



UGANDA DEBT NETWORK

GRAFT UNLIMITED?

A DOSSIER ON CORRUPTION IN UGANDA: 2000 - 2012

MAY 2013

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To the larger Ugandan public, we thank you for waiting patiently for this dossier. We hope that in our small way, we have impacted on your quest for knowledge and informed opinion based on evidence available. We expect that you will take this report and use it actively to participate in the corruption fight.

Our compatriots in the civil society, we thank you for your willingness to be part of this struggle. We hope that we have provided some useful information material to enable us to develop long term strategies to fight corruption.

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Table of Contents

Executive Summary 4

SECTION ONE..... 5

INTRODUCTION AND BACKGROUND..... 5

SECTION TWO.....26

EXTENT OF CORRUPTION IN UGANDA 2000 – 2012..... 26

SECTION THREE50

CORRUPTION IN PROCUREMENT 50

SECTION FOUR.....65

CORRUPTION IN POLITICS 65

SECTION FIVE.....71

CONCLUSION AND RECOMMENDATIONS..... 71

ANNEXES74

List of Abbreviations

AG	Attorney General
CHOGM	Commonwealth Heads of Government Meeting
CID	Criminal Investigations Department
CPI	Corruption Perception Index
CSOs	Civil Society Organizations
DCL	Dura Cement Limited
DEI	Directorate of Ethics and Integrity, Office of the President
DPP	Directorate of Public Prosecutions
EAC	East African Community
EACBA	East African Community Beneficiaries Association
GAVI	Global Alliance for Vaccinations and Immunization
HCL	Hima Cement Limited
IG	Inspectorate of Government
IGG	Inspector General of Government
MEMD	Ministry of Energy and Mineral Development
MoFPED	Ministry of Finance, Planning and Economic Development
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MP	Member of Parliament
NIS II&III	National Integrity Survey II & III
NRMO	National Resistance Movement Organization
MSC	Microfinance Support Centre
NAADS	National Agricultural Advisory Services
OAG	Office of the Auditor General
OPM	Office of the Prime Minister
PPDA	Public Procurement and Disposal Authority
PS	Permanent Secretary
TI	Transparency International
URA	Uganda Revenue Authority

Executive Summary

This report has been prepared as part of the Uganda Debt Network's effort to highlight corruption as a pervasive phenomenon with serious ramifications for Uganda's political and democratic governance. Corruption in Uganda has thrived in spite of the comprehensive legal framework. It has thrived in spite of the numerous anti-corruption institutions. Corruption has become part of the political culture of the country. In this report, corruption has been defined, contextualized and analysed. Mega corruption cases (2000-2012) have been identified and documented to enable the citizen to understand who is behind corruption and what has been done or not done to deal with corrupt officials and/or to recover the stolen or lost amounts. In this report, it has been established that corruption involves huge sums of money which, if better deployed, would have transformed the country socially, economically and politically.

It has been noted that corruption is not merely a criminal matter; neither is it a management issue nor an administrative one. Rather, it is a political issue that has impacted negatively on the country's governance and democratic perspectives. In this sense, it is noted that lack of political will to deal decisively with corruption is largely responsible for the pervasive nature of corruption. In almost all the mega corruption cases we have cited in this report, there is involvement of senior political leaders and senior government officials. However, it is also noted that almost all the senior political leaders are supporters and cronies of the President, and in spite of the fact that the corruption cases they are involved in are of public knowledge; they continue to hold senior positions in Government and the National Resistance Movement (NRM).

The legal framework against amassing of wealth by public officials is very clear, including the actions to be taken against them. However, it is surprising that in the course of compiling this report, it has been noted that no serious action has been taken by the relevant Government Institutions such as the Inspectorate of Government (IG) or the Directorate of Public Prosecutions (DPP) against the culprits to recover the loot they stole. This is very surprising and shameful, yet some of the information has appeared in the newspapers. The reason given, that they lack adequate human, technical and financial resources to effect the penalties is not good enough. A tiny portion of the resources to be recovered that are in billions of shillings would be enough to meet the costs of such recovery. Moreover, Government has made it possible to find the money to pay for dubious and fictitious compensations and yet can't find the money to recover the stolen money. This simply evidences a lack of clear priorities.

SECTION ONE

INTRODUCTION AND BACKGROUND

1.0 Introduction

NRM shall implement the Zero Tolerance policy on corruption... NRM will examine the issue of corruption holistically by looking at the legal and structural approaches in the fight against it... The NRM will defeat corruption through *cadre identification* and cadre placement. The cadres are initially identified on account of their education and integrity. They are then trained, pooled and deployed to take appropriate action.

President Yoweri Museveni, NRM Manifesto, 2006

1.1. Background

The political pronouncements notwithstanding, corruption continues to present one of the biggest impediments to development in Uganda. The country has been rated the second most corrupt country in the East African Community. It is second after Burundi on the East African Bribe Payers Index published by Transparency International, Kenya Chapter, in 2011 (see Table 1 below).

Table 1: Bribery prevalence in East Africa

Country Rank	Country	Bribery prevalence 2011	Rank in 2010	Bribery prevalence in 2010
1	Burundi	37.9%	1	36.7%
2	Uganda	33.9%	2	33.0%
3.	Tanzania	31.6%	3	28.6%
4.	Kenya	28.8%	4	31.9%
5.	Rwanda	5.1%	5	6.6%

Source: Transparency International (2011) East African Bribe Payers Report.

