UGANDA DEBT NETWORK

# OVERCOMING CORRUPTION

## DOSSIER ON CORRUPTION IN UGANDA: 2012- 2016

November 2016

"Someone will ask, 'Will it pay?' If it will, one will steal. If it won't pay, one won't steal. It should be too expensive to steal. This is why corruption is happening on a grand scale. They must steal enough to stay out of jail." —Auditor General John Muwanga, May 31, 2013

"This court is tired of trying tilapias when crocodiles are left swimming."—Justice John Bosco Katutsi, former head of the Anti-Corruption Court, during a ruling convicting an engineer during the Commonwealth Heads of Government Meeting scandal, June 29, 2010

"It has become fashionable by government bodies like the Inspectorate of Government to present weak cases before courts when they cannot secure conviction. He said such cases were a waste of time, resources and they erode the credibility of prosecution agencies," Justice Paul Mugamba, former head of the Anti-Corruption Court, 2012

"Untouchables!! Come rain, come shine, they're never going to court, not while there's somebody close to them in power. That's because of the politics involved."—Prosecutor in the Anti-Corruption Court May 21, 2013.

# OVERCOMING CORRUPTION

## DOSSIER ON CORRUPTION IN UGANDA: 2012- 2016

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# List of Acronyms

| | |
|---|---|
| **ACE** | Area Cooperative Enterprises |
| **AG** | Attorney General |
| **CPI** | Corruption Perception Index |
| **CSOs** | Civil Society Organisations |
| **DPP** | Directorate of Public Prosecutions |
| **EAC** | East African Community |
| **GAVI** | Global Alliance for Vaccinations and Immunisation |
| **IG** | Inspectorate of Government |
| **IGG** | Inspector General of Government |
| **MoFPED** | Ministry of Finance, Planning and Economic Development |
| **MoLG** | Ministry of Local Government |
| **MoPS** | Ministry of Public Service |
| **MP** | Member of Parliament |
| **MFSC** | Microfinance Support Centre |
| **NAADS** | National Agricultural Advisory Services |
| **NACME** | National Advisory Committee on Medicine |
| **KII** | Key informant interviews |
| **OAG** | Office of the Auditor General |
| **OPM** | Office of the Prime Minister |
| **PPDA** | Public Procurement and Disposal of Public Assets Authority |
| **SMEs** | Small and Medium Enterprises |
| **TI** | Transparency International |
| **UHSSP** | Uganda Health Systems Strengthening Project |
| **UIA** | Uganda Investment Authority |

# Executive Summary

Uganda has made considerable efforts to reducing corruption. Yet corruption remains a major impediment to development and barrier to implementation of value for money projects and service delivery outcomes. Corruption remains rampant, in form of a) Petty or "small scale" corruption b) Bureaucratic corruption and c) Political or grand corruption. These forms cut across many institutions of Government, private sector domain and key sectors like: Health, Roads, Energy, Education and Agriculture, which directly touch many other spheres of public life in Uganda. The sectors were some of the major ones that individually and overall took a big chunk of national budget allocations between 2012 and 2016, the scope of this Dossier study.

The overall objective of this Dossier study is to increase public awareness on current trends in fighting corruption in Uganda. Major corruption cases for the period 2012 – 2016 were profiled, including those that came up in previous years and are still pending or even decided. The study was also to provide concrete recommendations to relevant policy and decision-makers. Unlike in the previous periods, corruption over the stated period seemed to have changed form, from involvement of millions and few instances of billions of shillings in public funds, now to even more billions worth of money than millions and through syndicate collusion, in a number of Government institutions and individuals.

In one of the major cases in this, Dossier on "Overcoming Corruption", of the UGX 9 trillion that UNRA received over a seven year period to 2016, only 1,500 kilometres of roads (29%) were constructed out of the 5,147 kilometres that were budgeted for bitumen and funds released, enough for the number of kilometres. For UGX 5 trillion having delivered only 1,500 kilometres is itself an accountability concern. As such, through the UGX 4 trillion that was misappropriated, Uganda was denied 3,647 kilometres of standard road network due to fraud through well-tailored, collusion, premeditated and syndicated corruption spearheaded by UNRA staff and Contractors. To the extent of the UGX 4 trillion loss being 36% of the UGX 11.2 trillion national budget for FY 2012/13; 30% of the UGX 14.3 trillion for FY 2014/15); and 15.2% of UGX 26.3 trillion for FY 2016/17 implies exponential loss of economic opportunities to the Ugandan economy, high cost of doing business by the private sector and perpetuation of underdevelopment.

It also contributes to erosion of trust by tax payers into willingness of the State to be a genuine custodian of public resources, endeavours for good governance and equitable national development. Such illicit actions when not sanctioned and brought to their logical conclusion only escalate syndicated corruption in Uganda, to the detriment of mainly the children and women for they obtain livelihood, economic and social services mainly through public services. Uganda must go beyond rhetoric to action.

# SECTION ONE

## 1.0 Backround and Context

### 1.1 Introduction

The Dossier study is presented under four Sections: Section One- Background and Context including Objectives, Methodology and Scope; Section Two- Analytical and Conceptual framework for Corruption. Section Three covers the Findings with documentation of case studies from sectors and institutions, upon which recommendations for specific issues are made. Section Four has general recommendations and Conclusion.

### 1.2 General Background and Context

Uganda has made considerable efforts to reduce corruption. Yet corruption remains a major impediment to development and barrier to implementation of value for money projects and service delivery outcomes for sustained poverty reduction and equitable development in Uganda. Corruption remains rampant, in form of a) Petty or "small scale" corruption b) Bureaucratic corruption and c) Political or grand corruption. These forms cut across many institutions of Government, manifested in the private sector domain, Courts of judicature and Justice system, healthcare, roads, energy, education, agricultural sectors and many other spheres of public life in Uganda. Yet these are some of the major sectors that individually and overall took a big chunk of national resources through the annual budget allocations between 2012 and 2016. The corruption in such sectors has had serious effects such as gaps between service delivery inputs and outcomes, erosion of governance systems, flouting financial management procedures and standards, staggering public confidence, unsustainable household livelihood interventions and ailing livelihood support programs in Uganda. In a country where the gap between the rich and poor grows wider each day, corruption in the public sector without doubt remains the biggest enemy to development and progress in Uganda.

## 1.3 Objectives of the study

### 1.3.1 Overall objective

The overall objective of the study is to increase public awareness on current trends in fighting corruption in Uganda. Major corruption cases and incidents for the period 2012 – 2016 were profiled, including those that came up in previous years and are still pending or even decided. The study was also to provide concrete recommendations to be adopted by relevant policy and decision-makers.

### 1.3.2 Specific objectives

The specific objectives of the study were as follows:

a) To profile /document the 2012-2016 corruption scandals in the public sector in Uganda.
b) To document and show the 2012 – 2016 corruption trends and the major public sectors or institutions consistently involved.
c) To indicate specific follow-ups that were made on the disposed cases, what conclusions were made and implications of the same.
d) To analyse the implications of the stated cases and related cases on good governance, public accountability and poverty reduction of especially the poor and marginalized people in Uganda.
e) To make practical recommendations for follow up with duty bearers for concrete action to be taken against corruption.

## 1.4 Methodology

i) Literature review

Given the nature of data required, the first phase of the Dossier study was mainly desk-based, while relying largely on in-depth analyses from the richness of official documents and secondary data sources such as: Auditor General reports of the last 4 or so years; IGG reports and Parliamentary and PPDA reports. Others were Transparency International's Corruption Perception Index (CPI) reports and NGO reports; Newspaper stories; Reports of State Enterprises such as COSASE reports of Parliament and Donor reports. The sources also included Commissions of inquiry reports such as UNRA; Reports of Courts of law including Anti-corruption Court and Court Registry. Previous UDN reports equally provided invaluable data for the study.

ii) Primary data

The second phase of the Dossier study included carrying out limited interviews with selected people in Government, through KII (Key informant interviews)- sections of people at IG, police CIID, Directorate of Ethics and Integrity and Anti-corruption Court. Given the sensitivity of the issues raised under studies of this nature, including keeping confidentially requests by some of the respondents, a list of officials interviewed is not provided.

Iii) Case studies documentation

There was documentation of high profile cases of corruption and how they had been or were being managed in Uganda through various processes. This was mainly in respect to the Government Standing Orders to public servants, prudential management of public sector finance, policy and institutional framework, Courts of law, Commissions of enquiry and Judgments where they existed.

### 1.4.2 Scope of the Dossier study

The study covered the events related to corruption during the period 2012 –2016. There are three major forms of corruption a) Petty or "small scale" corruption b) Bureaucratic corruption and c) Political or grand corruption. The Dossier study, however, limited itself to selected issues under the category of Bureaucratic corruption and then Political or grand corruption in Uganda, given that they present the bigger and biggest burden against service delivery, public accountability and national progress. The focus was mainly in the sectors of energy, roads, health, agriculture and a few other institutions in Uganda since as flagship sectors they have incrementally taken substantial national budget resource allocation since 2012 to-date.

### 1.4.3 Limitations of the Dossier study

- The team of researchers had mapped out Key informant interviews with officials from the following institutions and representation for the study: IG, police CIID, judges of Anti-corruption Court, selected Development Partners. Not all the KIIs, however, were got, with an implication that the study report faced some degree of limitation.
- The Dossier study was based on the available documentary evidence from official and non-official records. Official records included reports of the

Auditor General, Inspectorate of Government, Parliament of Uganda, research reports, published books and others. Unofficial reports included newspaper articles and unpublished articles hence the limitation.

- The Dossier study report is not an exhaustive analysis of corruption in Uganda, since this is a much wider subject than covered by the study scope. It, however, gives pointers to undertake a more in-depth study of each of the themes and cases we have identified here.

- The Dossier study report is not a source of evidence for prosecutors of corruption crimes in Uganda, hence the limitation. The report is rather intended to show the magnitude, extent and nature of the corruption that haunts this country, with a particular limited focus on a) Bureaucratic corruption and c) Political or grand corruption.

- To the extent that the Dossier study report is expected to generate debate and possible concrete actions by both the public and the Government in the fight against corruption, it is limited in not providing obvious (blue-print) solutions to the corruption pandemic in Uganda.

- The Dossier study report is conceived to form a basis for a series of studies intended to exhaustively analyze all or most of the aspects of corruption across Ministries, Departments, Agencies and Local Governments, which could not otherwise be done in single document of this nature, hence the limitation.

# SECTION TWO

## 2.0 Analytical and Conceptual Framework for Corruption

### 2.1 Definition/ description of Corruption

One of the most comprehensive definitions of corruption has been put forward by Transparency International (TI), which views corruption as "the behavior on the part of officials in the public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, or those close to them, by the misuse of the public power entrusted to them. This would include embezzlement of funds, theft of corporate or public property as well as corrupt practices such as bribery, extortion or influence peddling".

Transparency International further defines corruption as "behavior on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed".

