

U4 Expert Answer



Overview of Corruption in Uganda

Query:

Please provide me with an overview of corruption and anti-corruption efforts in Uganda

Purpose:

I am going to Uganda and Tanzania on inspections of embassies on behalf of my agency.

developments tend to demonstrate a lack of political backing for anti-corruption efforts. Combined with understaffed and underfinanced anti-corruption bodies, the state faces considerable challenges in its ability to effectively enforce the legislative framework against corruption.

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Part 1: Overview of Corruption in Uganda

Political and economic transformation since the NRM's assumption of power in 1986 has translated into a period of economic recovery in Uganda. The country has experienced one of the highest growth rates in Africa in recent years. These trends have led to Uganda gaining a reputation as one of the most successful reform-oriented countries in Africa. Yet the country continues to face major challenges. Poverty, inequitable wealth distribution and corruption raise questions about the impact of the government's anti-corruption reforms.

Summary:

Since the National Resistance Movement (NRM) came to power in 1986, Uganda has undertaken an ambitious set of economic and political reforms. These reforms have led to the establishment of a solid legal, administrative and institutional framework to fight corruption. In spite of initial success widely heralded by the international community, corruption remains widespread at all level of society and the country faces major implementation challenges. Recent political

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Forms and Extent of Corruption in Uganda

Extent of Corruption

In 2006, President Yoweri Museveni announced a policy of zero-tolerance for corruption. However, at the beginning of Museveni's third term following the first multi-party (but not entirely fair) elections, most governance indicators show that corruption is perceived as widespread and endemic at all levels of society. **Global Integrity's 2006 report** on the country estimates that more than half the government's annual budget is lost to corruption each year, amounting to USD 950 million. (<http://www.globalintegrity.org/reports/2006/uganda/index.cfm>). Corruption scandals involving personalities close to those in power periodically hit the headlines. A former health minister and loyal supporter of the president, along with two deputies, have been charged with misappropriating USD 2 million from funds provided by the Global Alliance for Vaccine and Immunization (GAVI) in 2005. (www.yigg.de/sonstiges/uganda-ex-ministers-arrested-in-corruption-scandal).

More recently, in 2007, the government circumvented official procurement guidelines to contract an unknown company, Kenlloyd Logistics, to replenish Uganda's fuel reserves. The company was being run by the son-in-law of the foreign minister, who is himself related to the president. (<http://report.globalintegrity.org/Uganda/2008/notebook>)

Public confidence in government officials is severely affected by such scandals. A majority of citizens surveyed for the **2005 Afro barometer** perceived corruption to be rampant. In addition, 36% of respondents to the survey believed that most or all government officials - whether at the central or at the local level - were involved in corruption. (<http://www.afrobarometer.org/uganda.htm>).

Other empirical data corroborates this. The **2008 Corruption Perceptions Index (CPI)** ranks Uganda at 126th place with a score of 2.6. Previous iterations of the index show that, despite slight improvements, the various sources of the CPI continue to perceive corruption as rampant and systemic in Uganda, with scores ranging from 2.1 to 2.8 between 2002 and 2007. (Please see: http://transparency.org/policy_research/surveys_indices/cpi/2008).

The World Bank's 2007 **Worldwide Governance Indicators** note that Uganda performed moderately in terms of regulatory quality (48.5) and government effectiveness (42.7), below average in terms of rule of law (37.6), and voice and accountability (33.2) and weakly in terms of control of corruption (24.6 compared to 26.2 in 2003) and political stability (13.9). (Please see: http://info.worldbank.org/governance/wgi2007/sc_chart.asp).

Further surveys conducted in the past five years confirm these findings. The **World Economic Forum's Global Competitiveness Report for 2008-09** identifies corruption as one of the major constraints for doing business in the country, after access to financing. (<http://www.weforum.org/documents/GCR0809/index.html>). The **World Bank Investment Climate Assessment** undertaken in 2004, corroborates this finding with 46.3% of small firms and 56.5 % of middle size firms identifying corruption as a major or severe constraint to doing business in the country. (http://siteresources.worldbank.org/EXTAFRUMAFPS/Resources/note_11_screen.pdf).