While the East African Bribery Index indicates a reduction in corruption over the past five years in the other East African countries such as Kenya and Rwanda, the rate of corruption in Uganda has reportedly been on the rise. In 2010, Uganda's score on the index was 33.0% and by 2011 it had increased to 33.9%; while in Rwanda the score was 6.6% in 2010 and by 2011 it had improved to 5.1%, indicating a reduction in its rate of corruption. Kenya which had scored 31.9% in 2010 had improved to 28.8% in 2011. Thus, while corruption in two East Africa Community countries (Kenya and Rwanda) is decreasing, it is increasing in the other three countries (Burundi, Uganda and Tanzania).

This trend cannot be attributed to a single reason, but suffice it to mention that corruption reflects: a) the quality of governance in each of the countries and their commitment to fighting graft; b) the state of the nation in terms of the ability of the leadership to deal with corruption decisively; c) the ability of the citizens to hold their leaders accountable, d) the ability of the institutions of accountability to function independently without interference from the political leadership; and e) the high level of tolerance of the corrupt elements that enjoy protection from arrest and prosecution by the political leadership.

Since 2001, the Government of Uganda (GoU) through the Directorate of Ethics and Integrity (DEI) in the Office of the President has put in place three national strategies to fight corruption and rebuild ethics and integrity in Uganda. The first strategy was for the period 2001 – 2004, the second strategy was for period 2004 – 2007 and the third strategy was for the period 2009 -2013. In the foreword to the 2004 – 07 strategy, then Minister for Ethics and Integrity, Tim Lwanga observed that:

Corruption and abuse of office is one of those public evils that continue to dog the world, despite the many interventions to build public ethics and integrity for development. Both the elected and the appointed public officials continue to use their position for personal gain. As a result, the improvement of public welfare has continued to suffer.¹

Corruption in Uganda is said to be systemic and institutionalized.² It is further observed that corruption and poor accountability is evident at all levels of governance. This is evident in instances like the flouting of public procurement regulations; exercising undue influence in recruitment and promotions; bribery; misuse of funds; buying votes; forging academic papers, among others. Corruption has continued to flourish in every sector of society; the public is becoming immune to this evil to an extent of tolerating it while, oftentimes, the corrupt are admired. This has greatly contributed to the breakdown of the ethical values system of the society.³

It is not for the lack of strategies, laws or institutions that corruption has thrived; it is rather the lack of political will and commitment to the full implementation of the laws and policies. For instance, the Leadership Tribunal required by the law to implement and enforce the Leadership Code Act has not been constituted since the enactment of the Act in 2002, leaving the Leadership Code Act a mere ‘paper tiger’ subject to challenge on occasions that the Inspector General of Government (IGG) has attempted to implement it. Two constitutional court cases of *John Fox Odoi Oywelowo & James Akampumuza vs. Attorney General*⁴ and *Roland Kakooza Mutale vs. Attorney General*⁵ demonstrated the extent

¹DEI/Office of the President, National Strategy to fight corruption and rebuild ethics and integrity in Public office, 2004 - 2007

²Africa Peer Review Report 2007

³GoU (2003) National Strategy to Fight Corruption and Rebuild Ethics and Integrity in Uganda 2004– 2009

⁴*Constitutional Petition No. 8 of 2003*

⁵*General Application No. 665 of 2003 arising out of HCCA No. 40 of 2003*

of the problem when the decisions of the IGG in recommending punishment for certain public officials was quashed by the Court on account of lack of a tribunal.

The participation of civil society in the fight against corruption remains minimal. However, civil society organizations have begun to organize themselves into inclusive and all embracing nation-wide campaigns aimed at boosting their energies in the fight against corruption. The birth of the Black Monday Movement, which is a civil society initiative that was launched in December 2012, is aimed at galvanizing the Uganda population against “theft, misuse and abuse of public resources.”⁶

It has been argued that one of the reasons corruption has proliferated in Uganda is because of the incumbent regime’s interest to perpetuate itself in power. Andrew Mwenda for instance argues that:

*The worst obstacle to democratization has been the personalization of the State. Arms and money are essential to this malign process. The arms belong to the military and security service, which the regime deploys selectively in order to suppress dissent. The money sluices through a massive patronage machine that Museveni uses to recruit support, reward loyalty, and buy off actual and potential opponents. In his efforts to personalize the State, Museveni has skillfully undermined formal institutions of governance, preferring as he does the arbitrary and informal methods of recruiting and rewarding officials. The destruction of the Parliament’s will and ability to check executive power has been a keystone of this approach.*⁷

The role of Parliament as the overall oversight institution of the State - in establishing ethics and integrity in public office and as the front-runner in demanding for accountability, open and transparent governance and in its ability to check excessive power of the State while representing the interests of the electorate - cannot be underestimated. However, its inability to fully play its role and in particular its failure to enforce its own decisions through legally provided channels has undermined its legitimacy and legal mandate as provided for in the Constitution of the Republic of Uganda, By extension, it has also undermined the ability of the people of Uganda to enforce their will through Article 1(1) of the Constitution which provides that “All power belongs to the people who shall exercise their sovereignty in accordance with this Constitution.”

⁶ The Black Monday Movement is composed of various civil society organizations, individuals and institutions in Uganda in the fight against corruption, abuse and misuse of public resources.

⁷ Andrew Mwenda (2007), ‘Personalizing Power in Uganda’ . *Journal of Democracy*, Vol. 18 No. 3, 2007

1.2 Objectives of the study

The overall objective of compiling a dossier on corruption is to increase public awareness on corruption and incidents related to it from the year 2000 to 2012, availing an in-depth analysis of Government responses, action and/or inaction in relation to its commitment to fight corruption, and to provide concrete recommendations to be adopted by relevant policy and decision makers.

The specific objectives of the study are:

- a) To develop/document the 2000-2012 corruption scandals in the public sector in Uganda.
- b) To document and show the 2000 – 2012 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.

1.3 Methodology, scope and purpose of the dossier

Multiple approaches were used in the course of this study.

