself in power, its ability to use state resources for patronage purposes will gradually become more constrained by donor-imposed reductions in defence and public administration spending as well as by new donor rules to monitor government and military decision-making. But those in control of the state will continue to court the donors while searching for alternative ways and means to consolidate their hold on power.

Bibliography of books and articles

References to other sources, including interviews, archives, newspaper articles, websites and grey publications, are contained in relevant footnotes.

Cohen, John M., 'Importance of public service reform: the case of Kenya', *Journal of Modern African Studies* **31**,3 (1993), pp. 449–76.

Hyden, Goran, 'Public administration in developing countries: Kenya and Tanzania in comparative perspective', in Jon Pierre (ed.), *Bureaucracy in the Modern State: An introduction to comparative public administration* (Edward Elgar, Aldershot, 1995), pp. 161–84.

Langseth, Petter, 'Civil service reform in Uganda: Lessons learned', *Public Administration and Development* **15** (1995), pp. 365–90.

Museveni, Yoweri K., *What is Africa's Problem?* (NRM Publications, Kampala, 1992).

Sandbrook, Richard, *The Politics of Africa's Economic Stagnation* (Cambridge University Press, Cambridge, 1985).

Tangri, Roger, *The Politics of Patronage in Africa: Parastatals, privatization and public enterprise* (James Currey, Oxford, 1999).

Tangri, Roger and Andrew M. Mwenda, 'Corruption and cronyism in Uganda's privatization in the 1990s', *African Affairs*, **100**,398 (2001), pp. 117–33.

Tangri, Roger and Andrew M. Mwenda, 'Military corruption and Ugandan politics since the late 1990s', *Review of African Political Economy* **98** (2003), pp. 365–78.

Van de Walle, Nicolas, 'Neopatrimonialism and democracy in Africa, with an illustration from Cameroon', in Jennifer A. Widner (ed.) *Economic Change and Political Liberalization in Sub-Saharan Africa* (Johns Hopkins University Press, Baltimore, MD, 1994), pp. 129–57.

Van de Walle, Nicolas, *African Economies and the Politics of Permanent Crisis, 1979–1999* (Cambridge University Press, Cambridge, 2001).