Forms of corruption

Bureaucratic Corruption

Bureaucratic and administrative forms of corruption are widespread in the Ugandan administration, with practices of bribery, nepotism, and misuse of official positions and resources. Government bureaucracy, complex regulatory procedures and red tape provide numerous opportunities for corruption and rent seeking.

The **2006 World Bank-IFC Enterprise Survey** indicates that more than half of firms expect to make informal payments to public officials to get things done. 80% of companies report paying bribes and make on average more than 30 unofficial payments per year. (<http://www.enterprisesurveys.org/ExploreEconomies/?economyid=193&year=2006>). Firms typically make facilitation payments to speed-up bureaucratic processes, especially to obtain licences, construction permits and/or customs clearance, or to connect to phone lines and electricity supplies. Large and foreign companies appear to be the most vulnerable targets for bribe solicitation, paying close to 4% of their revenue in informal payments.

(http://siteresources.worldbank.org/EXTAFRSUMAFTP/S/Resources/note_11_screen.pdf)

Political Corruption

Political patronage and favouritism further characterise the Ugandan administration, with NRM patronage systems reaching into the private sector. In local government bodies, giving jobs and contracts to relatives or supporters appears to be common practice. A 2006 Freedom House report denounces widespread patronage and corruption in government, with the exception of the public, health and education service commissions that are generally credited with making open, merit-based appointments. Even here, however, there have been recent cases of interference in the appointment of senior officials in the ministries of health and of education and sports. (<http://www.freedomhouse.org/template.cfm?page=22&year=2008&country=7511>).

In terms of political finance, the Freedom House report notes that regulations controlling influence over campaigns are not enforced effectively, with many instances of economic privileges given to investors. Although the government allocates USD 25,000 for campaign expenses to each presidential candidate, the ruling NRM party appears to be one of the greatest beneficiaries of the system, receiving funds from both private and public sources. During the 2004 elections, 35% of respondents to the Afro Barometer reported having been offered food or a gift in return for their vote. (<http://www.freedomhouse.org/template.cfm?page=363&year=2006&country=7080>).

Sectors Most Affected by Corruption

Corruption in Public Procurement

Public procurement is one of the sectors most affected by corruption in Uganda. According to the 2007 African Peer Review Mechanism Report, Uganda loses USD 258.6 million annually through corruption and procurement malfeasance. The report further estimates that if the country could eliminate corruption in public procurement, it would save USD 15.2 million a year. In the assessment of the country's Auditor General, procurement accounts for 70% of public spending, of which an estimated 20% is lost via corruption. In June 2008, a senior World Bank official stated that high level corruption in procurement deals had been responsible for a loss of USD 300 million since 2005. He added that

70% of government contracts were not awarded according to established procedures, while half of the national budget is spent on procurement deals. (Please see the 2008 Global Integrity report: <http://report.globalintegrity.org/Uganda/2008>).

The US-Department of State Investment Climate Statements for 2009 also notes that government procurement is not transparent, particularly for defence items. In previous years, several high-profile government tenders for infrastructure projects were suspended due to allegations of corruption. (<http://www.state.gov/e/eeb/rls/othr/ics/2009/index.htm>).

The 2006 World Bank-IFC survey indicates that close to half of the firms questioned expect to give a gift to secure a government contract. Companies further report the gift value to amount to approximately more than 5% of the contract value. A baseline survey of National Public Procurement Integrity conducted in 2006 by the Procurement and Disposal of Assets Authority (PPDA), the Inspectorate of Government (IGG) and USAID reports that illegal payments to secure government contract at both the local and the central levels are even higher, representing approximately 7 to 9% of the contract value. The survey further estimates that direct losses due to corruption in procurement - at both the central and the local levels - amounted to between USD 64-85 million in 2004-2005. The majority of respondents identified the secretary to the Tender Board and Tender Board members as being most corrupt. (<http://www.ppda.go.ug/downloads/Integrity%20survey%20FINAL%20REPORT%202007.pdf>).

