



# UGANDA DEBT NETWORK

Merging of Government agencies;  
Lessons for Uganda.



## A CASE STUDY OF THE ROADS SECTOR

### Introduction

The recent Presidential directive to merge government authorities sent shocking waves across the Country. In 2017, the President through a letter addressed to the Vice-President, Prime Minister and selected cabinet ministers, emphasized the need to have only 2 categories of public servants; policy makers and money makers<sup>1</sup>. The President's letter was in response to the persistent public outcry over the ever growing tax burden due to the emergence of "uncalled for" government agencies. The Presidential directive came into effect in September, 2018 through an official communication from the government about the proposed merger of state authorities in an effort to save the scarce resources<sup>2</sup>.

The road sector forms a vital pillar of the economy; over 95%<sup>3</sup> of goods and services are transported by road. The government of Uganda is committed to improving the road infrastructure as seen in the subsequent increase in budget allocation to the sector. The road sector will be affected by the government proposal since its biggest agency; Uganda National Roads Authority (UNRA) will be collapsed into a mere department under the Ministry of Works and Transport (MoWT). MoWT provides leadership to the transport and works sector on top of formulating policies, developing strategic plans, regulating and monitoring sector activities.

UNRA came into existence in 2008 through an act of parliament. It is responsible for the management, maintenance and development of

the national roads network; rendering advisory services to Government on policy matters concerning roads, and assisting in the coordination and implementation of policies relating to roads<sup>4</sup>. The UNRA act of 2008 emphasizes the need for it to operate in a business-like and cost effective manner.

Since its Inception, UNRA has been able to achieve a number of milestones for the road sector; the stock of paved national roads has increased by 58% from 2,875.60 kilometres in Financial Year (FY) 2007/08 to 4,551 kilometres in FY 2017/18<sup>5</sup>; the staffing levels have increased from 1,305 in June 2017 to 1,402 as of 30<sup>th</sup> June 2018, representing 95% of positions filled as per the approved structure of FY 2017/18; contracts worth 874 billion were awarded to local contractors in 2017/18; UNRA has been able to re-organize and develop the capacity of its staff to design and execute road infrastructure projects, for example; the upgrading of the 10 km kitala-gerenge road was entirely done in-house<sup>6</sup>.

Even though UNRA has been able to register the above achievements, it has not yet performed to their full potential. The president; who is reported to have complained about the slow progress of UNRA in upgrading rural national roads where the majority of the government supporters reside<sup>7</sup>.

<sup>1</sup> See Daily Monitor Newspaper, 23rd August, 2017. Available on <http://www.monitor.co.ug/News/National/Museveni-orders-review-government-agencies-minimise/688334-4067474-693uhn/index.html> accessed on 13th April, 2019

<sup>2</sup> See <https://chimpreports.com/full-list-of-merged-collapsed-government-bodies/>

<sup>3</sup> Transport and Road Sector Development Plan(2015/16-2019/20)

<sup>4</sup> See UNRA Annual Report (2018) pg 1

<sup>5</sup> UNRA annual report (2018)

<sup>6</sup> <https://www.unra.go.ug/en/news/unra-pca-82>

<sup>7</sup> See Daily Monitor Newspaper, 3rd September, 2018. Accessed on 12th April, 2019 [https://www.monitor.co.ug/News/National/UN6\\_7\\_RA-to-be-scrapped-merger-government-agencies/688334-4740804-qvrsbnz/](https://www.monitor.co.ug/News/National/UN6_7_RA-to-be-scrapped-merger-government-agencies/688334-4740804-qvrsbnz/)

Government defends its position for the merger as one way of reducing resource wastage on authorities that have failed to perform. It hopes to save close to 1 trillion shillings<sup>8</sup> per financial year after the merger. This may be quite a huge saving for the economy and avails government with an amazing opportunity to re-allocate resources to other key sectors in order to achieve inclusive growth. However, there is a lot of uncertainty surrounding the future of the sector after disbanding UNRA. There are a number of questions with no answers at the moment; how will the merging process be handled?, how will the sector be organized after? How will the sector operate? How will the big labour force of UNRA be absorbed?, among others.