### 2.1. 1 Forms of corruption

Corruption manifests itself in different forms. These include:
a) Petty or "small scale" corruption
b) Bureaucratic corruption
c) Political or grand corruption.
a) Petty Corruption

"Petty" corruption occurs at a smaller scale and within established social frameworks and governing norms. Examples include the exchange of small improper gifts or use of personal connections to obtain favours. This form of corruption is particularly common in developing countries and where public servants are significantly underpaid. Petty corruption is corruption in the public administration, which citizens experience daily in the encounter with public administration officials and during service delivery like schools, hospitals, police, with judicial officers, local administration officials, customs officers, licensing officials, taxing authorities etc. Although these involve small sums of money, in aggregate terms, they are huge amounts. The net effect is that all citizens are bound to fall victim of it as they interact on a daily basis with such administrative officials.

b) Bureaucratic, endemic or systemic corruption

Bureaucratic or Systemic (endemic) corruption is corruption which is primarily due to the weaknesses of an organization or process. It can be contrasted with individual officials or agents who act corruptly within the system, consciously or unconsciously. Bureaucratic or systemic corruption manifests itself as a result of systems' failure, institutional decay, misuse of discretionary powers, monopoly of authority, lack of transparency and accountability of public officers, and slow growth of a culture of impunity. In such a situation, corruption becomes the rule rather than the exception.

c) Grand Corruption

Grand corruption is defined as corruption occurring at the highest levels of government in a way that requires significant subversion of the political, legal and economic systems. Grand corruption also includes political corruption, which is the abuse of public power, office or resources by elected officials for personal gain through extortion, soliciting or offering bribes through purchasing of votes to maintain themselves in office or by enacting laws which use taxpayer's money. Grand corruption, however, is the extreme abuse of power and authority by both elected and appointed officials. In Uganda, grand corruption may be cited in situations where the political class and senior government officials have colluded to steal or divert huge sums of public funds through acts such as influence peddling, outright theft, seeking commissions on contracts, interfering with procurement processes, etc.

### 2.1.2 Acts of Corruption

The Anti-Corruption Act 2009 identifies the following acts of corruption:

a. Bribery – the payment (in money or kind) that is given or taken in a corrupt relationship. A bribe is a fixed sum or percentage of a contract, or any other favour in money usually paid to a state official who can make contracts on behalf of the State or otherwise distribute benefits to companies or individuals, businessmen and clients. These include: kickbacks, gratuities, commercial arrangements, sweeteners, pay-offs, speed and grease money.

b. Embezzlement – this is the outright theft of resources by people who are entrusted with the duty to administer it. It occurs when employees steal from the employer by virtue of the resources put under their control and put it to personal use. Embezzlement takes place in situations where mechanisms for public accountability and sanctions are lacking and the ruling elite acts with impunity without following institutional procedures. Embezzlement is used by the ruling elite to exercise property and monopoly rights to redistribute resources and rewards to the members of the ruling family.

c. Fraud – fraud involves trickery, deceit or swindling of public resources. It involves manipulation or distortion of information (falsifying accountability documents or failure to account for money advanced to an official, making false claims and dubious purchases etc.), facts and expertise, by public officials who use public resources for private profit. It also involves smuggling, forgery, racketeering and setting up illegal trade networks for supply of goods and services, or when politicians and state agents take a share for closing their eyes on economic crimes or benefit directly from such crime.

d. Extortion – extortion is when money or other resources are demanded through the use of force or coercion, violence or threat of use of force. This occurs when the State or its security services and paramilitary groups extort money from individuals, groups and businesses. The victims of such threats are the travelers, market vendors, transporters and other public sector businesses. Sometimes, such practices are also known as "informal" forms of taxation.

e. Favouritism – Favouritism also known as cronyism or clientilism is a form of abuse of power implying a highly biased distribution of state resources, no matter how such resources have been accumulated in the first place. It involves giving preferential treatment to certain people who may be those that are most trusted, family members, members of his or her own kin (family, clan, ethnic, religious or regional group) regardless of merit, procedures or by virtue of discretional powers coffered upon a public official. For instance, when a head of state has the constitutional right to appoint people to high ranking positions, or a legal or customary right that exceedingly extends the possibilities for favouritism.

f. Nepotism – is a special form of favouritism, in which an office holder prefers his proper kinfolk and family members (wife, brothers and sisters, children, nephews, cousins and in-laws etc.). Many presidents have used such power to secure their position by nominating family members to key political, economic and military or security positions in the state apparatus.

Parliament in July 2015 passed the Anti-Corruption (Amendment) Bill, 2013 intended to strengthen the existing law against corruption in Uganda. The Bill, introduced to Parliament by Hon. John Ssimbwa (NRM, Makindye East) as a Private Members Bill in August 2013, also provides for mandatory confiscation of property of persons convicted of offences under the Act. The Bill sought to widen the scope of categories of persons who may commit the offences of embezzlement and causing financial loss by the inclusion of political leaders and private companies. The Anti-Corruption (Amendment) Act, 2015 was assented to by the President in October 2015.

The biggest challenge to fighting corruption in Uganda is no longer the lack of the legal, policy or institutional frameworks or even strategies. It is rather the lack of political will and commitment to fully implement the existing frameworks. As a result of the numerous and various kinds of corruption that have rocked the country between 2012 and 2016, UDN has undertaken to compile a Dossier on corruption so as to increase public awareness on corruption and make recommendations on the possible remedy against the vice. This includes profiling incidents and cases of corruption from the year 2012 to 2016 , availing an in-depth analysis of government responses, actions and/or inactions in relation to its commitment to fight corruption, and to provide concrete recommendations to be adopted by relevant policy and decision makers.

From the above background, the Dossier study limited itself to selected issues of a) Bureaucratic corruption and b) Political or grand corruption in Uganda.

## 2.2 Context and Anti-corruption framework in Uganda

### 2.2.1. Legal framework

Uganda has succeeded in having in place an elaborate cocktail of legal, policy and institutional frameworks to fight corruption, viz: The 1995 Constitution of Uganda; The Anti-Corruption Act, 2009 (amended in 2015); Whistle Blowers Protection Act, 2010; The Public Finance Management Act, 2015; The Leadership Code Act, 2002; Inspectorate of Government Act, 2002; The Public Procurement and Disposal of Public Assets Act, 2003; Anti-money laundering Act, 2013; Access to Information Act, 2005; Public Service Standing Orders; The Audit Act, 2008. These laws are at the core of Uganda's legal, policy and institutional framework against corruption. The Penal Code provides instruments to deal with various corruption offenses including embezzlement, causing financial loss, abuse of office and fraud. The Leadership Code Act criminalizes corruption, active and passive bribery, extortion, bribing a foreign public official and abuse of office. The Whistleblowers Protection Act, 2010 seeks to protect whistleblowers and to provide monetary rewards in return to reporting. This Act also allows people to report cases of corruption and guarantee them protection, to ensure that all public officials account. The recently passed Anti-Corruption Amendments Act 2013 provides for the confiscation of the properties of those convicted of corruption.

### 2.2.2 Policy framework and Strategies

To help combat corruption, President Museveni in July 2004, launched the National Strategy to Fight Corruption (NACS) and Rebuild Ethics and Integrity in Public Office. To-date, a 5th cycle of the NACS 2014-2019 is in place. The strategy provides a Plan of Action to guide interventions in the fight against corruption. In 2006, the President of Uganda pronounced, and through the NRM Manifesto promised that NRM shall implement the zero-tolerance policy on corruption. He further stated that; "We will continue pursuing the policy of zero-tolerance to corruption through the various legal frameworks and institutions that we have put in place….."

The Code of Conduct and Ethics for Uganda Public Service lists standards and behavior for public officials. Under the code, bribery is defined as any gratification with a value equal to or more that UGX 20, 000 given to public officials by anyone with the intention to influence any current or future decisions. It demands that a gift or donation to a leader must be declared to the Inspector General of Government (IGG) if it exceeds five currency points in value. The regulation, however, is poorly enforced as leaders rarely declare received gifts or donations and the inspectorate may not have the capacity to enforce the regulation. In addition, Uganda is a signatory to both the United Nations and African Union conventions against corruption. The conventions, however, have not yet been fully domesticated, which weakens the struggle against the vice.

### 2.2.3. Institutional framework

Beyond the Legal, Policy framework and Strategies, several institutions are in place: Such as the Inspectorate of Government (IG), Directorate of Public Prosecutions (DPP), CIID under police, Office of the Auditor General (OAG), Public Procurement and Disposal of Public Assets Authority (PPDA), Anti-Corruption Division of the High Court, and three Public Accounts Committees of Parliament and at districts (DPACs) have been put in place to fight corruption. As such, Government has executed some measures against individuals implicated in corruption and in some cases recovered public funds into State coffers.

## 2.3 Is Corruption still risky in Uganda?

Corruption, unlike other crimes appears no longer as risky. The perpetuators seem psychologically, materially and financially prepared to withstand the few days or months in jail, as long  as they have hope to return to their loot and for as long as the prosecution cannot link them to the billions of stolen public resources, while Government does not confiscate the wealth of those proven as corrupt. This is more so, when Government continues to gloss over the existing legal, policy and institutional frameworks that otherwise promote the integrity of public service and resources of taxpayers (public resources). Meanwhile the Public sector holds the biggest volume of resources through taxation, borrowing on behalf of the taxpayers, collection of Non-Tax Revenues and other measures. Unless checked, the gravity of corruption remains heavy for Ugandan society in respect to equitable economic development, accountability and desirable service delivery outcomes. There are issues around extent of Government in effectively implementing the legal and associate regimes to logical conclusion and providing sufficient deterrent mechanisms. Upon this, the report draws analysis of trends in corruption, implications of corruption cases and provides concrete recommendations to be adopted by relevant policy and decision-makers.

## 2.4 The Cost of Corruption

According to Transparency International, corruption impacts societies in a multitude of ways. In the worst cases, it costs lives. Short of this, it costs people their freedom, health and livelihoods. The cost of corruption can be divided into four main categories: political, economic, social and environmental.

### 2.4.1 Political cost

On the political front, corruption is a major obstacle to democracy and the rule of law. In a democratic system, offices and institutions lose their legitimacy when they are misused for private advantage. This is harmful in established democracies, but even more so in newly emerging ones. It is extremely challenging to develop accountable political leadership in a corrupt climate.

### 2.4.2 Economic cost

Economically, corruption depletes national wealth. Corrupt politicians invest scarce public resources in projects that will line their pockets rather than benefit communities, and prioritise high-profile projects such as dams, power plants, pipelines and refineries over less spectacular but more urgent infrastructure projects such as schools, hospitals and roads. Corruption also hinders the development of fair market structures and distorts competition, which in turn deters investment.

### 2.4.3 Social cost

Corruption corrodes the social fabric of society. It undermines people's trust in the political system, in its institutions and its leadership. A distrustful or apathetic public can then become yet another hurdle to challenging corruption.

### 2.4.4 Environmental cost

Environmental degradation is another consequence of corrupt systems. The lack of, or non-enforcement of, environmental regulations and legislation means that precious natural resources are carelessly exploited, and entire ecological systems are ravaged. From mining, to logging, to carbon offsets, companies across the globe continue to pay bribes in return for unrestricted destruction.

Uganda is grappling with effects of climate change mainly because the custodians of our forests and wetlands have been depleted mainly because of corruption. Although a few people financially benefited from the depletion of these natural resources, the entire population is paying the price.

# SECTION THREE

## 3.0 Findings of the Dossier Study

### 3.1 Corruption Trends in Uganda

There has been some good progress between 2012 and 2016 by Government in the struggle against corruption in Uganda. Even then, corruption appears increasingly rampant and pervasive at various levels of governance in Central Government and Local Governments. Unlike in the previous periods, corruption over the stated period seemed to have changed form, from involvement of millions and few instances of billions of shillings in public funds, now to corruption cases involving even more billions worth of money than millions through syndicate collusion, in a number of Government institutions and individuals. Corruption also appears more syndicated, at inter-institutional level, unlike before when it seemed to involve a few officials within a single Government entity.