The PPDA, IGG and USAID survey identifies the lack of effective reporting systems, poor record management by state organs, the weakness of the judiciary, the poor investigation of corruption cases, and the lack of effective systems to punish corrupt officials, as major factors contributing to the high prevalence of corruption in public procurement.

Corruption in Tax Administration

Uganda undertook a major reform of its tax administration system with the formation of a semi-autonomous revenue authority, the Uganda Revenue Authority, in 1991. Surveys indicate that corruption is on the rise in the Uganda Revenue Authority (URA), with instances of political interference, patronage and corruption at managerial level. There also seems to be

an increase in the number of tax collectors *openly* demanding bribes in their dealings with tax payers.

A 2005 CMI report on corruption in tax administration indicates that 43% of firms report occasionally or always paying bribes to tax officers. 84% of respondents to the 2005 Afro Barometer believe that tax officials are involved in corruption. In 2003, five senior officers attached to the Large Taxpayer Department were involved in a major corruption scandal. A Commission of Inquiry of Corruption in the URA was appointed by the government in the same year due to serious allegations of underestimated or misstated declarations in customs, as well as collaboration between tax payers and URA staff. The Commission released a much delayed and debated report two years later whose legality was questioned by Members of Parliament. The report was ultimately nullified by the High Court. (<http://www.u4.no/pdf/?file=/helpdesk/helpdesk/queries/query147.pdf>).

Corruption in the Police

The police are perceived as one of the most corrupt institutions in Uganda, particularly traffic police. 91% of respondents to the 2005 Afro Barometer believe that the police are involved in corruption, while 67% think that most or all police officials are involved in corruption. Few (about 17%) actually report having paid a bribe to avoid a problem with the police.

According to the 2006 Global Integrity report mentioned above, political interference in police-work is commonplace, with high profile cases sometimes dropped following political pressure. Investigations of police corruption have increased under the leadership of a new police chief appointed in 2005. He has, however, faced internal criticism and has received several death threats. (<http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/uganda/background-information/>).

Judicial Corruption

According to Freedom House 2006 and 2008, the executive does not guarantee the independence of the judiciary and there have been instances of intimidation of the judiciary. In 2005, heavily armed soldiers surrounded the High Court in an attempt to court-martial civilians involved in allegations of treason. Concerns about judicial independence were reinforced by security forces' intervention in a politically sensitive

trial in 2007. Judges subsequently went on strike to protest against the invasion of the courts by security forces, and the East African Court of Justice found Uganda guilty of violating the rule of law and the rights of its citizens by allowing the military to repeatedly interfere with court processes. The Uganda Law Society noted that this episode reflected a broader problem of government officials refusing to comply with certain judicial actions.

A Bertelsmann Foundation report from 2008 reveals that the upper levels of the judiciary demonstrate high standards of professionalism and independence. The administration of justice is undermined, however, by a lack of resources, skills and capacity at the lower levels of the judiciary. (<http://www.bertelsmann-transformation-index.de/63.0.html?&L=1>).

According to the 2005 Afro Barometer, 73% of citizens think judges and magistrates are involved in corruption, while the vast majority of citizens believe high level officials are significantly less likely to be held accountable for serious crimes than ordinary members of the public. The US-Investment Climate Statement 2009 confirms these perceptions, reporting that several high-profile government corruption scandals have, in recent years, resulted in few or no sanctions against the officials involved. A significant number of the companies surveyed for the 2006 World Bank and IFC Enterprise Survey do not believe Uganda's courts to be fair, impartial and uncorrupted.

Part 2: Anti-Corruption Efforts in Uganda¹

There has been tangible progress in establishing the required legal and institutional framework to counter corruption. But these efforts have yielded limited

¹ This section is mainly based on information compiled as part of the Business Anti-Corruption Portal: Please see: <http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/uganda/initiatives/public-anti-corruption-initiatives/>

results, and recent developments raise doubts about the sincerity of government efforts to effectively address corruption. In some cases, government actions and decisions have clearly contradicted national anti-corruption policies.

