



# ENHANCED PUBLIC SECTOR EFFICIENCY FOR PRIVATE SECTOR COMPETITIVENESS

A Case Study: Uganda Driving Licensing System (UDLS)

By

**KATUSHABE WINSTONE; FCILT**

Commissioner Transport Regulation and Safety/Chief Licensing Officer  
Ministry of Works and Transport

Golf Course Hotel | Thursday, November 6, 2025



 **Can efficient Government services truly improve private sector competitiveness?**

# Can Government do business efficiently?



## Example: UDLS

### ✗ BEFORE 2005: The Pain

- 30+ days waiting time
- Paper-based chaos
- Rampant corruption & fraud
- No credible database
- Revenue leakages
- Lost public confidence

20 Years

### ✓ TODAY: The Transformation

- 30-60 minutes delivery
- Digital, automated system
- Near-zero fraud via biometrics
- Secure centralized database
- Zero revenue leakage
- Award-winning service

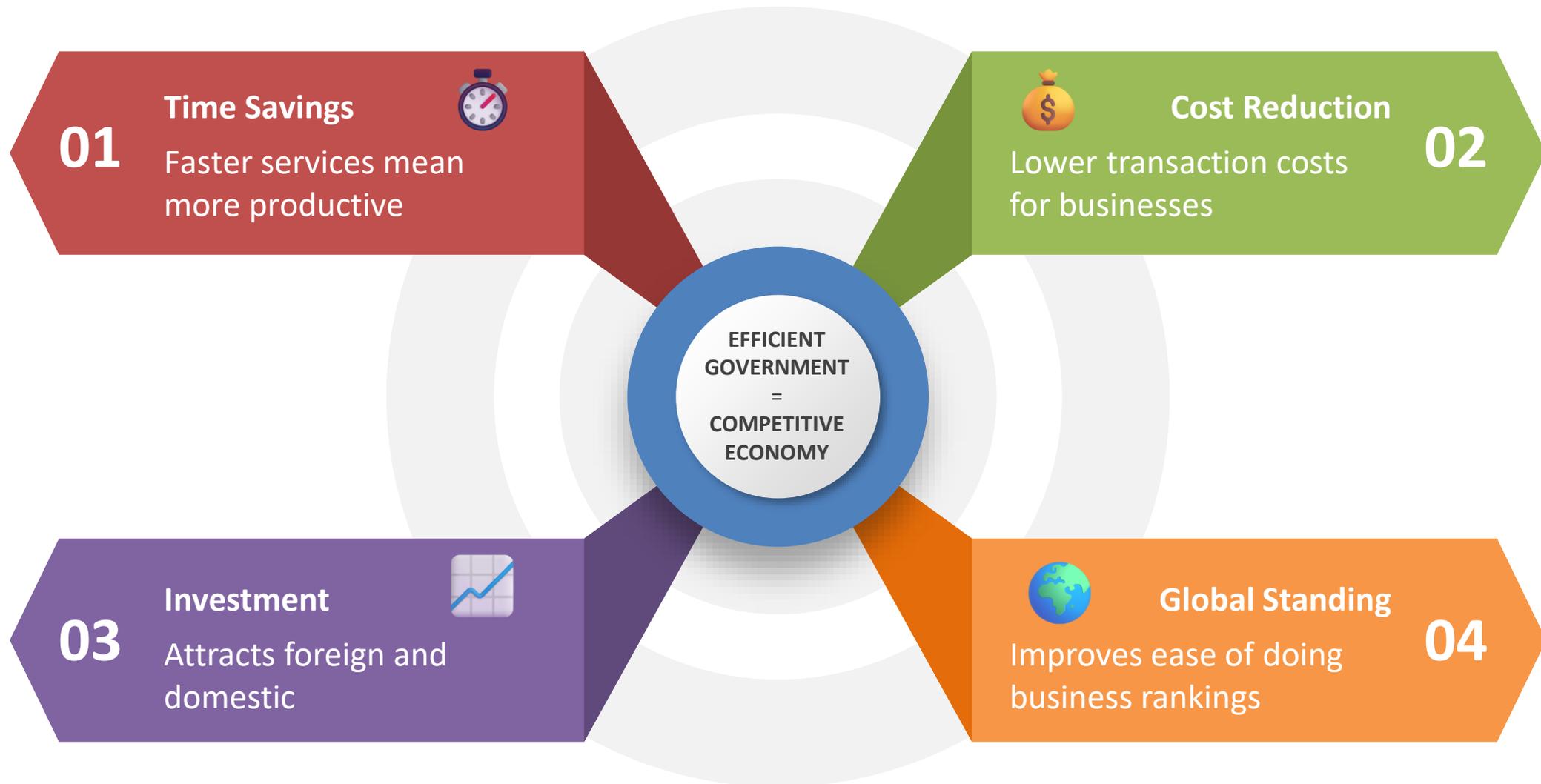


# UNDERSTANDING THE CONNECTION

---

Public Sector Efficiency × Private Sector Competitiveness

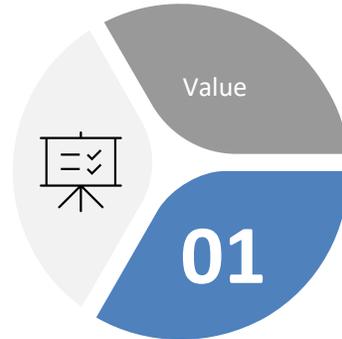
# The Efficiency-Competitiveness Nexus



# What is Public Sector Efficiency?

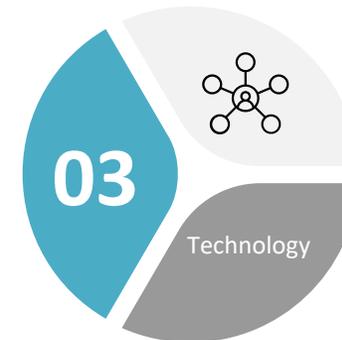


Delivering maximum value to citizens with optimal resource utilization.



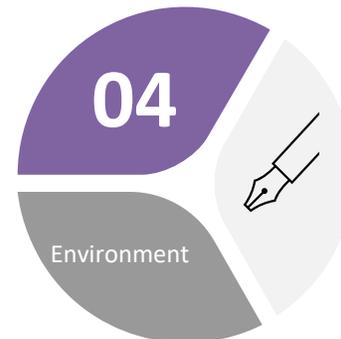
Reducing bureaucratic red tape and process delays.

## Public Sector Efficiency



Leveraging technology to streamline service delivery.

Creating an **enabling environment** for business to thrive.



Building trust through transparency and accountability



# THEORETICAL FOUNDATIONS

---

Understanding Public Sector Efficiency  
Through Academic Lenses



# Public Choice Theory



## CORE CONCEPT

Government officials and bureaucrats are rational actors who pursue their own self-interest rather than acting solely in the public interest. This theory applies economic analysis to political behavior and institutions.

## KEY ELEMENTS

- Politicians and bureaucrats maximize their own utility (prestige, power, income).
- Bureaucrats tend to maximize their budgets and organizational size.
- Rent-seeking behavior: using government power for private gain.
- Without proper incentives, public organizations naturally drift toward inefficiency.