1.3.1 Literature review

Secondary sources of information

The first phase included analysis and review of the official documents produced by Ministries, Departments and Agencies (MDAs), Parliament, Commissions of Inquiry, reports of Civil Society Organizations, research papers and the immense resources derived from the internet. The richness of these resources informed the study and provided invaluable information.

Primary sources of data

The second phase of the study included carrying out interviews with selected people in Government - Parliament, the Directorate of Ethics and Integrity, the Inspectorate of Government - and some members of the civil society who have insights on anti-corruption programming.

1.3.2 Scope of the study

The study covers the events related to corruption during the period 2000 – 2012. As such, it has its limitations. As a dossier, it is based on the available evidence from official and non-official records. Official records include reports of the Auditor General, Inspectorate of Government, Parliament of Uganda and others. Unofficial reports include newspaper articles, research reports, published books and unpublished articles. In this way, the study is based on documentary evidence. The study is not an exhaustive analysis of corruption in Uganda, since this is a much wider subject. However, it gives pointers to undertake a more in-depth study of each of the themes we have identified here.

This report is also not a source of evidence for prosecutors of corruption crimes. It is rather intended to show the magnitude, extent and nature of the corruption that bedevils this country. It is hoped that the report will help generate debate and concrete actions by both the public and the Government in the fight against corruption. This report will form the basis of a series of studies intended to exhaustively analyse all or most of the aspects of corruption which could not otherwise be done in single document of this nature.

1.4 Analytical framework

1.4.1 Defining Corruption

One of the most comprehensive definitions of corruption has been put forward by Transparency International (TI), which views corruption as “the behaviour 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”.⁸

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”.⁹

The Webster English Dictionary defines a corrupt person as one guilty of dishonest practices, (such) as bribery; without integrity; debased in character; depraved; perverted; crooked; wicked; evil; decayed; putrid; infected; tainted.

According to the National Strategy to Combat Corruption and Rebuild Ethics and Integrity in Public Office 2004 – 2007, corruption is defined as, “abuse of public office for private gain which includes among others acts of embezzlement, bribery, influence peddling and abuse of public office”.¹⁰ The Anti-Corruption Act 2009 further denotes that “a person

⁸ See Transparency International (TI) *Global Corruption Report 2004*. London: Pluto Press.

⁹ Transparency International, *Global Corruption Report, 2004*.

¹⁰ Government of Uganda (2004), National Strategy to fight Corruption and Rebuild Ethics and Integrity in Public Office

commits the offense of corruption if he or she does any of the following: a) the solicitation or acceptance of any goods of monetary value or benefit; b) the offering or granting directly or indirectly to a public official, of any good of monetary value or other benefit; c) the diversion or use by a public official, for purposes unrelated to those for which they were intended, for his or her personal benefit or for the benefit or that of third party of any moveable property or immovable property, money or securities belonging to the State; d) the offering or giving, promising, solicitation or acceptance, directly or indirectly, of any undue advantage to or by any person who directs or works for any capacity, a private entity for himself or herself or for any other person; e) influence peddling; f) conspiracy to commit any of the acts referred to above; g) fraud; h) any acts of omission in the discharge of his or duties by a public official; and i) neglect of duty.¹¹

These definitions are not exhaustive. However, they all have a common strand, that corruption is perpetrated by people in public office with power and authority, whether elected or appointed, who use the power and authority they are entrusted with to thwart public interest in favour of personal interest and who more often indulge in actions that undermine the credibility and mandate of the public institutions they are responsible for.

1.4.2 Contextualizing Corruption in Uganda

According to the 1st Annual Report on Corruption Trends in Uganda by the Inspectorate of Government:

Corruption remains a major impediment to development and a barrier to reducing poverty in Uganda. It also has the potential of a destabilizing influence. Corruption is closely linked to the distribution and exercise of political power in Uganda and embedded, long term social, political and economic factors. Formal and informal corruption exist alongside strong informal rules associated with personal, geographical, ethnic and historical obligations and expectations. These informal ties often compete with and undermine, formal systems, including those for combating corruption.¹²

The report further observes that in spite of the efforts of Government of Uganda in combating corruption, focusing heavily on the legal framework by creating anti-corruption laws, regulations and institutions, the implementation associated with corruption prevention and detection and anti-corruption enforcement has been weak.¹³ By 2000, it was reported that over shs. 200 billion was being lost in corruption annually.¹⁴ By 2005, the amount of money being lost in corruption

2004 - 2007

¹¹GoU (2009), *Anti Corruption Act 2009*

¹²IGG (2010), 1st Annual Report on Corruption Trends in Uganda: Using the Data Tracking Mechanism.

¹³ibid, p.12

¹⁴Uganda Debt Network (2000), *Corruption in Uganda 1986 -2000: A Review of the Magnitude of Abuse and Misuse of Public Office and Resources in Uganda since 1986.*

annually had risen to shs 700 billion (US\$300 million). The bulk of the money is lost through mega corruption in procurement deals.¹⁵

The annual Corruption Perception Index (CPI) published by Transparency International shows that Uganda remains of the top fifty most corrupt countries in the world. Since 2000, Uganda's score on the ten-point CPI has hovered between 2.2 – 2.8. This means that out of ten possible scores that would depict Uganda as being free of corruption, Uganda has over the years only managed to score below between 2.2 and 2.8 annually. This score is still very low. In 2006 and 2007 the CPI score was 2.7 and 2.8 respectively, which were the best scores the country has achieved. By 2011, the CPI score had gone down to 2.4, which indicates that corruption had gone up instead of reducing. Uganda is one of the highest-ranked countries as being among the top fifty most corrupt countries in the world. In 2011 it was the 39th most corrupt country in the world, down from 57th in 2007 and 54th in 2008.