The Legal Framework

Uganda has a strong legal anti-corruption framework in place but faces major implementation challenges in practice. The Global Integrity 2008 report underscores this implementation gap - the country scores strongly in terms of the quality of its anti-corruption law and very weakly in terms of enforcement of the law.

Major anti-corruption legislation includes the Penal Code Act (PCA) and the Prevention of Corruption Act which criminalise the offering or receipt of bribes, with penalties reaching up to 10 years in prison. The Inspectorate of Government Act 2002 (IGG Act), the Public Finance and Accountability Act 2003 (PFAA), the Leadership Code Act 2002 (LCA), and the Public Prosecution and Disposal of Public Assets Act 2003 further constitute Uganda's legal framework against corruption². Additional policy measures have translated into the adoption of a code of conduct for public officials (including wealth declarations), and measures aimed at promoting greater transparency in procurement and the management of public finances. Uganda has signed and ratified both the UN and the AU conventions against corruption, but they are not yet fully domesticated into Ugandan law.

According to a detailed 2006 TI study on the implementation of anti-corruption laws in Uganda, the country already has in place the necessary legislative measures to fight corruption but needs to strengthen measures on protection of witnesses, participation of civil society, criminal prosecution and sanctions, seizures and confiscation of property and financial records, and the payment of compensation. Important pieces of anti-corruption legislation are also still pending. (<http://www.transparency.org/content/download/18030/244101>)

² The PCA and the LCA are currently being amended.

Anti-money laundering legislation, though drafted, has not been presented for public review or to parliament. The US Secretary of State Investment climate statement notes that although some officials expect this legislation to pass in 2009, others sources within the country believe that high-level officials are stalling the legislation because it could damage private interests who benefit from the status quo. Existing provisions on the protection of witnesses and informers need to be reinforced and strengthened. The long awaited Whistle Blowers Protection Bill, 2008, was drafted by the Ministry of Ethics and Integrity last year and was tabled before the Parliament of Uganda earlier this year, as per Uganda's commitment to do so in its 2007 Millennium Challenge Corporation Anti-Corruption Threshold Country Plan³. According to the above mentioned Transparency International report from 2006, legislative and other measures in Uganda on international cooperation and mutual legal assistance are limited. When they do exist, they are outdated and not tailored to countering corruption.

The Institutional Framework

The legal framework has laid the ground for several anti-corruption institutions such as the Inspectorate of Government (IG), the Directorate of Public Prosecutions (DPP) and the Auditor General (AG).

The Inspectorate of Government (IGG)

The IGG was established in 1986 and has developed into an independent public office in charge of protecting and promoting human rights and the rule of law in Uganda. It enforces the LCA and the IGG Act, and also functions as an ombudsman, with the power to investigate, arrest and prosecute corruption cases, abuses of authority and public office. It has established

³ Uganda USAID and the Department of Justice are currently implementing the two-year \$10.4 million threshold program designed to strengthen the capacity of Uganda's anti-corruption agencies and enhance prosecutorial efforts.

a hotline through which the public can report corruption cases anonymously. The inspector general is appointed by the president. Though past criticism has focused on an apparent reluctance to address corruption cases involving high ranking officials, the IGG has lately taken a stronger stance, as demonstrated by the investigation of Solicitor General Lucien Tibaruha over alleged abuse of office. The IGG's effectiveness, however, has been hampered by a lack of qualified staff and sufficient funding. Its independence has also been questioned and IGG recommendations are rarely followed-up by parliament or by the executive. The IGG has also experienced difficulties in implementing asset declaration provisions, as many members of parliament have refused to submit income information.

The Directorate of Ethics and Integrity (DEI)

The DEI was also established in 1986 with a view to coordinating government efforts against corruption through the Inter Agency Forum. Within its mandate, DEI has acquired considerable resources and materials on ethics and corruption in Uganda and has established a resource centre. In June 2004, it launched a four year strategy to combat corruption and rebuild integrity in public office, aiming at improving the coordination of existing laws and at involving the public in anti-corruption efforts.