Moreover, public perception about most governance indicators shows that corruption has become more widespread over the recent five or so years than previously, with poor accountability evident through: flouting of public procurement regulations; exercising undue influence in recruitment and promotions; regulation deficits; bribery; misuse of resources including funds and voter bribery and buying. This was corroborated by Key Informant Interviews (KIIs) from some of the selected Government officials in institutions like IG, police CIID, Anti-corruption Court and Parliament. The KIIs emphasized that the increasing corruption oscillated around: Abuse of office, Forgery and uttering false documents, Embezzlement, Conflict of interest and causing financial loss as the dominant areas of corruption that contributed to the high incidence of corruption over the last five years in Uganda.

Perceptions suggest that the corruption vice has continued to blossom in every sector of the Ugandan society, particularly in the public sector over the last five years. The range of reasons for the perceived increasing corruption trends in Uganda, arguably, included;

i) Considerable limitations in the application of strong deterrent measures and prosecution of high level personalities and cases to logical conclusion.

ii) Corruption being exacerbated by weak law enforcement, which seemed to have fueled a culture of impunity between 2012 and 2016.

iii) Selective prosecution of some cases where Ministers and senior politicians have been implicated but soon exonerated under unclear circumstances or flimsy technicalities.

iv) Actions/ no actions, where corruption cases remained pending for years, forgotten or dismissed on allegation of the State not arraigning sufficient evidence beyond reasonable doubt or simply losing interest.

v) Questions around Government's commitment and willingness to root out corruption once and for all in Uganda.

vi) On a regular basis, Ugandans and the world at large wake up to depressing news and revelations (through media) of corruption scandals involving billions of shillings stolen and misused by public servants.

vii) The vice being evenly spread across Government institutions and the amounts involved being overwhelming.

Table 1: Uganda's rankings and trends in the Corruption Perception Index by Transparency International 2015

| **YearRank** | | **Position** | **CPI Score** |
|---|---|---|---|
| 2008 | 126/180 | 54th | 2.6 |
| 2009 | 130/180 | 50th | 2.5 |
| 2010 | 127/178 | 51st | 2.5 |
| 2011 | 143/182 | 39th | 2.4 |
| 2012 | 130/174 | 29th | 29 |
| 2013 | 140/175 | 26th | 26 |
| 2014 | 142/174 | 26th | 26 |
| 2015 | 139/168 | 25th | 25 |

Corruption remains number one cancer in Uganda looking at the Corruption Perception Index. In 2014, Uganda stood at 142 in position out of 174 countries assessed, scoring 26 out of in (with 100 being the cleanest) compared to 2013 where the country was 140th position out of 177 countries, meaning there is a considerable decline in the fight against corruption and public opinions are still negative on the vice. From the Dossier study, one may not be faulted to think that most public offices have been turned into theatres of corruption and bribery. It would seem that people who occupy some of the offices only plan how to steal and misappropriate money for personal aggrandizement rather than serving the higher public good. As such, the reports about corruption in Uganda seem not about how much has been stolen from public coffers and by who, but have been reduced to a level of a kind of soap opera where viewers, hours or days later, discuss in wonder, how some "actors" and "actresses" managed to pull off their respective roles in the drama.

It was evident during informant interviews that unless harsher and more punitive measures are implemented to reverse the unwarranted trends, the population and public servants will soon be conditioned to be immune to the vice of corruption in Uganda, to an extent of tolerating it, and with the corrupt always admired. In any case the corrupt are perceived to be living in mansions, driving the latest car models and artificially increasing the prices of commodities like land beyond their market value as well as grabbing public property. Besides, such people who are corrupt present a posture/ status of being wealthy, even when the Ugandan economy has generally been facing a slowdown in performance and prosperity between 2012 and 2016. As shown in the earlier Section of this Dossier study report, enough political pronouncements to fight the vice of corruption are well stated, while anti-corruption laws, policies and institutions are in their numeracy. Yet the crime appears to be on the increase, complicated, sophisticated, widespread and syndicated.

According to the East Africa Bribery Index[1], the Uganda Police Force is the most bribery-prone institution in the five East African Community partner states of Burundi, Kenya, Rwanda, and Tanzania, and the Pensions scam is a confirmation to the said findings.

## 3.3 Recovery of public resources from the corrupt

It should be noted that various Government anti-corruption institutions registered some success in recovering and saving public resources especially funds, as a result of investigations and prosecutions undertaken between 2012 and 2016. This breathed some hope and level of demonstration of Government commitment in the fight against corruption in Uganda. For example, the IGG saved funds worth Shs25.6 billion in 2013. In addition, the Directorate of Public Prosecutions (DPP) reported at least Shs4.1 billion recovered as a consequence of corruption probes within the National Agricultural Advisory Services (NAADS) and Global Fund projects between 2013-

[1] https://www.scribd.com/document/69632607/East-Africa-Bribery-Index-Report-2011-Final

2014. These are just a few examples of resources that could have been better used to support Uganda's economic development. It's upon this hope that the following cases are presented, so that the rule of law and related procedures, full recovery of stolen funds, including adherence to public Standing orders are achieved.

## 3.4) Selected Cases of Corruption, Implication on Good Governance, Public Accountability And Poverty Reduction

### ROADS AND TRANSPORT SECTOR

#### CASE 1) FRAUD OVER THE CONSTRUCTION OF THE MUKONO- NYENGA- KATOSI ROAD

In mid-2014, Ugandans awoke to reports in the media of yet another scandal involving the Uganda National Roads Authority (UNRA) over the intended construction of the 74 kilometre Mukono- Nyenga- Katosi road. UNRA was accused of irregularly advancing payment of UGX 24.7 billion to a non-existent or "ghost" U.S. firm, Eutaw Construction Company, which was contracted to construct the UGX 165 billion Mukono- Nyenga- Katosi_road project, yet due diligence was never done by UNRA officials, leading to the financial loss. Government embarked on investigations through the Inspectorate of Government, Police's Special Investigations Division (SID) and the PPDA.

The investigations revealed that UNRA paid a sum of UGX 24.7 billion as advance to the contractor, Eutaw Construction Company, for the said project. Whereas some officials impersonated as from Eutaw, UNRA had paid the money basing on forged documents. The Inspector General of Government stopped the construction of the Mukono- Nyenga- Katosi_road, having also revealed that Eutaw had 100% sub-contracted China's Chongqing International Construction Corporation (CICC). The Federal Bureau of Investigations (FBI) and Interpol also joined the investigation into the fraud. Based in Aberdeen Mississippi, the American Eutaw Construction Company said they contacted FBI after several people claimed to be their representatives and won the Mukono- Nyenga- Katosi_road project. John Bond, the Eutaw Mississippi Director of Business Development vehemently denied knowing any of the persons claiming to be Eutaw representatives in Uganda.

Subsequently, the then Minister for Works and Transport, Abraham Byandala, was accused of meddling in the procurement process and influence peddling, through disregard of the public procurement procedures by vouching for the said American company. The former Works Minster Byandala and some former top managers of UNRA are still facing trial in the Anti-Corruption Court for having caused Government a financial loss of more than UGX 24 billion.

**Recommendation**

i. The Inspectorate of Government should ensure that the public funds that were stolen through the Mukono- Nyenga- Katosi_road project be fully recovered from those who orchestrated this financial loss to the Ugandan taxpayers. Otherwise, such acts promote impunity in management of public affairs in Uganda.

## CASE 2) UGX 4 TRILLION STOLEN, THROUGH UGANDA NATIONAL ROADS AUTHORITY (UNRA)

a) **UGX 9 trillion budget delivered 29% (1,500 kilometres) of expected 5,147- kilometre bitumen road network in Uganda**

UNRA was borne out of a Parliamentary statutory instrument, as a legal entity in December 2006 and became fully operational in 2008, with a mandate for the management, operation, development and maintenance of a category of Uganda's classified road network.

Of the UGX 9 trillion that UNRA received over a seven year period to 2016, only 1,500 kilometres of roads (29%) were constructed out of the 5,147 kilometres that were budgeted for bitumen and funds released, enough for the number of kilometres. As such, through the UGX 4 trillion that misappropriated, Uganda was denied 3,647 kilometres of standard road network due to fraud through well-tailored, collusion, premeditated and syndicated corruption spearheaded by UNRA staff and Contractors. Corruption this nature costs Ugandans and the economy significant losses to proportional levels.

On a positive note, President Museveni in early 2016 appointed the Justice Catherine Bamugemereire-led Commission of Inquiry into the horrible UNRA mischief; where massive dubious dealings were unearthed. The 1,300-page Inquiry report was submitted to President Museveni on 25th May 2016, who described the suspects as "rats" and that the report would "make things easy to follow up." The hand-over of the report was also witnessed by John Byabagambi then Works and Transport Minister, Uganda National Roads Authority (UNRA) new Executive Director Mrs. Allen Kagina, UNRA Board Chairperson Angella Kiryabwire and Auditor General of Government John Muwanga. Others present were the Director of Criminal Investigations and Intelligence Department (CIID) Ms. Grace Akullo, Inspector General of Government (IGG) Irene Mulyagonja and other members of the Commission of Inquiry.

The UNRA-inspired mischief included; flaws in procurement procedure and standards, limited or fraudulent supervision of bridges and road projects, payment of Contracts in foreign currencies thus causing pressure on the local currency and contributing to the heating of the Ugandan economy. They also stretched to premature failure of roads; flaws in land compensations, abuse of public equipment and high construction costs among other anomalies. Cases of insider trading and outright fraud characterised by dubious payments and attendant corruption instances cascaded downwards through the institution and otherwise service delivery systems.

All these corruption acts were worth billions of public funds obtained through Uganda taxpayers and borrowing (mainly external debt). The Inquiry report, inter alia, recommended criminal sanctions against over 90 people, including the recovery from their assets[2]. While receiving the Inquiry report from the Commission's Chairperson Justice Catherine Bamugemereire in May 2016, President Museveni directed the Inspector General of Government (IGG) and the Director of Criminal Investigations and Intelligence Department (CIID) of Police to immediately start "hunting down" all the suspected thieves[3].

Whereas Court proceedings were initiated against some of the people implicated in the UNRA Commission of Inquiry, months later not much progress is known by members of the public to have taken place in regard to the promises of the President on "hunting down" all the suspected thieves and recovery of the UGX 4 trillion of public funds misappropriated. Again, on 14$^{th}$ July 2016, two months after the UNRA report submission to President Museveni, the High Court halted its implementation after Dott Services Ltd and General Nile Company for Roads and Bridges that were implicated in this mega fraud challenged it. The two firms submitted to court that unless an interim order was issued suspending implementation of the report, Government was poised to blacklist them, an issue that would negatively affect their business. Indeed,

[2]http://www.newvision.co.ug/new_vision/news/1425398/unra-misappropriated-sh4-trillion-90-prosecution#st-hash.mETaBM25.dpuf

[3]http://www.monitor.co.ug/News/National/UNRA-probe-Shs4-trillion-stolen--report-reveals/688334-3220554-item-01-okf8c4z/index.html

one of the respondents during this Dossier study lamented that, "This UNRA Inquiry report will neither be the last one to cause hype and expectation on recovery of public resources in vain, nor will it be the last. There is precedence that we taxpayers should not expect much action from such inquiries given the high profile individuals involved in syndicated corruption in Uganda".