Table 2: Uganda's Ranking on the Transparency International Annual Corruption Perception Index (2000 – 2011)

Year	Rank	Position (from bottom)	CP1 Score
2000	80/90	10 th	2.2
2001	88/91	3 rd	2.3
2002	93/102	9 th	1.9
2003	113/133	17 th	2.2
2004	105/146	41 st	2.6
2005	125/159	34 th	2.5
2006	105/163	53 ^d	2.7
2007	111/178	57 th	2.8
2008	126/180	54 th	2.6
2009	130/180	50 th	2.5
2010	127/178	51 st	2.5
2011	143/182	39 th	2.4

Source: Transparency International (TI), Annual Corruption Perception Index (CPI) Reports (various years)

¹⁵The World Bank (2005), *The World Development Report*, Washington D.C. This figure is cited in *The Uganda Country-Self Assessment Report and Programme of Action*, November 2007, p.242.

In 2012, TI changed its scoring and presentation of results. Instead of 10 as the highest score, the TI index had 100. All the same, this did not change Uganda's poor position on the Corruption Perception Index, as presented below.

Table 3: Uganda's CPI Results 2012

Year	Rank	Position	CPI
2012	130/176	46	29

Source: TI/ Corruption Perception Index 2012

In addition to TI, the Inspectorate of Government in Uganda has also endeavoured to undertake National Integrity Surveys. Since 1998, three such National Integrity Surveys (NIS) have been undertaken. According to the second and third National Integrity Survey (NIS II and III) reports published in 2003 and 2008 respectively by the Inspectorate of Government, institutions of Government such as the Traffic Police, District Tender Boards (since renamed Contracts Committees), Uganda Revenue Authority, Lands Office and Public Hospitals are identified among the top fifteen most corrupt public institutions in Uganda (see Table 4 below).¹⁶

Table 4: Most corrupt Government institutions in Uganda

Position	Institution	Least Honest institution (Rating by %)	
		2003 (%)	2008 (%)
1	Traffic Police	83.3	75.5
2	District Tender Boards	78.8	N/A
3	Electoral Commission	78.1	N.A
3.	URA	71.1	41.4
4.	Ministry of Defense	77.4	N/A
5.	Privatization Unit	67.1	39.7
6.	Police (including Traffic Police)	66.7	80.7
7.	Immigration Department	59.9	37.0
8.	Courts	54.4	49.4
9.	NSSF	53.7	27.4
10.	District Councils	47.1	36.5
11.	State House/Office of the President	45.3	N/A
12	Ministry of Health	41.5	48.1
13	Directorate of Public Prosecutions	39.6	N/A
14	Administrator General's Office	39.6	24.7
15.	IGG's Office	39.2	N/A

Source: Inspectorate of Government: National Integrity Survey 2003 & 2008

¹⁶Inspectorate of Government, National Integrity Survey Report 29003 and & 2008

In 2010, the Inspectorate of Government (IG) initiated a data-tracking mechanism to capture corruption trends in Uganda. The first annual report of the corruption trends was produced in 2010 and the second in 2011. The reports provide a wide range of data which shows the extent of corruption trends in the Uganda Public Service based on data from anti-corruption entities such as the Auditor General (AG), the Inspectorate of Government (IG) the Public Procurement and Disposal Authority (PPDA), and the Directorate of Public Service. Other sources include Transparency International's Corruption Perception Index, the World Governance Indicators and others, which were used to show the level of corruption in Uganda and in comparison with other countries in Africa. Table 5 below presents corruption cases handled by the IGG and successfully prosecuted by the Inspectorate of Government up to 2008, and for the years 2009 and 2010. The table shows that cases of abuse of office, conflict of interest and influence peddling have been the dominant areas of corruption.

Table 5: Types of corruption and their prevalence in public offices and institutions in Uganda

Type of corruption	Before 2008		2008		2009		2010	
	Number	&	Number	%	Number	%	Number	%
Abuse of office	165	40.2	84	50.3	58	51.33	33	45.83
Bribery	4	1.22	3	1.8	3	2.65	4	5.56
Forgery and uttering false documents	51	12.4	13	7.78	15	13.27	16	22.22
Embezzlement	42	10.2	21	12.5	8	7.08	2	2.78
Conflict of interest	12	2.93	4	2.4	2	1.77	0	0
Influence peddling	0	0	0	0	1	0.88	0	
Causing of financial loss	32	7.8	2	1.2	4	3.54	1	1.39
Abuse of office, forgery and uttering false documents	1	0.24	1	0.6	1	0.88	0	0
Abuse of office and embezzlement	5	1.22		0	1	0.88	1	1.39
Abuse of office and conflict of interest	3	0.73	2	1.2	1	0.88	0	0
Abuse of office and bribery	0	0	1	0.6			0	0
Abuse of office and causing financial loss	1	0.24	0	0	1	0.88	0	0
Embezzlement and conflict of interest	0	0	0	0	1		1	1.39
Embezzlement and causing financial loss	0	0	1	0.6		0	0	0

Forgery, uttering false documents, embezzlement and conflict of interest	1	0.24	0	0	0	0	0	0
Other	92	22.4	35	20.9	18	15.93	14	19.44
Total	410	100	167	100	113	100	72	100

Source: IGG (2011) *Second Annual Report on Corruption Trends in Uganda: Using The Data Tracking Mechanism (TDTM)*.