## IMPLICATIONS FOR PUBLIC SECTOR

- Creates potential for corruption and budget bloat
- Suggests need for institutional checks and performance accountability
- Highlights importance of transparency to counteract self-interest

### ✓ UDLS APPLICATION

UDLS transformed incentives by linking performance to reputation, introducing automation to eliminate discretion, and creating public accountability through transparent metrics.



# New Public Management (NPM)



## CORE CONCEPT

NPM emerged in the 1980s advocating for market-oriented reforms in public administration. It promotes importing private sector management techniques and competitive mechanisms into government operations.

## KEY ELEMENTS

- Results-oriented management: focus on outputs and outcomes, not just inputs.
- Customer service orientation: treating citizens as customers.
- Performance measurement: quantifiable KPIs and service level agreements
- Decentralization: pushing decisions closer to service delivery points.

## IMPLICATIONS FOR PUBLIC SECTOR

- Encourages efficiency through measurable performance targets.
- Risk of focusing on what's measurable vs. what matters
- Can improve service quality but may neglect equity concerns.

### ✓ UDLS APPLICATION

UDLS fully embraced NPM principles with customer-centric design, clear SLAs (30-60 minute turnaround), measurable KPIs, and professional management autonomy for the project team.



# Principal-Agent Theory



## CORE CONCEPT

Examines relationships where one party (the principal) delegates work to another (the agent), who then performs that work. Information asymmetry and misaligned incentives create agency problems.

## KEY ELEMENTS

- Information asymmetry: agents know more than principals about their work.
- Adverse selection (hidden information): principals can't fully observe agent quality before hiring.
- Moral hazard (hidden action): agents may shirk or pursue own interests when unobserved.
- Monitoring costs: observing and verifying agent behavior is expensive.

## IMPLICATIONS FOR PUBLIC SECTOR

- Citizens (principals) struggle to monitor bureaucrats (agents).
- Agents may prioritize job security over service quality.
- Elected officials face challenges overseeing bureaucracies.