The Inter Agency Forum

The Forum is chaired by the DEI and is composed of Uganda's major anti-corruption institutions, including the judiciary and the police. It has been established to ensure effective coordination of agencies on corruption issues and has allowed inter-agency dialogue in the design and implementation of national anti-corruption strategies. However, a lack of funding and capacity has constrained its effectiveness.

The Directorate of Public Prosecution (DPP)

The DPP has a mandate over all prosecutions in the country, including cases of corruption and bribery. It does not have the power to conduct investigations, but it can direct the police to investigate any information of a criminal nature and initiate criminal proceedings against any person in any court except a court martial. The DPP works in close collaboration with the Police Criminal Investigation Department and with the judiciary. Its director is appointed by the president on the recommendation of the public service and with the

approval of parliament. It is not perceived to be a corrupt institution but faces major capacity challenges.

The Auditor General (AG)

The AG audits and reports on the public accounts of all public offices, as well as those of local councils. It submits audit reports to the parliament and other relevant authorities at the local level. Yet the institution appears to be largely ignored by the executive and lacks resources and capacity to conduct thorough audits at the local level.

The Public Procurement and Disposal of Public Assets Authority (PPDA)

The PPDA is an independent agency established in 2003 that sets the rules and regulations for procurement. Open domestic bidding methods is the rule and sole sourcing is legally limited. The PPDA publishes procurement guidelines, open opportunities, contract awards and other related information on its website, provides advice, guidance and capacity training, while also monitoring and evaluating compliance. It has the power to blacklist corrupt providers and maintains a list of suspended providers. A register of providers has been established to ensure that data is available and open to all stakeholders involved in procurement processes. The PPDA has also introduced a complaints mechanism. In spite of its comprehensive mandate, the PPDA, like many other government institutions, is both under-staffed and under-resourced. According to Global Integrity 2007, blacklisted companies have sometimes been able to circumvent disciplinary measures, including by bribing their way into bidding processes. (<http://report.globalintegrity.org/Uganda/2007>).

In spite of a relatively strong legal and institutional framework, the effectiveness of anti-corruption efforts is hampered by the general lack of coordination of under-staffed and under-financed institutions. The general lack of government actions and follow up on anti-corruption agencies' recommendations questions the political will to effectively address corruption challenges in the country.

Assessment of Anti-Corruption Efforts

Despite some positive aspects of its legal and institutional framework, recent corruption cases and political developments in Uganda indicate a lack of

political backing for the implementation of anti-corruption reforms.

Constitutional amendments that allowed the third presidential mandate, corruption challenges in the defence sector, insecurity in the north of the country, as well as several unresolved cases of political corruption are seen as signs of the government's declining commitment to anti-corruption reforms.

Political decisions have, in some cases, been made in clear contradiction of existing anti-corruption policies. In 2003, for example, the IGG recommended sacking a presidential advisor on political affairs for refusing to declare his wealth under the 2002 Leadership Code Act. The latter took the matter to court and got the president to swear an affidavit in his support. The case was taken further to the high court, on the grounds that the Leadership Code had given more power to the IGG than to the president. The high court finally nullified the IGG decision on this account, undermining its powers to order or recommend to the president disciplinary measures.

Other Anti-Corruption Initiatives

Despite fears that recent political developments leading to the election of President Museveni for his third mandate may restrict freedom of speech, limit public participation opportunities, and jeopardise public accountability and transparency, non-governmental actors have taken up the challenge of countering corruption in Uganda.

Civil Society

The right of association is guaranteed by the constitution and Uganda has a vibrant civil society that addresses politically sensitive issues. According to the Bertelsmann Foundation report from 2008, however, civil society organisations are vulnerable to legal restrictions such as the manipulation of registration requirements or to provisions that can be used to interpret CSO activities as detrimental to state security and interests.

Many civil society organisations are involved in anti-corruption work. The **Anti-Corruption Coalition Uganda (ACCU)** is an umbrella group of about 70 CSOs seeking to curb corruption and eradicate poverty. The ACCU organises an anti-corruption week every year in December and began in 2008 the "Name and Shame" book, where civil servants convicted for

corruption are named. **Transparency International** has a chapter in Uganda, which is active in advocacy around the implementation of anti-corruption laws and conventions, public policy monitoring, and the organisation of trainings and workshops. The **Uganda Debt Network (UDN)** is a coalition of NGOs, institutions and individuals formed in 1998. It focuses on lobbying debt relief and advocacy for pro-poor policies. It also monitors use of public resources and ensures borrowed and national resources are managed in an open, accountable manner.