It is appreciated that Government has made some effort towards correcting the ills at UNRA, including having a new management team and employees. To the extent of the UGX 4 trillion loss being 36% of the UGX 11.2 trillion national budget for FY 2012/13; 30% of the UGX 14.3 trillion for FY 2014/15); and 15.2% of UGX 26.3 trillion for FY 2016/17 implies exponential loss of economic opportunities to the Ugandan economy, high cost of doing business by the private sector and perpetuation of underdevelopment. It also contributes to erosion of trust by tax payers into willingness of the State to be a custodian of public resources and endeavours to good governance and equitable national development. Such illicit actions when not sanctioned and brought to their logical conclusion only escalate syndicated corruption in Uganda.

Corruption also creates frustration overlay on Government institutions expected to fight corruption, promote prudent accountability of public resources and delivery desired public service outcomes. Worse still, the whole spectrum of high level corruption unless punished becomes a lubricant for "haves" and "have-nots", through illicit actions in public sector, thus perpetuating poverty. Corruption of this nature and magnitude unjustifiably increases debt burden to the Ugandan taxpayers, through amortisation, since a significant portion of the stolen UNRA UGX 4 trillion was borrowed funds. It is the failure in execution of public sector investment projects and losses as in roads that have contributed to Uganda's downgrading in the economic performance rating from B1 about two years ago to B2 in 2016[4]. This was mainly on account of a) deteriorating fiscal and debt metrics, driven by high capital spending and rising cost of debt-servicing; and b) reduced growth prospects. As such, in any economy, corruption is one of the key drivers to poor economic performance and equitable socio-economic development.

[4]See https://www.moodys.com/research/Moodys-changes-outlook-on-Ugandas-B1-rating-to-negative-from--PR_339113 and http://www.tradingeconomics.com/uganda/rating


His Excellency President Yoweri Museveni receives UNRA probe report from Justice Catherine Bamugemereire, 26th May 2016. Photo Credit: Daily Monitor

### b) Unjustifiably high cost under UNRA projects and operations

The Justice Bamugemereire-led UNRA Commission of Inquiry report was also deeply concerned and shocked about the exorbitant cost of construction of roads and related operations, in view of benchmarking the East African Community and Horn of Africa countries. Uganda costs were comparatively much more expensive, for instance, with a unit cost of asphalt concrete in Uganda at 19% higher than in Rwanda and 52% higher than in Ethiopia. The cost of base course of crushed stone or natural gravel in Uganda was at 6% higher than the cost in Rwanda and 130% higher than the corresponding cost in Ethiopia.

Furthermore, that the cost of sub-base in Uganda was 221% higher than the corresponding cost in Rwanda while for subgrade layers out of selected material, the cost in Uganda was 69% higher than in Rwanda and 125% higher than the corresponding cost in Ethiopia. "It does not take a rocket scientist to realise that both statistically and technically the Government and people of Uganda did not get value for money; or that they have been defrauded of a staggering 4 trillion odd shillings, an amount which could have constructed an additional 3,647km of new paved/tarmac roads," the UNRA Commission of Inquiry noted.

To the extent of high unit costs of road projects and operations by UNRA, at least up to the time of Commission of Inquiry, fraud is evident. This has cost the Ugandan taxpayer much more than is justified, moreover on top of shoddy work and gross lack of value for money. Such issues undermine the good intention of Government, reduced cost of doing business by the private sector, poor access to social services. It also translates into a general breakdown in the otherwise desirable prudent management of public resources, accountable governance, economic development and poverty reduction in Uganda. Moreover, such actions are planting seeds of deepened corruption in Ugandan society, unless concrete steps are seen to have been implemented across the culprits.

**Recommendations**

i. The anti-corruption institutions such as CIID, IGG and DPP ought to have a strong legal defence, else the Justice Bamugemereire-led UNRA Commission of Inquiry report will yield no serious results against stealing of public resources. This will give an account by account blow to overcoming corruption in Uganda.

ii. The President should cause Government institutions especially the anti-corruption institutions- CIID, IGG, DPP and Courts of Law to fully implement the recommendations of The Justice Bamugemereire-led UNRA Commission of Inquiry report, with a view to recover of stolen public resources.

iii. Other stakeholders who are concerned about the escalating corruption in Uganda, including the media, Development Partners, CSOs, students and academia should put up concerted effort and advocacy for Government to take conclusive implementation of the Justice Bamugemereire-led UNRA Commission of Inquiry report.

## CASE 3) ENTEBBE EXPRESSWAY PROJECT

Under the overall management of Uganda National Roads Authority (UNRA), the construction of the 51.4 kilometre Kampala- Entebbe expressway project was commissioned by President Yoweri Museveni in November 2012[5] and expected to be completed by 2016. The project valued at $476 million (about UGX 1.6 trillion)- $350m being a loan from China's Export- Import (EXIM) Bank and $126m from the people of Uganda as counterpart funding. The contract was awarded to China Communications Construction Company Ltd (CCCC). The Parliamentary committee on Commissions, Statutory Authorities and State Enterprises (COSASE), nevertheless, established that the project cost was inflated by $16m (about Shs55 billion). As such, over UGX 4 billion was lost in fake compensation of land on the Kampala-Expressway, yet the same land belonged to Government of Uganda.

It is said that UNRA officials who awarded the Contract to CCCC argued that the additional cost was prompted by the need to avoid compensating land owners. This was itself promoted by the decision that road be built in wetlands, which required durable materials by quality and quantity. Meanwhile, the said land was a gazzetted Central Forest Reserve in Wakiso District. Investigations revealed that through syndicated and high profile cobweb corruption, Wakiso District surveyors and some officials from UNRA processed land titles for the forest reserve land and eventually received compensation from taxpayers' funds, even if the rightful owner of the land was a Government institution, National Forestry Authority (NFA). According to reports, a former Lands Minister, Daudi Migereko was among the people who allegedly benefited from this compensation since he had a plot in the NFA land. He was quizzed by the Justice Bamugemereire-led UNRA Commission of Inquiry team. Yet the recommendations of the report have not been implemented, at least not fully.

To the extent that the investigations report and recommendations towards recovery of stolen public resources have not been done, the net loser remains the Ugandan taxpayer. It is the citizens who are often "mortgaged" for repayment of debt acquired by Government of Uganda, whether from bilateral or multilateral sources. The culture of those with custodian responsibility y to uphold public service tenets, ensure adherence to Public Service Standing Orders and other mechanisms for prudent management of public resources are increasingly the greatest abusers of such custody and integrity of institutions in Uganda. The culture of abuse of taxpayer resources is creeping in Government.

Recommendations

i. The Justice Bamugemereire-led UNRA Commission of Inquiry report elements about and recommendations about the Entebbe Express highway project be implemented fully, with a view to recovery of stolen public resources.

[5] See more at: http://www.newvision.co.ug/new_vision/news/1341843/private-company-manage-kampala-entebbe-expressway#sthash.MndKyVaV.dpuf

## CASE 4) UGX 5 BILLION LOST STOLEN FROM PEACE RECOVERY AND DEVELOPMENT PLAN (PRDP) ACCOUNTS FOR NORTHERN UGANDA UNDER OPM

Another high level scandal involved the Principal Accountant in the Prime Minister's Office, Geoffrey Kazinda, who was convicted after being found guilty of embezzlement, forgery, causing financial loss and abuse of office which led to the loss of UGX 5 billion that was meant for the Peace Recovery and Development Plan (PRDP) for Northern Uganda. The money transferred to the Crisis Management and Recovery account, from where it was siphoned away, through syndicated corruption. A special audit carried out by the Auditor General found substantial evidence detailing how aid from Ireland, Norway, Sweden and Denmark was transferred to un-authorised accounts in a sophisticated scam which resulted in the theft of at least Shs50 billion[6]. The scam prompted three donor countries cut aid in 2012. The British government, Denmark and Ireland froze their development aid through PRDP under Office of the Prime Minister.

Government actions have since included a judicial process, where Kazinda was handed 5 years for abuse of office, 2 years for forgery and another two years for unlawful possession of Government stores. The sentences are running concurrently. Government also instituted a Treasury Single Account system with relative improvement in prudent management of public funds in Uganda so far. Still, in October 2012, 17 officials from the OPM, MoFED and Bank of Uganda were interdicted over the above PRDP scam. Those interdicted from OPM were Mr. Arthur Mumanyire (Accountant), Mr. Byekwaso Musiho (Senior Accounts Assistant), Ms. Beatrice Kezabu (Assistant Resettlement Officer), Mr. Kennedy Lubega (Officer Research), Mr. Martin Owor (Commissioner Disaster Management), Ms. Irene Birungi, Ms Lydia Nalwanga and Mr. Yahya Kasolo.

Those who were interdicted from Finance were Mariam Kiggundu, Gilbert Okello, Tony Yawe and David Mugisha, while suspended Bank of Uganda officials were Mr Milton Opio, one of the deputy directors in charge of verification of signatures. The Prime Minister then Mr. Amama Mbabazi said more officials would be interdicted and taken to court. While Government used taxpayers' money to pay refund the aid by some of the Development Partners, nonetheless, to-date not much of the stolen funds have been recovered from the culprits in Uganda. The actions or mis-actions may easily facilitate or reduce corruption scams in Government.

[6] http://www.monitor.co.ug/News/National/MPs-order-govt-to-remove-Bigirimana/688334-1609428-item-01-yk4tkj/index.html

## CASE 5) MANAGEMENT OF LOAN PORTFOLIO BY THE MICROFINANCE SUPPORT CENTRE

Microfinance Support Centre Ltd (MFSC) is a government owned company incorporated in 2001 as a company limited by guarantee and is governed by a board of directors. MSC was incorporated to offer affordable, sustainable and convenient financial and business development services to active and productive Ugandans by extending credit and business development services to registered institutions engaged in agricultural value chain production, processing and marketing. These include Savings and Credit Cooperative Organizations (SACCOs), Area Cooperative Enterprises (ACEs), Microfinance Institutions (MFIs), Cooperative Unions and Small and Medium Enterprises (SMEs).

The Government of Uganda in a bid to realize the "Prosperity for All" Vision (2006) initiated the Rural Financial Services Strategy (RFSS) implemented under the Department of Microfinance in the Ministry of Finance Planning and Economic Development (MoFPED). The aim was to ensure sustainable delivery of affordable financial services to Ugandans so as to achieve prosperity and enhance socio-economic transformation. In light of this, the Government recognized microfinance as a vital tool in poverty reduction and set up the Microfinance Support Centre under RFSS in 2001, with an objective of facilitating access to affordable and sustainable financial services. The Microfinance Support Centre Ltd is funded by the Government of Uganda and the African Development Bank (ADB).