The corruption trends table above shows that cases of abuse of office, forgery and uttering false documents, embezzlement, conflict of interest, and causing financial loss are the dominant areas of corruption and have contributed to the high incidence of corruption in the country. However, the figures in the table only show the cases reported to the IGG by different people affected by the vice and subsequently investigated by the Inspectorate of Government for possible prosecution. These reports seem to have slowed down for the years 2009 and 2010. The TDTM Report 2011 suggests that the reason for the slowdown is “the decision taken by the IGG to prosecute cases in the courts of law so that the fight against corruption is felt more by the citizens and for culprits to be punished for their corruption-related offenses.”¹⁷ It is the view of the authors of the report, however, that the main reason for the slowdown in reporting corruption cases could have been loss of confidence in the institution by the citizens as the Inspectorate has undergone serious leadership challenges since 2009, thus undermining its credibility.¹⁸

1.5 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,

¹⁷IG (2011), *Second Annual Report on Corruption Trends in Uganda: Using the Data Tracking Mechanism*, p.59

¹⁸In 2009, Faith Mwendha refused to appear before the Parliamentary Appointments Committee for vetting before renewing her appointment as Inspector General of Government (IGG) for the second term, arguing that Parliament had no mandate to vet her.

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.¹⁹

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.²⁰ 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.²¹ 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.²² 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.²³ 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.

1.5.1 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.*

Inge Amundsen (1999), *Political Corruption: An Introduction to the Issues*, Chrstien Michelsen Institute, Working Paper No. 7.

²⁰Wikipedia, *the Free Encyclopedia*

²¹ibid.

²² U4 Anti-Corruption Resource Centre

²³ Ibid

- 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 travellers, 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 discretionary 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.

1.6 Governance and Corruption in Uganda

Because corruption is the result of poor governance, the fight against corruption is an integral part of improving governance (IGG's Report, 2010)

Some analysts have attributed the increase in corruption in a society to lack of political will to fight it. Analysts have argued that “where political will exists, leaders are driven by a desire and unwavering determination to use the political and economic resources available to them to build institutions to initiate reforms including incentives; and their ability to muster sustained support from domestic and international constituents”.²⁴

1.6.1 Lack of Political Will in the fight against corruption

In Uganda, lack of political will is a hotly debated issue. President Museveni has sometimes not helped matters by appearing to support or defend his political friends who are accused of corruption. For instance, when then Security Minister Amama Mbabazi was implicated on allegations of corruption in the sale of land to the National Social Security Fund (NSSF), President Museveni was reported to have asserted:

*I will not run away from old friends. I refused to run away from Amama Mbabazi during the 'Temangalo' saga because he is an old friend and that is why I have always defended Otafiire whenever he is attacked by all sorts of people ... I have known Otafiire for a long time during our bush struggles.. Hon. Mbabazi and Otafiire helped me rebuild the 'kakuyege' (mobilization) in Uganda in 1974 that had gone wrong earlier in 1972 and 1973.*²⁵

Other analysts have argued that corruption thrives in Uganda because of the NRM's desire for regime survival that has seen a network of regime cronies, supporters and adherents develop, while at the same time undermining the ability of anti-corruption institutions to fight corruption. A study by Barkan et al (2004) observed that:

Political and administrative institutions established for the purpose of achieving horizontal and vertical accountability are weak... most fundamentally, the Government of Uganda is a regime of personal or neo-patrimonial rule – a political system dominated by one individual who maintains his authority through a combination of patronage and the selected use of intimidation and force ... Opportunities for corruption ranging from petty rent-seeking to multi-million dollar scams, are

²⁴Sah Punder (1997), *Political Will in Fighting Corruption*, Cited in *Corruption and Integrity Improvement Initiatives in Developing Countries* at www.pogar/publications

²⁵*Daily Monitor*; September 5th, 2009

*dispensed to loyal followers of the regime... In the process, accountability, transparency and rule of law are undermined along with, eventually, the effectiveness of the public service, including service delivery.*²⁶

The President's actions, statements and interests sometimes seem to be at variance with the espoused principles and regulations governing the ethical conduct of public officials. The president sends the wrong signals by seeming to protect and side with regime supporters in the face of allegations of corruption. In 2011, when former Vice President Gilbert Bukenya was presented before Court over alleged abuse of office in a decision to hire luxury BMW vehicles for CHOGM, President Museveni was reported to have said that, "he had been informed by the Attorney General that former Vice President Prof. Gilbert Bukenya, has no merit..."²⁷ The public remarks coming from the Head of State seemed to undermine the institution of the Inspectorate of Government. Bukenya's court case was later withdrawn by the Inspectorate of Government for lack of evidence.²⁸

This was, however, not the first time the President supported a person deemed a good cadre of the NRM but involved in alleged corrupt activities. Earlier in 2002, Roland Kakooza-Mutale was sacked as an employee of the President's Office (in the position of Presidential Advisor) on the recommendation of the IGG when he refused to abide by the relevant provisions of the Leadership Code Act. Kakooza Mutale challenged the decision in the Constitutional Court. As part of the proceedings, President Museveni was made to swear an affidavit in support of Kakooza-Mutale's petition to Court. In the affidavit, President Museveni submitted that: *"if court finds that the IGG made the above recommendation on the basis of a flawed procedure and never followed the Leadership Code Act and the Law generally on making his recommendation, I am prepared to reinstate Major Kakooza Mutale to his office as Presidential Advisor."* **Indeed, when his petition was upheld by the Constitutional Court, Major Kakooza-Mutale resumed his official duties.**

In what was seen as a more serious case of ambivalence by the President in the fight against corruption, Major Kakooza-Mutale was involved in another spat with the Inspectorate of Government in 2004 when he deployed Military Police officers to block the IGG from effecting an arrest warrant against the then Solicitor General for defying the summons of the IGG while investigating the payment of shs. 13 billion to a private businessman in a compensation deal that the IGG deemed fraudulent. The President neither reprimanded nor questioned Kakooza-Mutale's action. Who had given Kakooza-Mutale authority to deploy Military Police or even block a Government institution from carrying out its mandate? Did the President know about the deployment? Regarding the

²⁶ Barkan, Joel D., et al (2004), 'The Political Economy of Uganda: The Art of Managing a Donor Financed Neo-Patri-monial State', Unpublished background paper commissioned by the World Bank.