### ✓ UDLS APPLICATION

UDLS reduced information asymmetry through real-time tracking, automated processes that minimize discretion, CCTV monitoring, and transparent performance reporting to the public.



# Transaction Cost Economics



## CORE CONCEPT

Analyzes whether services should be produced in-house or outsourced based on transaction costs—the costs of making exchanges in the market, including search, negotiation, and enforcement costs.

## KEY ELEMENTS

- Asset specificity: investments specific to a particular transaction.
- Frequency of transactions: how often exchanges occur.
- Uncertainty: difficulty predicting future contingencies.
- Bounded rationality: humans have limited cognitive capacity.

## IMPLICATIONS FOR PUBLIC SECTOR

- Helps determine optimal boundaries of government.
- High asset specificity justifies direct government provision.
- Complex, uncertain tasks better managed internally.

### ✓ UDLS APPLICATION

UDLS strategically used PPPs for technology (market solution) while keeping core licensing authority in-house (hierarchy), optimizing transaction costs through smart boundary decisions.



# X-Efficiency Theory



## CORE CONCEPT

Organizations often don't minimize costs or maximize output—they operate inside their production possibility frontier. This inefficiency (X-inefficiency) stems from motivational and organizational factors rather than allocative inefficiency.

## KEY ELEMENTS

- Internal slack: organizations rarely operate at full efficiency.
- Motivational factors: effort discretion leads to suboptimal performance.
- Coordination issues: poor communication and teamwork waste resources.
- Incomplete contracts: can't specify all behaviors and outcomes.
- Inert areas: managers tolerate inefficiency zones without competitive pressure.

## IMPLICATIONS FOR PUBLIC SECTOR

- Public sector lacks competitive pressure, enabling slack.
- Hidden costs in effort reduction and poor coordination.
- Performance improvements possible without new resources.

### ✓ UDLS APPLICATION

UDLS attacked X-inefficiency through continuous improvement culture, peer accountability ('colleague's keeper'), regular performance reviews, and external benchmarking.



# Network Governance Theory



## CORE CONCEPT

Modern public service delivery involves complex networks of public, private, and nonprofit organizations. Traditional hierarchical control is inadequate; new coordination mechanisms are needed for networked governance.

## KEY ELEMENTS

- Interdependence: organizations depend on each other's resources.
- Collaborative advantage: networks achieve what organizations can't alone.
- Shared goals: common objectives despite different organizational missions.
- Trust and reciprocity: relational assets that reduce transaction costs.

## IMPLICATIONS FOR PUBLIC SECTOR

- Services cross organizational boundaries.
- Coordination mechanisms beyond command-and-control needed.
- Information sharing critical to network success.

### ✓ UDLS APPLICATION

UDLS exemplifies network governance: integration with URA (payments), NIRA (identification **and biometrics**), NITA-U (connectivity), Police IoV (testing), driving schools—a connected government delivering seamless service.



# THE UDLS SUCCESS STORY

---

From 30 Days to 30 Minutes:  
A Digital Transformation Journey

# REAL SUCCESS STORY: Uganda Driver Licensing System (UDLS)

## Ministry of Works & Transport's Innovation Success Story

### THE OLD WAY (Before 2005):

- Manual paper booklets (since 1945!)
- 30-60 days to get a licence
- Massive fraud and forgeries
- Lost confidence in the system
- Corruption at every step

### THE INNOVATION JOURNEY:

- 2005: Computerized driving permits introduced
- 2018: Single card solution → 60 minutes issuance!
- 2021: Customer-centric model with integration to NIRA, URA (15-30mins issuance)
- 2024: Replicating success to other systems (ITMS, e-Permits, e-portal, MVR dashboard, ALS, MVIS)
- 2025 and beyond: one-stop service centre for registration, licensing, driver theory exams etc.



# UDLS: The Impact (Real Numbers)



## TIME

30 days → 60 minutes  
(99% faster)



## VISITS

8-10 trips → 1 visit  
(90% reduction)



## COST

Reduced by 40%  
(No bribes)



## FRAUD

97% reduction  
(Secure system)



## SATISFACTION

43% → 95%  
(Citizens happy)



## AWARDS

Best ID Document  
(Estonia 2022)

**CUSTOMER SATISFACTION = QUANTITATIVE GAIN**



## RECOGNITION:

Private Sector Foundation Uganda – Best Government Entity (November 2024)  
Civil Society Budget Advocacy Group (CSBAG, 2025) - UDLS recognised for the outstanding performance, fast and efficient service in Uganda



# UDLS Success: What Made It Work?

---

## 1. CUSTOMER-CENTRIC APPROACH

Put the citizen at the center, not the process. Ask: "What does the customer need?"