According to the OAG, the MFSC managed to reach out to all sub counties in the country as was set out in the design of the scheme, developing a number of loan products to cater for the various client segments, thus further enhancing its ability to reach out to all categories of its clientele and strengthening its staff capacity to deliver services by offering them specialized training programmes. The following areas were, however, identified as gaps in the implementation;

a) Any person to access funds should have a Memorandum of Understanding (MoU) signed between MSC and the concerned stakeholder stipulating the terms and conditions under which such a programme will be implemented. It was observed that loans totaling to UGX 7.6 billion were paid out to clients without signing MoUs. It was therefore difficult to ascertain the terms and conditions under which these loans were disbursed.

b) Beneficiaries under the special programmes were not subjected to the process of appraisal and due diligence. As a result, the SAACOs that benefited under this arrangement have defaulted and are in arrears past the recommended 270 days. In the offices visited it was observed that the majority of the SAACOs that benefited have either closed down and sign-posts removed or open once in a while, therefore making it very difficult for the Zonal credit loan officers to track and recover these loans. For example, in Kampala Zone, UGX 2bn was disbursed to clients under the special outreach programmes and the SAACOs that benefited under this arrangement have defaulted and failed to pay UGX 900 million and thus a high likelihood that these loans will not be recovered. Failure to screen and appraise clients under special programmes has led to MFSC's failure to recover loans disbursed and a poor loan portfolio performance. As a result, instead of expanding outreach to new clients, MSC is focusing on recovery from the defaulting clients which has proved to be futile. Loan defaults

c) The agreements signed by MFSC with individual clients provided that, borrowers should make loan repayments in accordance with the loan repayment schedule. It was established that the default rate was at 38% and the repayment rate at 62% which was below the target of 95%. High defaults were attributed to the MSC practice of lending to SACCOs which are considered to be the most risky given that they do not provide security and yet constitute the majority of MSC clients. As at June 30 2013, out of the cumulative amount disbursed loans of UGX 142 billion, SACCOs constitutes 82% of the total number of clients and 54 percent of the value of the portfolio.

d) The total outstanding balance of loans considered secured forwarded for legal action in January 2014 amounted to UGX 7.04 billion but the securities attached for these loans could only cover UGX 4.16 billion leaving a balance of UGX 2.8 billion without security. Out of the secured loans amounting to UGX 4.16 billion forwarded to the Legal Department for legal action, only UGX 2.1 billion (representing 50%) had been recovered at the time of audit, leaving a balance of UGX 2 billion not recovered and likely to be written off as bad debts.

e) Low loan recovery rate is attributed to over valuation of securities (properties) leading to acquisition of loans without adequate security. For example, Lango Cooperative Union Limited had an outstanding loan amount of UGX 2.2 billion. Upon sale of the mortgaged property, however, the Legal Department could only recover UGX 1 billion, resulting into a loss of UGX 1.2 billion. Relatedly, in the case of Mashara Enterprises Ltd, it was established that the valuation was undertaken on a different property from the one mortgaged by the client. This case alone is likely to cause MFSC a loss of UGX 128 million. The failure by MFSC to exercise adequate control over the valuation process has exposed MFSC to the risk of financial loss arising from collusion between valuers and the clients.

**Recommendations**

i. MFSC should take all necessary measures to recover the loans in default under the special programme
ii. There is need by MSC to adhere to the set guidelines
iii. There is need for a comprehensive monitoring system on the performance of the Portfolio leading to a drastic drop in cases of default.
iv. There is need to reconsider the threshold to ensure that tighter controls are in place to curb the high default rate.

## CASE 6) OUTSTANDING ARREARS WORTH UGX 25B IN PRESDENT'S OFFICE

Accumulation of Shs8.8 billion arrears in FY 2012/13 (domestic arrears worth Shs4.5 billion, Pension liabilities worth Shs4.2 billion) under Office of the President had accumulated to Shs24 billion (domestic arrears of Shs11 billion; Pension liabilities of Shs13 billion). A supplementary Budget of over UGX 6.3 billion in FY 2014/15 was said to have reduced the arrears to just over 11.4 billion. Interestingly, while Office of the President had in FY 2013/14 budgeted for Shs73 billion released and Shs73 billion spent. Even when the institution received virtually all the budgeted funds, some activities worth millions of shillings were never undertaken, which raises a budget discipline issue. Whatever the reasons for the accumulation of arrears, such trends clearly undermine Government's Commitment Control System (CCS) and exacerbate Budget indiscipline and corruption in sections of MDALGs, as often reflected in some questionable omnibus supplementary budgets. There was an increasing risk of litigation due to non-settlement of the obligations, not just of Office of the President or Attorney General but also across Government, where the costs in millions or even billions are borne by taxpayers to the detriment of deserving public service delivery sectors, programs and activities.

**Recommendation**

i. The PS/ST should prevail over Accounting Officers across MDALGS to always adhere to Government's Commitment Control System (CCS) in order to ensure budget discipline and deal with some of the often questionable supplementary budgets that tend to be approved by Parliament in a rather omnibus manner. Short-circuiting the CCS implies stifling the businesses of suppliers of goods and services that inherently undermine the growth of the private sector that is said to be an engine of economic growth and development tin Uganda.

## CASE 7) NON DEDUCTION OF 6% WITHHOLDING TAX TOTALING NEARLY UGX 40 MILLION

The taxation policy and attendant legal regime in Uganda, require a withholding agent to deduct and remit Withholding Tax (WHT) upon payment of employment income, for instance as stipulated under Section 117-1 of the Income Tax Act, Cap 340 (as amended) then in FY 2013/14. Meanwhile in FY 2013/14, the Ministry of Public Service made payment sections of service providers to the ministry without the 6% WHT deduction amounting to UGX 38,087,253. This not only presented risks of penalty to the ministry from sister institutions like Uganda Revenue Authority, but also undermined the domestic tax collection efforts of Government. Worse still, it is an issue that Government institutions which are expected to adhere to the relevant legal regime and also act as custodians of certain public sector frameworks, values and standards are the very ones that actually flout such measurements in Uganda.

**Recommendations**

i. The Auditor General, PS/ ST, Office of the Prime Minister and Uganda Revenue Authority (URA) need to work together and verify that Accounting Officers across MDALGs have adhered to the prescribed threshold in the taxation requirements and public service standards including full 6% Withholding Tax deductions and consistent remittance to URA, between 2012 and 2016.

ii. Full implementation and roll-out of IFMS across all MDALGs in Uganda, with full Withholding Tax function that should be annually verified by Auditor General for compliance.

## CASE 8) IMPREST FUNDS WORTH UGX 108.3M NOT ACCOUNTED FOR AT MoPS FY 2013/14

Various public finance management's legal, policy and institutional frameworks[7] are clear on management of public funds in general and on the fact that by the close of a given fiscal period (usually Financial Year) imprest funds should have been retired. This includes recovery measures from the emoluments of the affected public Officers i.e. imprest holders. In FY 2013/14 as a case, there were no Imprest cashbooks maintained throughout the year at Ministry of Public Service. It's little wonder that out of the paid cash imprest worth UGX 260,718,300 an amount totaling UGX 108,336,942 (nearly 42%) of public funds had not been accounted for by respective Officers end of the FY contrary to the stated framework parameters. Such actions increase the mystery and suspicion that funds up to nearly 42% were actually prudently utilized for approved and intended business, or rather simply siphoned away from public coffers or even how prevalent the pathetic acts are, had wider samples been done within Ministry of Public Service and across MDALGs in Uganda.

**Recommendations**

i. Ministry of Public Service should fully institute prudently consistent measures for Imprest cashbook management, approval levels, accountability and records, in order to safeguard use of public funds.

ii. Auditor General should carry out audit across Government MDALGs on compliance with provisions on Imprest management under key public finance management's legal, policy and institutional frameworks, so that prudent and consistent measures for Imprest cashbook management, approval levels, accountability and records are in place. This will contribute to increase transparency and efficiency in the use of public funds in Government, accountable and effective delivery of public services.

iii. Under the Anti-corruption law (2015) and such key public finance management's legal, policy and institutional frameworks in place, there should a bold move spearheaded by the President of Republic of Uganda, towards recovery of stolen or un-accounted for public resources across Government MDALGs, taking a sample of say 2012 to-date. This will send strong anti-corruption message and enforce deterrent, so that the image of both Government and public service is restored in Uganda.

[7]See Public Finance Management Act, 2015; Section 227 to 229 of the Treasury Accounting Instructions, 2003

## CASE 20) PENSION SCANDAL UNDER MoPS- 2012

Article 22 of the Universal Declaration of Human Rights (UDHR) affirms that; "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." As such, the Pension sector in Uganda is critical towards this realization. In September 2012, a fraud scandal involving over UGX 169 Billion marred the Pensions department under Ministry of Public Service through ghost pensioners, in the name of clearing outstanding pension claims of 1,018 former East African Community workers.

The ghosts under MoPS in the above had taken the place of some of the otherwise genuine retired and old citizens who duly offered their services to Uganda, yet some continue to grumble, die away in vain of their due pension emoluments. The money was alleged to have been siphoned through Cairo International Bank, with connivance from top employees of the ministries of Public Service and Finance. The case, albeit, had collapsed and suspects let off the hook. The pressure from different stakeholders, however, made Government to revisit the judgment. Arising out of this Government effort, three major culprits were in November 2016 convicted. Sadly still, the funds stolen from this case have not been recovered and the culprits are equally appealing the judgment and for other related corruption cases.

Indeed, the 2015 Auditor General's Report again showed that out of Pension payments amounting to UGX 284 billion paid during Financial Year 2014/15, over UGX 14.6 billion was charged on account codes not aligned to Government's designated expenditure budget lines. Evidently, the relative escalation of financial-related public sector scandals in general and Pension sector in particular are a serious deterrent to the desired accountability, service delivery aspirations and development in Uganda.

L-R: Christopher Obey, Kiwanuka Kunsa and Jimmy Lwamafa, Public service officers in the middle of the Pension Scam.

## CASE 10) PENSION FUNDS ABOUT UGX 1B PAID BY MoPS TO GROUP ASSOCIATIONS AND AN ADDITIONAL UGX 113.3M TO FOREIGN PENSIONERS WITHOUT ACCOUNTABILITY RECORDS

In FY 2013/14, various pension groups were paid up to UGX 953,803,416 (nearly UGX 1 billion) as both Gratuity and monthly Pension of group members. Yet the said groups did not furnish the Ministry of Public Service with accountability records such as verifiable acknowledgements by bona-fide recipients, moreover with no life certificates on file about details of the recipients of both the Gratuity and monthly Pension group members. Besides, the Ministry of Public Service was paying pension to foreign pensioners through account number 0196000236505 in Stanbic Bank where a total of UGX 113,324,176 was paid in the 2013/2014 financial year alone, yet with an unclear record on the said foreign pensioners. The actions or inactions involving Group Associations or Foreign Pension[8] payments again present greater risk for ghost payments, further loss of public funds and other resources, while public services and critical sectors of the economy wallop in insufficient funds, new borrowing and more public debt.

[8]GOU, Annual Report of The Auditor General For the Year ended 30th June 2014, Volume 2, Central Government, p. 352

## CASE 11) UGX 12.8B PAID BY MoPS TO PENSIONERS BEYOND PENSIONABLE PERIOD IN FY 2013/14

Section 18(1) of the Pensions Act, Cap 286, stipulates that every pension or other allowance should cease upon the death of the person to whom it is granted. Further that pension granted is be payable for a period not exceeding 15 years in aggregate from the date of retirement of the deceased pensioner. To this end, the recipient Pensioner is required to present an annual life certificate to prove that s/he is still alive upon expiry of the 15 year pensionable period, to Ministry of Public Service.