²⁷ *Daily Monitor*, July 12, 2011

²⁸ Prof. Bukenya had been charged with over allegations that between May and November 2007, while chairing the Cabinet Sub-committee of the Commonwealth Heads of Government Meeting, unlawfully and high-handedly directed to be done acts prejudicial to the Uganda government.

deployment, the *Monitor* newspaper of June 1, 2004 commented thus:

*Kakooza-Mutale's actions had the bizarre effect of exposing the President's ambivalence towards anti-corruption reforms and are likely to have sent wrong signals that corrupt public officers may be sheltered if they happen to be in the favour of the President. Kakooza-Mutale himself did not make matters easier during the fracas between the Inspector General of Government and the Solicitor General when he was reported to have retorted that the IGG has no powers to order for the arrest of the Solicitor General...*²⁹

Given the foregoing discussion, one is likely to conclude that the President's actions are partly responsible for undermining the institutional capacity of anti-corruption agencies such as the IG and subsequently, the authority of the individuals heading such institutions. In fact, in a recent interview, the Inspector General of Government observed that:

*Political interference will always be there because there is nothing you can do about it; because your work deals with political abuse and you can't do away with it without being affected by politics. However, what we should also know is that politicians are also Ugandans like us and we are all equal before the law.*³⁰

President Museveni has vehemently denied that the proliferation of corruption in Uganda is because of lack of "political will" to fight corruption. In his refutation, he retorted thus:

*Who? Me, Yoweri Museveni, lacking "political will" to fight corruption and criminality when I am stronger now than I was in 1971, when, together with my colleagues, we took the regime of Idi Amin head on, or when in 1981, with 27 guns, we attacked Kabamba? Those who peddle those falsehoods should be treated with the contempt they deserve...*³¹

Ironically however, President Museveni has on more than one occasion summoned the Parliamentary Caucus to discuss and quash a report already presented and adopted by Parliament. For instance, at the height of the infamous 2010 *Temangalo* land scandal involving then Minister Amama Mbabazi an NRM caucus meeting was called at State House, Entebbe, where a decision was taken to defeat the report of the Parliamentary Committee on Commissions, Statutory Authorities and State Enterprises implicating the ministers involved. Again, the ministers who were implicated in the 2007 CHOGM scandals survived through the party caucusing and others who, with tainted images, have since been re-appointed in key Cabinet positions.³²

²⁹*Daily Monitor*, June 1, 2004 cited at <http://www.mail-archive.com> .

³⁰*The Observer* Newspaper, 22 February 2013 at www.observe.ug

³¹*Daily Monitor*; November 25, 2012 at www.dailymonitor.co.ug

³² Ibid.

Perhaps the most memorable caucus meeting that really undermined the credibility of Parliament in the fight against corruption was the Kyankwazi retreat turned NRM caucus meeting that took place from 17 – 23 October 2011, which voted to overturn the decisions of Parliament regarding Government’s handling of oil contracts with foreign firms and the fate of three ministers accused of drawing huge kickbacks from foreign companies in return for favourable oil deals. Uganda’s Parliament on October 12, 2011 unanimously voted to have Prime Minister Amama Mbabazi, Minister of Foreign Affairs Sam Kutesa, and Internal Affairs Minister Hillary Onok step down and give way for an *ad hoc* committee to investigate allegations of bribery against them.³³ On 1 November 2011, Parliament also resolved that Government should put a “moratorium on executing oil contracts and /or transactions on the Executive arm of Government until the necessary laws have been passed by Parliament to put into effect the Oil and Gas Policy.”³⁴

However, President Museveni ignored the Parliamentary resolution on putting a moratorium on oil contracts and instructed the Minister of Energy and Minerals, Ms. Irene Muloni, to sign a contract with Tullow Oil on 3 February 2012. The president also ignored the Parliamentary resolution to compel the three named Cabinet Ministers including Prime Minister Amama Mbabazi, who were named in the oil bribery allegations to “step” aside. The Attorney General, in a legal opinion to President Museveni on October 26, 2011, had observed that “there is no specific provision in the Constitution or in the Rules of Procedure of the Parliament of Uganda under which Parliament asks a minister or prime minister to step aside from office pending any investigations.”³⁵ The Prime Minister and the two Ministers had also vowed not to voluntarily step aside. The NRM Caucus meeting at Kyankwazi presided over by President Museveni on October 23, 2011 instead voted to overturn the same Parliamentary resolution, a move that was criticized by senior legal experts as tantamount “to using extra legal means by the Executive to subvert established procedure.”³⁶

To make matters worse, in Constitutional Petition No. 47 of 2011, a Kampala-based lawyer Severino Twinobusingye, challenged some of the sections of the Parliamentary resolutions, claiming that a) to investigate allegations of bribery in the oil sector was inconsistent with the Constitution, and that b) requiring the Prime Minister and other ministers to step aside from their offices is *ultra vires* the Constitution of Uganda. The Constitutional Court ruled that:

The resolution of Parliament which required the Prime Minister and other ministers to step aside with immediate effect pending investigations and a report of the ad hoc committee of Parliament is unconstitutional and therefore null and void...

³³ *The Independent On-line*, October 12, 2011

³⁴ Parliament of Uganda (unsigned) Resolution of Parliament in respect of the regularization of the oil sector and other matters related to, (November 11, 2011 at www.wordpress.com/2012/02/resolution-of-parliament)

³⁵ *The Daily Monitor*, November 1, 2011

³⁶ *The Daily Monitor*, October 24, 2011

The Court further decided that:

As to costs, we are of a considered opinion that this is a matter of great national importance and timely for the maintenance of the rule of law, constitutional harmony and peace in this country. ...we award him 2/3 of the costs with a certificate for counsel...

