

ANALYSIS OF EFFECTIVENESS OF RATIONALIZATION OF PUBLIC EXPENDITURE (RAPEX)



1.0. Executive Summary



RAPEX in Uganda was intended to merge, mainstream and rationalize various government entities to facilitate efficient and effective service delivery and eliminate mandate and functional overlaps.

This process succeeded though with some keys concerns including poor planning and budgeting, loss of jobs, wastage of public resources and nonpayment of some retired staff. These have negative effects including job insecurity and financial loss. Therefore, this calls for proper planning and coordination across government institutions.

2.0. Introduction and Context



On 22nd February 2021, Cabinet approved the policy to merge, mainstream and rationalize various government entities to facilitate efficient and effective service delivery and eliminate mandate and functional overlaps. This was further justified in the presidential statement on Rationalization of Government Agencies and Authorities released by the Presidential press Unit (PPU) on October 27, 2024.

According to the Auditor General's Report 2025, as of December 2025, 35 bills had been assented to for rationalization of 40 entities. Out of the 40 entities, 23 entities had been successfully rationalized while 17 entities are yet to be rationalized.

Of the 23 rationalized entities, 17 were mainstreamed and their functions transferred to successor entities, while six (6) were merged to form new entities. The OAG review of eight (8) rationalized entities revealed the following observations.



3.0. Key OAG findings

3.1. Poor planning and budgeting. The OAG report revealed that none of the eight (8) rationalized entities had specific budgets for the payment of rationalization expenses (terminal benefits). Instead, their budgets were amalgamated under the successor MDAs. This implied that the individual entity budgets may not have been realistic. This puts a lot of questions on preparedness of government to rationalize these entities.



3.2. Loss of jobs. As of the dates of closure, the eight (8) rationalized entities had 1,917 staff. Out of these, 1,492 staff (78%) were absorbed by other government entities, while the balance of 425 staff (22%) were not absorbed by any other government body. This left 425 staff in the struggle to look for other jobs or adapt to new ways of livelihood.

3.3. Wastage of Public resources. It was observed that out of 1,492 staff absorbed by government entities, a total of 1,389 staff absorbed by seven (7) rationalized entities were paid UGX.46.80Bn as terminal benefits. This was in spite of the Attorney General's Letter and RAPEX guidance by MoPS which provided that where an employee was re-appointed into government service, there would be no compensation, as this was considered continuity of service. Such payments against Attorney General's guidance explain the lack of coordination and compliance within government which risks public resources and government business. On the other hand, there are traces of discrimination as a total of 85 staff who were absorbed from five (5) entities were not paid terminal benefits, but this implies that the absorbed staff were not entitled to terminal benefits.

3.4. Nonpayment of retired staff. A total of 425 staff retired following the rationalization exercise and of these, 410 staff that had retired from six (6) entities had by the audit time been paid terminal benefits amounting to UGX.30.4Bn, while 20 staff that had retired from two (2) entities had not been paid their terminal benefits. Similarly, a number of retired staff due to rationalization from three (3) entities claimed UGX.2.08Bn.

4.0. Implications


- **Fiscal Risk and Weak Compliance Controls;** The payment of UGX 46.80 billion in terminal benefits to 1,389 reabsorbed staff, contrary to the Attorney General's guidance, reflects weak enforcement of policy directives and poor inter-agency coordination. Such payments create avoidable fiscal pressures and expose Government to reputational and accountability risks.
- **Inequity and Administrative Inconsistency;** While some reabsorbed staff were paid terminal benefits, 85 absorbed staff received none, and 20 retired staff remain unpaid, despite others receiving UGX 30.4 billion. This inconsistency raises concerns about fairness, uniform application of policy, and potential exposure to litigation.
- **Employment Disruption and Social Impact;** Of the 1,917 staff affected by rationalization, 425 (22%) were not absorbed, increasing job insecurity and livelihood vulnerability. Delays in payment of retirement benefits further compound financial stress for affected individuals.
- **Weak Planning Undermines Reform Credibility;** The absence of dedicated budgets for rationalization costs suggests inadequate preparatory analysis and financial planning. Poorly managed transitions risk undermining the credibility of future public sector reforms.



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5.0. Recommendation

- **Institute a Comprehensive Rationalization Framework:** Government should develop and enforce a consolidated operational framework detailing budgeting, staff transition, asset management, and benefit payment procedures prior to implementation of any rationalization.
 - **Ring-fence and Disclose Rationalization Costs:** All future rationalization exercises should include clearly budgeted and disclosed transition costs to enhance transparency and fiscal discipline.
 - **Strengthen Oversight and Compliance Controls:** MoPS, MoFPED, and the Attorney General's Chambers should jointly monitor implementation to ensure uniform application of compensation guidelines and prevent irregular payments.
 - **Fast-track Settlement of Outstanding Benefits:** Government should prioritise payment of verified outstanding terminal benefits to affected retirees to reduce litigation risk and restore confidence in reform processes.
 - **Undertake a Post-Rationalization Impact Assessment:** Conduct a cost-benefit evaluation to determine whether RAPEX has delivered efficiency gains relative to its financial and social costs.
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6.0. Conclusion

RAPEX has potential for ensuring efficient and effective delivery service and to eliminate mandate and functional overlaps. However, the management of process is key to ensure that the intended goals are achieved. It needs high level of coordination across government institutions to ensure proper planning and management of the process and outcomes.



Vision

A Uganda with a people centered
budget
that dignifies humanity.

Mission

Working to ensure that resource
mobilization, allocation and utilization
is inclusive for a transformed Uganda.



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