Against this background audit in FY 2013/14 established that 19,135 Pensioners who had clocked maximum pensionable period of 15 years were still earning monthly pension from the Ministry of Public Service payroll, even though they had not presented their life certificates. Yet Ugandan tax payers forked out Shs12 billion through this monthly Pensions payment. "In addition, a total of Shs28 million was paid to administrators of estates of Pensioners whose cause of retirement was death and had earned pension beyond the stipulated period of 15 years. According to the Pension Act, Cap 286 all Pensioners who are over 75 years should furnish the Ministry with Life Certificates, but that the Ministry cannot just delete them off the payroll unless it is confirmed that they are dead[9]. The narrative of anomalies (by omission or commission) regarding Pensions payroll management whether under Ministry of Public Service or any other MDALGs posed greater risks for ghost payments, abuse of public funds and any other resources.

The Accounting Officer should institute a mechanism that tracks pensioners so that they do not get paid beyond the lawful pensionable period. In addition, the ministry should enforce the requirement of pensioners, specifically those that have attained the maximum pensionable period of fifteen years, to avail life certificates.

### Recommendations

i. Government should squarely deal with Pension sector management issues for greater transparency and accountability to the bona-fide recipients, including an electronic mechanism on tracking which Pensioner is eligible, who is 75 years or not, ghost or real recipient. Beyond the overall reforms needed under the Pension sector in Uganda, the restoration of sanity in the

[9] GOU, Annual Report of The Auditor General For the Year ended 30th June 2014, Volume 2, Central Government, p. 353

Government Pension sub-sector will restore dignity and diligent service in public service.

ii. The possibility of reforming the Government Pension scheme where the 100% contribution is borne by Government alone should be explored with a view that public servants be free to make a contribution too and be at liberty to save with a Pension scheme or institution of their choice within the market, beyond Government. This may not only increase efficiency in the management of Pension funds but also reduce accountability challenges that Government's Pension sector has continued to grapple with.

iii. The Integrated Financial Management System (IFMS) and IPPs should fully be integrated across Government, for efficiency, effectiveness and reduced scandals involving the Pension in Government.

## CASE 12) ACCOUNTABILITY ISSUES AROUND UGX 1.2 B DOMESTIC ARREARS AND UNSPENT BALANCES WORTH UGX 262.5M NOT REMITTED TO CONSOLIDATED FUNDS AT MoPS IN FY 2013/14

The Public Finance Management Act 2015, inter alia, provides that any unspent funds as at 30th of June that were obtained from the Consolidated Fund (UCF), be returned to the Fund. This was the case even earlier, under The Public Finance and Accountability Act, 2003. Under the Ministry of Public Service (MoPS), nevertheless, unspent balances of up to UGX. 262,479,735 on the PSRP project account had not been remitted to the UCF at the end of FY 2013/14. With an explanation from the Accounting Officer that this was due to procurement process for IPPS equipment that was on-going, no clearly adequate reasons were given for such actions or inactions amidst no documentary evidence. Moreover the PRSP project had closed earlier in 2014. Yet not even authority of the PS/ST as provided for under the laws was sought to guide this retention of the unspent balances. Such actions have continued to compromise the quality, adherence to procedure and standard of public finance management. They are prone to loss of public funds through corrupt means while undermining the existing legal, institutional and policy guidelines that otherwise would foster greater prudent use of public resources in Uganda.

In addition, the domestic arrears position for Ministry of Public Service increased by 281% from Shs311 million in July of FY 2013/14 to Shs1.1 billion by the end of June the same year. Such actions undermine Government's Commitment Control System (CCS) and exacerbate Budget indiscipline in sections of MDALGs, including MoPS. Still, the actions increase the risk of litigation due to non-settlement of the obligations not just to the Ministry of Public Service or Attorney General but across Government where the costs in millions or even billions are borne by taxpayers to the detriment of deserving public service delivery areas. It also affirmed that the ministry often flouted the Commitment Control System of Government, where MDALGs are not expected to commit Government beyond the resources available in the year of commitment. It is such that has compounded accountability issues in the Pensions sector management, including validity of the monthly pension invoices and subsequent payments that so far underpin corruption in Uganda.

**Recommendations**

i. The PS/ST should prevail over Accounting Officers across MDALGS to always adhere to Government's Commitment Control System (CCS) in order to ensure budget discipline and mitigate some of the questionable supplementary budgets that, moreover, tend to attract omnibus be approved by Parliament of Uganda and thus at times adversely affecting credibility of Parliament. Short-circuiting the CCS implies stifling the businesses of suppliers of goods and services that inherently undermine the growth of the private sector that is said to an engine of economic growth and development tin Uganda.

## CASE 13) OVERPAYMENT OF SALARY

Section (Ba) (7) of the General rules on Payment of Salaries in Public Service Standing Orders,2010 requires salaries to be paid correctly, promptly and as a lump sum in accordance with the approved salary structure for the Public Service.

However, payroll analysis carried out revealed that a sum of Shs6.5 billion was paid in excess of the approved salary scales to various staff.

The accounting officers attributed overpayments to challenges encountered during decentralization of salary payments on the Integrated Financial Management system (IFMS) and Integrated Personnel and Payroll System (IPPS) and outright errors during the salary payment process. Many of the Accounting Officers explained that they had initiated the process of recovering the overpaid amounts. No evidence has so far been given to prove the correction of these anomalies.

## CASE 14) PROCUREMENT ANOMALIES

Some Local Governments procured items worth UGX 11.4 billion without following Public Procurement Regulations and Guidelines. The amount is comprise UGX 310million which lacked procurement files, UGX 9.9 billion where there was breach of procurement procedures, UGX 1 billion involving inadequate contract management and UGX 215 million of unauthorized contract variations and consequently, it becomes difficult to ascertain whether value for money was achieved. The shortcomings, according to the AG 2014/2015 report, were attributed to lack of technical capacity, understaffing and deliberate flouting of PPDA regulations.

## CASE 15) UNSATISFACTORY CIVIL WORKS

Section 14 of the PPDA regulations require an Accounting Officer to have the overall responsibility of the successful execution of the procurement, disposal and contract management processes and ensure that implementation of the contract as per the agreed terms. Audit inspection of the works in the roads, water, schools, health centres and other buildings revealed that there were several projects with unsatisfactory construction works amounting to Shs8 billion. This implies that value for money may not have been achieved. The Accounting Officers attributed this anomaly to inadequate technical staff, delayed procurement process and inadequate capacity of the local contractors to execute the works.

## CASE 16) IRREGULARITIES IN MANAGEMENT OF SCHOOLS AND TERTIARY INSTITUTIONS

The analysis of 100 schools and tertiary Institutions out of the audited population of 277, revealed the following crosscutting issues.

### a. Revenue shortfall

The analysis revealed revenue shortfall of Shs3 billion in respect of 19 entities. The revenue shortfall implies that some planned activities were not implemented. The shortfalls were attributed to Central Government budget cuts, fees defaulters and shortfalls in student's enrollments. There is need for the accounting officers to continue liaising with the Ministry of Education and Sports and other stakeholders to enhance revenue mobilization and collection.

**b. Funds not accounted for**

Audit revealed that funds amounting to Shs 170 billion in 58 entities remained unaccounted for contrary to the Regulations. In the absence of accountabilities, it becomes difficult to confirm that the funds were utilized for the intended purposes.

Delayed accountability of funds may lead to falsification of documents and loss of funds. The delays to present accountabilities are attributed to laxity of the Accounting Officers to enforce the internal controls regarding accountability. There is need therefore for the Accounting Officers to enforce controls relating to financial management and accountability.

## CASE 17) MANAGEMENT OF INVESTMENT LAND IN INDUSTRIAL PARKS BY UGANDA INVESTMENT AUTHORITY

The Government of Uganda (GoU) established Uganda Investment Authority (UIA) to operate as a one stop facilitator for investors. To achieve this objective, UIA has set up many initiatives that include establishing twenty two (22) industrial and business parks throughout the country, allocation of land to prospective investors, with the aim of creating jobs and adding value to locally available raw materials. (pp 21).

UIA was expected to undertake a feasibility assessment and develop a long term plan for the development of 2 industrial parks. Whereas UIA embarked on the development of seven (7) industrial parks, there was no evidence of a comprehensive long term strategy having been developed to realize the government objective. In addition, except for Namanve Industrial Park, there was no feasibility study done for the rest of the parks. UIA procured land for the seven (7) industrial and business parks in the years from 2008 to 2011 at a total cost of Shs16.6bn.However, development in these parks has been minimal despite the substantial investment by government.

Out of the 343 investors allocated land in the different industrial parks only 45 investors, representing 13%, are in operation. In addition, out of the anticipated 57,452 jobs that would have resulted if the land so far allocated had been developed and fully utilized, only 1,345 jobs had been created which, represents a performance level of 2%. Further, out of the anticipated investment of USD 2.04 billion, only USD169.6 million had been invested, which translates into a performance level of 8%.

## CASE 18) ACQUISITION AND UTILISATION OF MEDICAL EQUIPMENT UNDER UGANDA HEALTH SYSTEMS STRENGTHENING PROJECT (UHSSP)

The Uganda Health Systems Strengthening Project (UHSSP) is a project administered under the Ministry of Health (MoH). It was established as an enabler to achieving the Uganda National Minimum Health Care Package (UNMHCP) with a focus on maternal health, new born care and family planning, through improving human resource for health; physical health infrastructure; and management, leadership and accountability, for health service delivery. The five year project was established in 2010 and started operations in February 2011 and was scheduled to end in July 2015.

The project was jointly funded by the Government of Uganda and the World Bank to a tune of USD 14.31 million and USD 130 million, respectively. The funding from World Bank is through a loan obtained from the International Development Association (IDA)

### a) **Unused equipment**

UHSSP was set up to bridge the existing gap of supply and maintenance of medical equipment in 46 selected health facilities[10] in order to improve the quality of health care delivered to patients. The project has spent USD 24 million (Shs60.480 billion) on procurement and supply of these medical equipment[11] , yet some of the equipment remains unused in the facilities where it was supplied[12]. The project has achieved tremendous progress in reducing the gaps for medical equipment in the health facilities across the country through the purchase and distribution of an assortment of medical equipment. The equipment ranging from specialized medical equipment; hospital furniture; medical instruments; general equipment; and multipurpose vansto two hundred and thirty (230) health facilities. This has boosted the capacity of the beneficiary facilities and will contribute to improving the access to and quality of healthcare delivered.

However, it was also noted that the health facilities were not availed with copies of the medical equipment policy and neither were they sensitized on the contents and applicability of the policy to ensure proper utilization of the medical equipment supplied.

[10]IGG report 2013

[11]Auditor General Report 2014

[12] Page 97 AG value for money audit report 2012/2013

b) **Lack of sensitization on medical equipment policy**

The distribution and sensitization of the medical equipment policy was not prioritised by the Ministry which could lead to misuse and neglect by health workers and managers. Through interviews and the field visits conducted in health facilities, it was discovered that the health ministry did not take measures to ensure that staff with the requisite capacity to effectively utilize the equipment were in place and that training was arranged where capacity gaps had been identified before the supply of equipment to targeted health facilities. For instance, at the time of audit field visit in September 2014, the project had supplied anesthetics machines to 165 HCIVs at a cost of $ 2,063,085.75 (Shs6 billion), however, all the HCIVs visited were not utilizing this equipment because they lacked the technical expertise to effectively utilize the equipment. In a related case, two auto strainers worth $25,345.68 (Shs76 million), which were issued to Mubende and Moroto Regional Referral Hospitals, are not operational because of lack of qualified staff.