## Purpose of the study

The purpose of this policy brief is to bring to the attention of policy makers and politicians real time case studies of lessons learnt from both successful and unsuccessful mergers of government agencies in other countries. These case studies will lay a foundation for learning lessons from other countries and adopting clear pathways to guide the sector during the most critical phase of collapsing UNRA into a department under MoWT.

## Methodology used

The study employed a case study approach based on secondary data sources for countries that have experienced the merging of public agencies. Due to time and financial constraints, 2 countries were used; Zimbabwe from Africa and Ireland from the United Kingdom in Europe.

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## Case studies

### ZIMBABWE

Government ministries/departments have always merged and unmerged with the aim of improving the quality of service delivery (Zvavahera, 2014)<sup>9</sup>. Upon his re-election in 2013,

President Robert Mugabe decided to merge a number of ministries and departments with the aim of reducing the expenditure bill of government. To this effect, the former ministry of Environment and Natural Resources Management, Water Resources Development and Management, and the Department of Meteorological Services were merged to form the Ministry of Environment, Water and Climate in hope of improving the quality of service delivery. Zvavahera conducted a research in 2014 to evaluate the effect of merging of government ministries on service delivery and staff motivation. The findings revealed that the whole process would have yielded better results if it was implemented with a good roadmap. The top management of the ministries that were to be merged was completely unaware of what was going on. On top of this, the employees of the respective ministries and department were never consulted throughout the entire process. The whole government idea was perceived as an “external

distortion” and greatly resented. The structure of the newly created Ministry of Environment, Water and Climate could only accommodate 353 employees against the 414 who were formerly working in the 2 ministries and department. This implied that 61 employees were redundant but had to be paid for doing nothing. On top of this, only 9% of the employees had been confirmed on job by the civil service commission. The merger created a state of uncertainty among staff since they were never consulted in the entire process. Majority of the respondents (67%) believed that the merger would lead to loss of jobs. This affected their morale which in the end lowered their productivity, thus the quality of service delivery simply declined. The findings revealed that most change processes in civil service had been done without adequate planning which led to increased turnover of labour in pursuit of greener pastures. Despite the many controversies surrounding the merger policy, a few people were in support of the idea due to the related benefits; reducing wage bill, increasing effectiveness and efficiency, and offering better placement opportunities for employees. At the end of the day, the overall goal of the merger; to reduce government expenditure

<sup>9</sup> Zvavahera,P.(2014): The effect of merging of government ministries in Zimbabwe. Journal of management and marketing and Research. Volume 17- October, 2014. Accessed on 20th February, 2019 on: <http://www.aabri.com/manuscripts/141951.pdf>

and improve service delivery was never realized as many people continued to be paid for doing nothing, and the entire management system of

the new Ministry had been broken due to the poor implementation plan adopted.

## IRELAND

In 2011, the government of Ireland developed a Public Service Reform (PSR) plan as a way of reducing its expenditure and improving service delivery. Among the proposals of the PSR plan was to review all government departments in order to identify those that could be merged. In 2012, the government announced that the Environmental Protection Agency (EPA) & the Radiological Protection Institute of Ireland (RPII) would be merged, both agencies were under the Department of Environment, Community and Local Government (DECLG). In 2017, a research was conducted by Joanna in order to evaluate the state of public service with a case study of the merger of EPA and RPII<sup>10</sup>. The merger involved a series of well planned and executed activities. This was one of the most successful mergers in Ireland. When the merger was proposed, the Minister for Environment, Community and Local Government set up a Merger Working Group (MWG) to oversee the entire process. The MWG had an independent chairperson, Chief executives from EPA, RPII and representatives from DECLG. The MWG was required to prepare a merger action plan and be able to complete the merger within 1 year. In addition to this, a Merger Project Group (MPG) was established, to offer technical support to MWG through detailed research, and analysis of all procedures for the merger. The MPG identified 7 themes which required maximum attention for the process to succeed; governance, human resources, legislative matters, financial matters, accommodation, ICT and communications. Each theme had a sub-group which was chaired by a member from the MPG. The sub-groups analysed the respective themes deeply to generate evidence based recommendations and identify respective challenges on behalf of the MWG. It was ensured that each sub-group was well resourced; both financially and from a staffing perspective. The whole process focused on establishing proper communication and consultation with staff of both EPA, & RPII. This allowed the staff to be actively engaged in the merger process and share their challenges, opinions, and recommendations