When all the costs were calculated, Mr. Severino Twinobusingye's award amounted to a total of Ushs. 12.9 billion, which would be paid by the Ugandan taxpayer.

The effects that these actions by the Executive and the Constitutional Court have had or will have on the effectiveness of Parliament as an anti-corruption watchdog are still being assessed. However, suffice it to say that Parliament's credibility has suffered. With the NRM using its majority to subvert the will and independence of Parliament, the last anti-corruption bastion seems to have been thwarted.

As one commentator in the *Daily Monitor* of January 6, 2013 put it:

Freedom from executive domination appears important in how politicians think about the roles of professional parliamentarians. Ours is a funny system where MPs eat their words with impunity. They don't care about the public interest and they rarely pursue a matter to its reasonable conclusion. During the infamous 2012/13 budget standoff, Ugandans thought Parliament would assert its authority and fix the sick healthcare system in the country. They made a lot of noise on Ushs. 260 billion needed to fix the health sector, only to succumb to government pressure, leaving Ugandans in the cold.³⁷

1.6.2 The legal framework to fight corruption

In 2009, Parliament enacted The Anti-Corruption Act, 2009.³⁸ The primary aim of the Act is: to provide for effective prevention of corruption in both the public and private sectors; to repeal and replace the Prevention of Corruption Act; and to consequentially amend the Penal Code Act, the Leadership Code Act and other related matters.³⁹ Since the Anti-Corruption Act was enacted, the Anti-Corruption Court was established as a division of the Uganda High Court to expeditiously prosecute corruption cases. The Act provides comprehensive definitions of corruption, corruption offenses and the punishment for any violations, whether through overt or covert means. Since its enactment, some senior politicians and government officials have been prosecuted in the Anti-Corruption Court.⁴⁰

³⁷Yassin Mugerwa, *Daily Monitor*, January 6, 2013

³⁸Other relevant legislation includes: The Leadership Code Act 2002, The PPDA Act 2003, The Access to Information Act 2005, The National Audit Act 2008.

³⁹The Anti-Corruption Act 2009

⁴⁰Gilbert Bukkenya was the first high ranking politician to appear in the Anti-Corruption Court although the IG withdrew

In spite of these efforts, however, there have been challenges in implementing the law. For instance, when former Permanent Secretary, Mohammed Kezaala, was brought as a Government witness during the prosecution of the three former health ministers (Jim Muhwezi, Dr. Alex Kamugisha and Mike Mukula) over alleged corruption and abuse of office in the case of “abuse and misuse of GAVI Funds” by the Inspectorate of Government, he exonerated them of all responsibility, arguing “that the three Ministers did not steal Government funds and or abuse office because he (Kezaala) had the authority to approve every payment.”⁴¹ Despite his own confession, Mohammed Kezaala was himself not presented in Court as a defendant, although he was relieved of his duties as Permanent Secretary by the appointing authority.

Another set of three Ministers involved in the CHOGM scandal, namely; Sam Kutesa, Mwesigwa Rukutana and John Nasasira, who were presented before the Anti-Corruption Court in November 2012, were acquitted of causing loss of shs. 14 billion CHOGM funds by the same Court after all eleven prosecution witnesses “denied any knowledge of the ministers’ wrong doing or any loss occasioned by them (ministers).”⁴²

While the Anti-corruption Court was welcomed as a step in the right direction, its effectiveness in preventing and combating corruption is yet to be felt. One of the arguments advanced for this shortfall is that the Court lacks adequate technical, financial and human capacity to perform its functions to the full. However, given the case situations we have pointed out above, it would seem that the larger issue is whether the political leadership is committed to the full implementation of the law, prevention of corruption and combating the abuse and misuse of public office. Key critical questions to ask include the following: What explains the lack of adequate resources for the Judiciary and Anti-Corruption Court when the budget allocations to State House are ever increasing through supplementary budgets? How is the Government, and the Executive in particular, committed to implementing the Anti-Corruption Law? Why are the anti-corruption agencies not adequately resourced while Presidential donations worth billions are carried in sacks to recipients?

A significant aspect of the Anti-Corruption Act 2009 is that it gives authority to the Inspector General of Government (IGG) and the Director of Public Prosecutions to investigate the amassing of wealth by public servants and those who are not only seen but known to live beyond their means. Section 31(1) of the Act provides that:

The Inspector General of Government or the Director of Public Prosecutions or an authorized officer may investigate or cause an investigation where

cases against him. Other include: Jim Muhwezi, Kamugisha, Mike Mukula, John Nasasira, Mwesigwa Rukutana, Sam Kutesa, all former Senior Ministers. However, none of the ministers except Mike Mukula were ever convicted of corruption. Mukula was later cleared by the Anti-Corruption Court after being convicted by a lower court.

⁴¹*Daily Monitor*, June 24, 2012 at www.monitor.co.ug

⁴²*The New Vision* of November 09, 2012 at www.newvision.co.ug

there is reasonable ground to suspect that the person a) maintains a standard of living above that which is commensurate with his or her current or past known source of income or assets; and b) is in control or possession of pecuniary resources or property disproportionate to his or her current or past known sources of income or assets.

Section 31(2) further provides that;

A person found in possession of illicitly acquired pecuniary resources or property commits an offence and is liable to conviction to a term of imprisonment not exceeding ten years or a fine not exceeding two hundred and forty currency points.

The properties include those properties acquired by the public officials but are registered in the names of immediate family (spouse and children, relatives, friends or associates (Sec. 31(3). The Act also authorizes Court to issue orders for the freezing of bank accounts and blocking the transfer of such properties during the course of the investigation for a six months period, subject to renewal of the order (Sec. 34(1).