## CASE 19) REDUNDANT PRINTING UNIT UNDER MINISTRY OF HEALTH

In 2007, the Ministry's printing unit was demobilized from Entebbe to Kampala after the shifting of the Ministry operations earlier. It was noted that the equipment has not been installed since then. The seven (7) staff who were supposed to operate and run the unit have also been idle while drawing salaries. The redundancy of the machines could lead to their obsolescence and yet they could have reduced the cost of printing of documents such as magazines, newsletters, posters, brochures and leaflets on which more than UGX 100million was incurred during the FY 2013/14. The Accounting Officer explained that the printing unit equipment was secured at Mulago Hospital stores and that the Ministry had undertaken a procurement to have it reinstalled.

## CASE 16) ABSENTEEISM IN HEALTH CENTRES BY HEALTH WORKERS

A recent report on Human Report for Health by Dr Vincent Oketcho indicated that by June 2016, there was an increase in the number of public sector health workforce from 42,530 to 43,277. Although the net increase was 700 health workers, it is still below the target of 2,000 health workers. This achievement however, is undone by the prevailing culture of absenteeism by health workers which does not provide value for tax payers' money that is spent on their salaries. Dr. Diana Atwine, the new Permanent Secretary in the Health Ministry, while still serving as the head the State

House Health Monitoring Unit, said the failure by health workers to show up for work (absenteeism) is not mainly caused by lack low pay or lack of housing facilities for health workers, but it is due to accountability on the part of health professionals. She said back then if the health workers were people of integrity, they would leave the jobs since they knew while at medical school that what the job paid when it was offered to them[13]

Absenteeism rate by public health facility level, 2016

| Health facility level | Absenteeism rate |
|---|---|
| General Hospital | 21.39% |
| Health Centre IV | 31.19% |
| Health Centre III | 38.52% |
| Health Center II | 31.19% |

Source: Facts and Figures on Health Workforce by Dr Vincent Oketcho, 2016

Absenteeism by cadre

| **Cadre** | **Absenteeism rate** |
|---|---|
| **Doctor** | **41.18%** |
| **Clinical officers** | **21.52%** |
| **Midwives** | **31.19%** |
| **Nurses** | **29.40%** |
| **Laboratory attendants** | **27.78%** |
| **Pharmacists** | **57.14%** |
| **Administration staff** | **20.77%** |

Source: Facts and Figures on Health Workforce by Dr Vincent Oketcho, 2016

**Recommendation**

Several reports like the Fourth Annual Report on Tracking Corruption Trends by the IGG highlighted absenteeism by health and education workers in Uganda as a growing

[13] http://mediaschool.indiana.edu/uganda16/employee-absenteeism-hobbles-ugandan-health-centers

problem. This form of quiet corruption should be dealt with by the responsible accounting officers to ensure effective service delivery and accountable governance.

### a) **Quality of Equipment Procured**

Through review of the NACME equipment verification report and field inspections, it was established that some of the following equipment supplied was substandard. These included 1,027 bed, adult patient and mattresses, 503 bowl stands, 137 cupboard instruments, 240 cupboards and steel lockables, 321filling cabinets, 513 patient screens, 300 patient trolleys, 53 defibrillator,230 delivery beds and 230 delivery beds for disabled mothers.

It was noted that despite all the equipment having been cleared and certified by SGS, a pre-shipment agent contracted under the project, a number of them worth $1.7 million (5.2 billion) were rejected by National Advisory Committee on Medical Equipment (NACME) as not meeting standards. In addition, although these items were supplied to the health facilities between August and September 2013, they were verified and rejected by the Ministry in April 2014 after being in use at the health facilities for over seven months. By the time of audit in September 2014, these items were still in the health facilities, more than five months after rejection, and the Ministry had not formally communicated to the health facilities stopping their use.

The ministry responded that a process to replace the rejected equipment at the cost of the supplier using the unutilized funds (25% of the contract value of the supplier) in the contract has been initiated. The Ministry's communication to the suppliers was in April 2014, but the rejected equipment was still at the premises of the health facilities at the time of audit (September 2014).This implies that the government has not achieved time value for money on the investment of $ 1.7 million spent on the purchase of the rejected equipment; the possibility that the replacement of this equipment will be at a higher price than was originally budgeted thus necessitating additional funding is high.

### b) **Quantity of equipment supplied**

The signed contracts of June 2012 detailed the equipment and the quantities to be received by the selected health facilities. However, review of delivery notes and physical inspections done in September 2014 revealed that some equipment was not delivered to the health facilities as per the contract schedule documents.

Equipment worth $ 1,351,628 (Shs4 billion) was not delivered to the health facilities. These included 83 operating table hydraulic, 180 adult weighing scales, 1 fluorescent microscope, 16 examination lights, 48 phototherapy units, 129 resuscitation bags, 18 water baths, 219 wheel chairs, 17 examination couches,161 instrument trolleys, 78 stretchers, 38 ventilators and 34 portable ventilators (Source AG report analysis of delivery notes and contracts). The Ministry attributed non delivery of the equipment to damages during the shipment. The listed equipment remained undelivered implying that the value and the purpose for which it was to serve cannot be realized.

## GOVERNEMNT FLEET MANAGEMENT- CASES OF MISUSE, ABUSE AND UNWARRANTED MAINTENANCE COSTS 2012- 2016

The Public Service Standing Orders provide for guidelines on the acquisition, usage, care, maintenance and boarding off of Government vehicles. Civil Society is, nevertheless, concerned that this policy instrument continues to suffer negligence and, perhaps, gross abuse by the same Government officials who are obligated to be good stewards of Government property on behalf of the rest of the citizens. Above all, this is in respect to the 1995 Constitution of Uganda;

i) Article 17 (d) and (i) on protection and preservation as well as combating corruption and misuse or wastage of public property.

ii) Article 38(2) where every Ugandan has a right to participate in peaceful activities to influence the polices of Government through civic organisations.

a) Misuse and abuse of Government vehicles by public officials

Contrary to what is stipulated in the Public Service Standing Orders, it is a common feature to find Government vehicles and motorcycles laded with unauthorized items such as charcoal, matooke, firewood, pigs, beer; as well as engaged in private transportation for private gain, weddings, private farms, etc. Yet some Government fleet through this process suffers neglect, unwarranted wear and tear coupled with ever escalating costs of lubricants, fuel and repairs. Often the Government drivers are abused by their Superiors alongside those vehicles. Yet such costs are borne by the taxpayers and does not translate into commensurate accountability and service delivery outcomes.

Between 2012 and 2016, Uganda also remained riddled with issues around maintenance of a big fleet of Government vehicles amidst poor service delivery, including Ministry of Health. There were also cases of flouting of standards, procedures and guidelines on Government Vehicles management in some Government institutions, While Government vehicles should be parked and secured after working hours i.e. 8.00 am to 5.00 pm, unless with written express due authorisation. Moreover, within the set Government set specifications, standards, manuals and ethical Code of Conduct, a Prime Minister is expected to have a vehicle with an engine capacity of 3500cc, Cabinet Ministers, Ministers of State and Permanent Secretaries are supposed to drive 2800cc vehicles. Meanwhile, the Directors and Senior consultants are supposed to have executive mid-range station wagons of 2500cc. The lower ranks are supposed to have double cabin pick-ups of 2500cc.

Sadly, the standards have over the years been eroded thus Government officials flouting Government standards, procedures and guidelines.  On the contrary, most Ministers and Permanent Secretaries today drive 4500cc Toyota Land Cruiser VX and other brands. A similar situation plays further with other rank and file.  So an amalgamation of these forms of non-adherence to guidelines whether on fleet acquisition, management or boarding off worsens the misuse of public resources and condemns the taxpayers and Development Partners who provide co-finance resources for development intentions. The misuse, abuse and wastage through errant actions of some Public servants in Uganda constitutes and escalates bureaucratic corruption, with social sectors like health and education being the worst victims.


Ministry of Health Government vehicle carrying crates of beer in Masaka Town.


Government vehicle being used to carry household property in Mbarara District


Ambulance rotting away with no tyres at Mbale regional Hospital.

## CASE 17) INADEQUATE FLEET MANAGEMENT SYSTEM

It was observed that the Ministry of Health (MoU) had a fleet of 293 Motor Vehicles at headquarters[14]. A review of the status and condition of the vehicles revealed the following matters:-

a) There were motor vehicles which were in poor condition necessitating frequent repairs and maintenance. For example, forty six (46) motor vehicles had been grounded and required to be boarded off. Management explained that because of the Government ban on procurement of new vehicles, the Ministry had continued to the old fleet of vehicles they had. The officials stated that the procces to dispose off 80 motor cycles had started.

b) The Ministry lost one (1) motor vehicle but had never reported the matter to the Permanent Secretary/Secretary to the Treasury, contrary to paragraph 390 of Treasury Accounting Instructions. Management explained that investigations had been instituted to have the matter resolved.

c) Motor vehicle registration numberUG1688M was taken by an officer who retired but the circumstances under which this happened remained unclear. Management explained that they had contacted the officer several times and wrote to him officially but did not return the vehicle. They also stated that processing of his retirement benefits had been halted and the police was asked to impound the vehicle.

## CASE 18) VOTER BRIBERY

A 2015 report by Alliance for Election Campaign Finance Monitoring (ACFIM) released in February presenting findings of a survey among about 150 MPs brought the whole aspect of money in politics into a new perspective.

That our MPs are highly indebted is a well-established fact but on what and who they spend their money had been a subject of speculation. The report, "Who pays the piper" helps to provide some useful answers.

The MPs who participated in the survey answered in large majorities to almost all questions on the negativity of money in politics in agreement. Responding to a question about the leap of the influence of money in politics over the last few elections, a majority agreed that it had gone up at least ten percent every electoral

[14]AUDITOR GENERAL, Value for Money Audit Report 2012/2013, page 97

cycle. Asked whether if the trend continues politics won't be a reserve for only the super-rich they still answered affirmative. To this particular question one could add that while the super-rich may not offer themselves for elective office, they could use their money to influence who become leaders.

In other countries, especially the developed West, money works largely to buy media to sell the candidate and his agenda. In Uganda, politics is transactional[15]. The politician gives either physical cash or fills in for gaps in governmental service delivery by paying to sink a borehole, repair a broken culvert or put beds in a health center in return for votes.

A study by the Alliance for Election Campaign Finance (ACFIM) found that the total expenditure incurred by all political parties and independent candidates that contested in the Presidential and Member of Parliament races in the 16 districts combined is a minimum of Shs435 billion (US$ 128 million). If this figure is extrapolated in view of all the 112 districts of Uganda, it can be estimated that at least Shs 2.4 trillion (US$ 716 million) was spent by political parties and candidates on the elections campaigns of 2015/2016.

The majority of the recorded campaign spending in the 16 districts (76.6 per cent) was done by the Incumbent National Resistance Movement (NRM) party to the tune of at least Shs333 billion (US$ 98 million), followed by independent candidates[16]. A combined minimum of Shs122.5 billion (US$ 36 million) is estimated to have been spent by all the other presidential candidates combined during the campaign period (November 3rd 2015 – February 16th 2016).