which were major inputs for the MPG reports. The MWG was able to develop a new vision and mission for the merger while at the same time made the concerned parties to gladly appreciate the proposal for the merger. New Human resource and finance plans were developed together with a reconciled Information Technology (I.T) system which would harmonize the operations after the merger.

There was a continuous engagement between staff from EPA, RPII and DECLG which enabled them to build a healthy working bond. The entire staff of EPA and RPII were well absorbed into the DECLG, and were offered training and support to cope up with the change. This enabled them to accept change and work towards achieving the new Vision and Mission. DECLG got new offices as part of the change process, so that the entire staff would start off afresh in a new environment. At the end of the merger process, the MWG together with the MPG had addressed all the bottlenecks in the entire process thus enjoyed enormous success thereafter.

### Lessons for Uganda

The 2 case studies present a number of wealthy experiences and knowledge from which Uganda can learn.

#### 1. The Process matters

It is appropriate for government to put in place a clear governance structure, an action plan and a timeline to facilitate progress during the merger. Most importantly, government should commit resources, time and people to ensure that the whole process is done effectively. A clear plan for human resource, finance and integrating systems should be put in place as well.

#### 2. The process should be engaging

The proposal of merging UNRA with MoWT has sparked a lot of debate surrounding the future of the roads sector and the staff of UNRA. It is ideal

<sup>9</sup> Joanna.O.(2018): State of public service series. A case study of EPA and RPII merger. Available on: [https://www.ipa.ie/fileUpload/Documents/EPA\\_RESEARCHREPORT\\_2018.pdf](https://www.ipa.ie/fileUpload/Documents/EPA_RESEARCHREPORT_2018.pdf). Accessed on 22nd April, 2019

for government to fully engage the staff and top management of UNRA to actively take part in the entire process. This will enable the government to sell the idea to the respective staff and give them a chance to own the whole process. This approach presents a number of benefits which include; reduced resistance to change and collecting feedback.

### 3. Communication and coordination are crucial

Staff and stakeholder communication needs to be clearly designed and planned throughout the merger process and beyond. Staff need to be kept up to date on all proceedings of the merger. There should be a well thought mechanism for both MoWT and UNRA to meet often and plan as a team on different aspects of the merger like; human resource, finance, Information Technology and developing a new mission and vision.

### 4. Strong leadership is desired

For the merger to be a success, it is quite important for the top management of UNRA and MoWT to be actively engaged in the process. The strong leadership will help to dissect all key elements and processes of the merger to ensure

that success is achieved. Strong leadership is desired in order to prepare staff for change and embrace the life afterwards.

### 5. Government support is required even after the merger has ended

It may take some time for the merger to yield the desired results. Government support should continue even after the process ends. It will help to address any challenges that may come up.

### 6. An alternative plan is required to absorb the excess labour

Decisions have to be made over who will stay and who will have to go. Considering the ministry structure, it may not be easy to absorb all the 1,402 staff of UNRA. Government must put in place a plan to absorb the excess labour. One of the approaches for this strategy could be setting up state owned engineering firms to fill the gap of UNRA and create more employment opportunities.

## Conclusion

Government should carefully plan for the whole process while simultaneously engaging the relevant parties and their staff so as to achieve an inclusive change. It should be willing to commit time and funds towards the whole process. All in all it is good to learn from others and survive the huge mistakes that could cost the Country a fortune.



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