Media

As for freedom of association, freedom of speech and freedom of the press, these are guaranteed by the constitution. An independent print media is, at times, highly critical of government. Recently, however, the government has shown signs of growing intolerance towards independent media and has supported legislation restricting press freedom. There have also been instances where journalists have been selectively harassed when opposing NRM officials. The Worldwide Press Freedom Index 2008 ranks Uganda 112th out of 195 countries and refers to the media landscape as "partly free".

Parliamentary Approaches

There have been recent initiatives to strengthen the role of parliament in the fight against corruption. Uganda was one of the first chapters of the **African Parliamentarians Network against Corruption Uganda Chapter (APNAC)** established in Africa in 2000. It mainly focuses on networking and advocacy, especially with regard to the implementation of the UN and AU anti-corruption conventions. A **Parliamentary Budget Office** has also been established to strengthen the capacity of the Parliament Account Committees (PAC) to carry out its budget oversight responsibility. As budget processes are overly complex and Members of Parliament (MP) often lack the technical capacity to fully play their oversight role, Uganda has created an independent Parliamentary Budget Office (PBO) which supports parliamentarians throughout the budget process with expertise, analysis and reports on key budget related issues. (http://www2.gtz.de/gender-prsp/english/papers/working_groups/Hannington_Asha_ba_3A.pdf).

The Institute of Corporate Governance of Uganda (ICG)

The ICG has developed guidelines with minimum standards for corporate governance that are based on the OECD and the CACG standards. The institute raises awareness about corporate social responsibility and fraud through workshops and lectures.

Part 3: Sources and Further Reading

Sources of Data

African Development Bank & OECD: [African Economic Outlook - Uganda 2007](#)

Afrobarometer: [Summary of Results 2005](#)

The Bertelsmann Foundation: [Transformation Index - Uganda 2008](#)

Freedom House: [Freedom in the World - Uganda 2008](#)

Global Integrity: [Uganda Country Report 2008, 2007 and 2006](#)

PPDA, IGG & USAID: [National Public Procurement Integrity Baseline Survey 2006](#)

The World Bank & IFC: [Doing Business 2009](#)

The World Bank & IFC: [Enterprise Surveys 2006](#)

The World Bank & IFC: [Investment Climate Assessment - Uganda 2004](#)

World Economic Forum: [The Global Competitiveness Report 2008-2009](#)

Further Reading

Country Review of Legal and Practical Challenges to the Domestication of the Anti-Corruption Conventions in Uganda (2006)

This review looks at the existing legislative, administrative and institutional anti-corruption framework in Uganda. The report identifies a number of necessary country-specific domestic reforms to make legislation consistent with the standards laid down in the UNCAC and the AU anti-corruption convention.

Power of Information: Evidence from a Newspaper Campaign to Reduce Capture in Uganda (2005)

Uganda was the first country to conduct a Public Expenditure Tracking Survey in 1996. The survey showed that, on average, only 13% of annual capitation grants from the central government reached schools in 1991-1995. 87% was captured by local officials for purposes unrelated to education. In an attempt to remedy this, an information campaign was launched to inform local communities of their entitlements. The media campaign, combined with an increase in central government monitoring, reduced the diversion of funds by intermediary provincial governments from 80 to 20%. (Please see: <http://www.comminit.com/en/node/69950>).

National Integrity Systems Country Study Report Uganda (2003)

TI's National Integrity System (NIS) country studies are qualitative reports that provide a detailed and nuanced assessment of anti-corruption systems at country level. Since their introduction in 2001, these studies have provided a rich resource that profiles strengths and weaknesses in national anti-corruption systems. The NIS on Uganda can be found at: http://www.transparency.org/policy_research/nis/nis_reports_by_country).