Incumbent candidate Yoweri Museveni outspent the other candidates by 91.5 per cent. The second biggest spender was candidate Amama Mbabazi (6.3 percent) and third biggest, candidate Kizza Besigye (1.8 per cent). The lowest spender amongst the presidential candidates was candidate Mourine Faith Walube Kyalya representing 0.01 per cent of the observed combined expenditure by presidential candidates. Other candidates' spending was below 2 per cent namely: Venasius Baryamureeba (0.18 per cent), Benon Biraaro (0.1 per cent), Abed Bwanika (0.1 per cent) and Joseph Mabirizi (0.05 per cent).

Kampala district recorded the highest campaign spending at constituency level with a share of 27.3 per cent, followed by Luweero District (16 per cent), Masaka District (9.4 per cent), Iganga District (7.5 per cent) and Jinja District (7.2 per cent). The districts in which presidential candidates spent the least was in the districts of Nwoya (1.1 per cent), Hoima (1.6 per cent), Kanungu (2.1 per cent), Kabalore (2.3 per cent) and Apac (2.6 per cent). The expenditure mainly covered campaign events and rallies, publicity,

[15] http://www.actionaid.org/sites/files/actionaid/bm_issue_25_final-1.pdf

[16] http://acfimuganda.org/index.php/2016/05/31/acfim-final-report/

fundraising events, outdoor advertising and promotional materials, stipends for campaign agents, transport and fuel expenses, media expenses, campaign donations and handout materials, expenses on voter tourism and hospitality, campaign coordination and administration expenses and election day expenses on polling agents

Voter bribery and misuse of government resources for campaigns was prevalent throughout the entire campaign period. The amendment of section 25 and scraping of section 26 of the Public Finance Management Act 2015 relaxed the principles governing the supplementary budgets. This potentially created a loophole that enabled the manipulation of inflows and outflows of budget funds and expenditure[17].

**Recommendations**

i. There is need for the enactment of a law on political financing to regulate the power of money in political and electoral processes. Transparency of political financing is the starting point for any regulatory framework. Transparency of campaign income and expenditure by political parties and candidates empowers voters to make informed choices on Election Day. This would curb corruption in campaign financing as well as promoting fair completion between the incumbent party and opposition parties and candidates.

ii. Redefining what constitutes voter bribery with a view of enforcing legislation in respect to vote buying. The provisions on voter bribery should qualify donations to voters be through churches, mosques, groups of people or individuals as a form of voter bribery. In addition the law should impose a ban from public office and standing for elections for five years for politicians who are found guilty in a competent court of law.

**How was NRM Money Spent?**

It was difficult to track, observe how NRM spent all the campaign money. In August and September 2015 the party disbursed UGX 250,000 (US$ 73.5) to each of the 67,000 villages of Uganda for mobilisation of party structures. This transaction was repeated in February 2016 just days before Election Day. An estimated total of UGX 33.5 billion (US$ 9.8m) was spent on this activity. The first disbursement was sent through NRM village registrars while the second was sent to village Local Council 1 (LC1) chairpersons, days before polling day. In Apac, Nwoya, Lira, Katakwi, Hoima and Iganga the LC1 chairpersons were observed holding village meetings and presented the money as "a gift from Mzee" The money ended up being shared among the known NRM supporters in the village with each of them taking away UGX 1,000 or 2,000.

[17]http://acfimuganda.org/wp-content/uploads/2016/05/Final-Report-ACFIM.pdf

## CASE 21) IMPLEMENTATION OF THE AGRICULTURAL CREDIT FACILITY

The Agricultural Credit Facility (ACF) Scheme was set up by the Government of Uganda (GoU) in 2009 in partnership with Participating Financial Institutions (PFIs) to support agricultural expansion and modernization/mechanization through the provision of subsidized medium and long-term financing for projects engaged in agriculture and agro-processing. The loanable funds under the scheme were to be provided by the Government of Uganda (GoU) and PFIs. The ACF financing was targeted for acquisition of agricultural machinery and equipment for agro-processing; post-harvest handling equipment and storage facilities. The Government of Uganda (GoU), recognizes the fact that more than 75% of its population is employed in agriculture, identified the agricultural sector as one of the sectors with the greatest potential to reduce poverty and significantly contribute to the overall economic growth of the country.

By the end of FY 2012/13, GoU and PFI had disbursed Shs123 billion to Bank of Uganda (BoU) for onward lending to eligible beneficiaries under the ACF scheme. However, there were challenges reported in the implementation of the scheme resulting from limited transparency, inadequate publicity and high collateral requirements, leading to inadequate access to the funds of the scheme. Records available show that a total of 213 beneficiaries in 2013 accessed the scheme with the key investment areas being: Agro-processing machinery, Tractors, farm equipment, Irrigation equipment, green house facilities, farm expansion and storage facilities

Ministry of Agriculture, Animal Industry and Fisheries (MAIIF)

The ministry of Ministry of Agriculture, Animal Industry and Fisheries (MAIIF) has been performing generally well. In FY 2013/14, however, a number of issues were raised by the Auditor General.

## CASE 22) SECTIONS OF MAIIF LAND NOT SURVEYED AND TITLED

MAIIF has various chunks of land around the country. It should be appreciated that the ministry has secured some of its land through processes or actual acquisition of land titles, an example being the land that includes plots 16-18 along Station road and Fisheries department land, both in Entebbe.

Sections of MAIIF land especially up country, however, were not surveyed. Besides, most of the MAIIF land especially up-country was being wasted or idle and for a long time (years). In both cases, the land was vulnerable to occupancy, utilization and ownership contestations, risking such land to rampant encroachment and grabbing in Uganda.

Table 2; Examples of sections of MAIIF land not surveyed, titled or idle in Uganda

| Current Owner | Location | Size | Title Status | Extent Of Encroach-ment |
|---|---|---|---|---|
| Nyaka-shashara Holding Ground | Kiruhura | 287 Hectares/ 717.5 acres | Surveyed | The originals plot has been subdivided into 43.2 ha and leased to a private individual while 244 ha is what remains for the holding ground |
| Nshaara | Kiruhura | 27.3 Sq-m17472a | Surveyed | 5 Square Miles encroached |

Source: GOU, Annual Report of The Auditor General for the Year ended 30th June 2014, Volume 2, Central Government

As civil society, we submit that the excuse of encroachment arising from inadequate resources to survey and secure the MAIIF pieces of land through proper titles is not acceptable any longer. The Government policy of liberalization, privatization and divestiture from production cannot be reason enough for MAIIF not to secure its property like land through proper titling and ownership security. Such bureaucratic corruption presents room for taxpayers to lose their land through institutions of MAIIF and other MDAs across Government.

## CASE 23) LAND USAGE CHANGED FROM MAAIF TO ENTITIES AFFILIATED TO THE MINISTRY

There were instances where some land use had changed from MAAIF to other statutory agencies affiliated to the Ministry. Ownership status, however, remained with MAIIF and this was impressive and positive. This included Sanga Ranch in Mbarara of size 2.5sq miles currently under the stewardship of an affiliate Organization – NAGRC. While through an amicable process MAIIF gave out 30 acres to Sanga Town Council, 1 sq. mile of land was allegedly grabbed by an individual.

**Recommendations**

i. Government MDALGs including MAIIF and affiliated agencies should have a time line, say two years, within which to have secured their respective titles and ownership of their various property to avoid encroachment.

ii. MAAIF and affiliated institutions should within a period of one year prove security, ownership and regular close supervision of their property such as land, plant and machinery, before the relevant institutions of Government in order for individuals or private firms not to fleece taxpayers through transfer of the titles to private companies or individuals.

# SECTION FOUR

## 4.0 General Recommendations and Conclusion

### 4.1 General Recommendations

1) Strengthen collaboration among Media, Civil society and Government institutions; The media is always at the forefront of fighting corruption in public offices and following up investigations. Some agencies, however, have given the media half-hearted support. The media is always begging for comments and details regarding corruption investigations. Since the media works with evidence to expose and overcome corruption, agencies like the IG, DPP and CSOs who in most cases are privy to certain details should ensure that all clues and leads to corruption-related information are shared with media professionals. Exposing corruption in the media is crucial in the fight against corruption.

2) There should be a deliberate effort to disseminate information for citizens to be empowered and hold Government to account; In this regard, the government should fully implement the Access to Information Act as a key enabler of demand for good governance, as well as follow the example of its budget transparency platform to cover all public resources, including revenues from sectors like the extractive industry.

3) The failure to sanction public officials accused of corruption; The failure to implement audit recommendations, has made corruption lucrative even if it undermined Government's efforts to eliminate corruption. Government should go beyond the rhetoric of criminal sanctions and fully implement recommendations of accountability institutions. This will make corruption a risky business.

4) The implementation of measures to facilitate the recovery of misappropriated resources; This should be an asset attaching and recovery mechanisms for those who have been proven as corrupt. In this regard, we commend the IGG in their efforts to recover funds in convicted cases so far, challenges notwithstanding. The effort by the Judiciary and DPP to freeze assets of individuals in suspected cases of embezzlement is also a step in the right direction.

5) The failure to pass the Leadership Code Amendment Bill; This inhibits IG's enforcement of the asset declaration clause under the Leadership Code Act. The fight against corruption in Uganda requires the implementation of measures that will deny the culprits the proceeds of their crimes and a stronger commitment towards the application of sanctions.

6) There is need to acquire specialized equipment to facilitate forensic and computer aided investigations; and skilling of investigation officers in all anti- corruption agencies since the people who are involved in corruption have become tech-savvy which makes it easy to conceal their crime. The sophistication of corrupt government officials should be countered by high tech investigative approaches by relevant anti-corruption agencies.

7) Engage strategically with political leaders in the fight against corruption. These leaders have influence on the way public resources are mobilized, allocated and spent. Civil society organizations should engage strategically with these leaders to make them appreciate that corruption-which sometimes benefits them for short-term political gains has far-reaching consequences on the long-term political plans and legally. If today they turn a blind eye on a a group of corrupt political cadres friends and supporters, they will not effectively implement their political manifesto and the same people can in the long use the stolen money to become their political nemesis.

8) Since the fight against corruption is included in the new Sustainable Development Goals, enlightened decision-makers are starting to realise that development and anti-corruption must be interlinked, citizens urgently need their governments to move beyond conceptualization and sloganeering to actually take sustainable action. And civil activists must fight for space to be a serious partner in the fight against corruption since the government has demonstrated they cannot do this alone.

## 4.2Conclusion

The extent to which systematic corruption is deforming Uganda's efforts to development cannot be over emphasized. Over the year, reports have been published; meetings and symposiums held to find a solution that would land a devastating blow to the crime. It is obvious that the problem has persisted because of lack of laws and institutions to brink perpetuators to book.

For the first time in history, donor countries during the period under review, suspended aid to Uganda to protest the rate at which public resources (mostly donor money) was being stolen with impunity. Those involved are mainly civil servants who have powerful godfathers in top positions in the leadership of this country. The way forward there, is to fully empower institutions like the DPP and IGG as well as police to work effectively to stop the criminality. Through Financial Intelligence Authority and accountability institutions, enforcement of legal regimes will ensure that the corrupt have nowhere to hide or keep their loot. President Museveni has on several occasions promised to take on the corrupt. We as a country, however, must go beyond rhetoric to action.

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Plot 153/155 Ntinda - Nakawa Road,
P.O. Box 21509, Kampala, Uganda.
Tel: 256-414- 533 2840/543974 , Fax: 256-414-534856
E-mail: info@udn.or.ug, Website: www.udn.or.ug
@ugandadebtnet
Uganda Debt Network