## 2. CONNECTED GOVERNMENT

Integrated with NIRA (identity), URA (payments), NITA-U (connectivity), Police, Business Reform Processes (PSD-MoFPED).

No more silos - one system talking to another.

## 3. LEADERSHIP COMMITMENT

Top management championed the change. Political support was secured.

## 4. CAPACITY BUILDING

Extensive staff training. Knowledge transfer. Ugandans managing Ugandans.

# UDLS Success: What Made It Work?...

---

## 5. PUBLIC-PRIVATE PARTNERSHIPS 🤝

Government provided vision, private sector provided technology.

## 6. TECHNOLOGY AS ENABLER 💻

Biometric identification, online platforms, mobile enrollment kits, digital payments.

## 7. CONTINUOUS IMPROVEMENT 📈

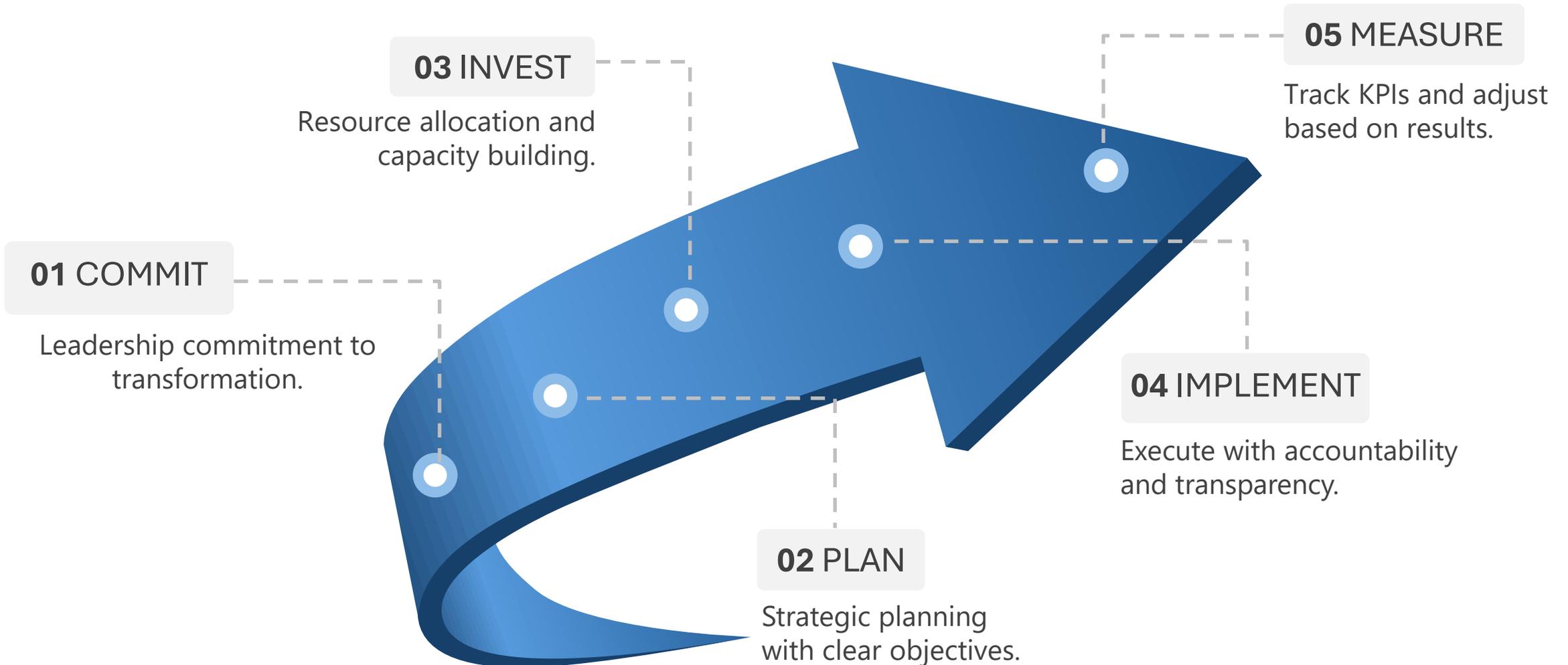
Regular customer feedback. Benchmarking best practices.  
Never stop improving (innovation and creative thinking).

## 8. ACCOUNTABILITY & TRANSPARENCY 🔍

CCTV monitoring, segregation of duties, no-broker policy, real-time auditing.



# The Path Forward to Efficiency / Call to Action





# Thank You!

*FOR GOD AND MY COUNTRY*