This is perhaps one of the most significant preventive measures against corruption, but unfortunately, it has not been vigorously pursued by the relevant authorities. Civil Society Organizations need to put in place both short term and long term strategies for collaboration with the IGG and DPP to ensure that this section of the law is implemented vigorously to achieve immediate and long-term tangible and measurable results as far prevention of corruption, abuse and misuse of public office is concerned. There have been media reports of properties worth billions of shillings allegedly owned by senior public servants and of public servants living beyond their known sources of income. Some of the civil servants have huge residential mansions; they own hotels, commercial buildings, large chunks of land and commercial farms. Others have children studying in very expensive international schools and in expensive universities abroad. However, neither the IGG nor the DPP have initiated investigation into massive wealth acquisition by civil servants in Uganda.

What explains this failure? Is it lack of money or personnel with skills and knowledge to carry out the investigations? Is it connivance between those in charge of investigations and those supposed be investigated? Is it possible that the anti-corruption institutions have the information but are not willing to use for the intended purpose? It is expected that the public, the IGG or DPP would take interest in the allegation of the wealth of civil servants and carry out an investigation or cause an investigation by another arm of Government such as the Police, the Criminal Investigations Department, the Internal Security Organization or even through appeals to the public to provide information (which is a cheaper way of obtaining information) or through application of provisions of the Whistle Blowers Act by using specified incentives.

Section 19 (1) of the Whistle Blowers' Act provides that, "A whistleblower shall be rewarded for his or her disclosure five per cent of the net liquidated sum of money recovered consequent upon the recovery of money based on that disclosure" ...and shall be paid within six months after the recovery of the money (Sec. 19(2)).

In addition to the Anti-Corruption Act 2009, the Government of Uganda has put in place other subsidiary legislations to strengthen the prevention of corruption, abuse and misuse of public office. One of these is the Whistleblowers Protection Act 2010 which, among other things, provides "the procedures by which individuals in both the private and public sector may in the public interest disclose information that relates irregular, illegal or corrupt practices to provide for the protection against victimization of persons who make disclosures; and to provide for related matters". Clause 2(1)(a) of the Act provides that "*a person may make a disclosure of information where that person has reason to believe that the information tends to show that a corrupt, criminal or other unlawful act has been committed, is being committed or is likely to be committed.*"

However, since the Law was enacted in 2010, the only well known beneficiary is the Permanent Secretary in the Office of the Prime Minister, Pius Bigirimana, who claimed that he was responsible for alerting the Government and Police on the financial irregularities in his office perpetrated by the Principal Accountant in the OPM's Office, Godfrey Kazinda. *The Daily Monitor* of December 31, 2012 quoted Pius Bigirimana as saying that:

All those fighting me are doing so because I have uncovered their wrongdoing. If I managed to call for a forensic audit and the syndicate came out, don't you think I did a commendable job?" he asked. It is not a question of being favoured but being factual. All investigations have come out because of my personal initiative to expose the fraud. I raised a red flag and people should be appreciating me...

In November 2012, Parliament of Uganda had recommended the interdiction of Pius Bigirimana over the mismanagement of and failure to put to proper use funds for the Peace, Recovery and Development Programme (PRDP) for Northern Uganda. However, President Museveni and Prime Minister Amama Mbabazi declined to implement the Parliamentary recommendation because Bigirimana was, in their opinion, the whistleblower. According to *The Observer* of March 1, 2013, President Museveni is quoted to have told a meeting of the NRM Caucus at State House, Entebbe, that: "Bigirimana should not be touched over PRDP money because he revealed the scam to the Government."

1.6.3 Global Perspective in the fight against corruption

In October 2004, Uganda became the 5th country to deposit the instruments of ratification of the African Union Convention on Preventing and Combating Corruption that was adopted by the 2nd Ordinary Session of the Assembly of the

Union on 11 July 2003 in Maputo, Mozambique. One of the objectives of the Convention is to, “Promote and strengthen the development in Africa by each State Party, of mechanisms required to prevent, detect, punish and eradicate corruption and related offences in the public and private sector.”⁴³ Under Article 3(1), the Convention further obliges State Parties to have “Respect for democratic principles and institutions, popular participation, the rule of law and good governance”. Under Article 3(3), the State Parties are obliged to abide by “Transparency and accountability in the management of public affairs.”

In December 2003, Uganda also became a signatory to the United Nations Convention to Combat Corruption in Merida, Mexico. One of the objectives of the Convention - under Article 1(1) is; “*To promote and strengthen measures to prevent and combat corruption more efficiently and effectively*”. Under Article 1(3), it is, “*To promote integrity, accountability and proper management of public affairs and public property*”. Under Article 5(1), the Convention further provides that; “*Each State Party shall, in accordance with fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, transparency and accountability.*”

⁴³ African Union Convention on Preventing and Combating Corruption (Article 2(1))_

SECTION TWO

THE EXTENT OF CORRUPTION IN UGANDA, 2000 – 2012

We are fighting corruption and very soon you will hear about the casualties ... if only you could have seen what we are spending on NAADS. This year, Ushs. 135 billion will be spent on NAADS. About 50% of that money is stolen on the way. But we will make those thieves vomit what they have stolen... We have sent a lot of money to all the sectors of the Local Governments, but the money is stolen with the complicity of the civil servants, including the Accounting Officers ... Soon you will hear about the casualties. I have already set up systems here and traps to catch thieves.

(President Yoweri Museveni, New Vision, 4th October, 2009).

2.1 Introduction

In an article in the *Sunday Monitor* Newspaper on April 17, 2005, Andrew Mwenda observed that:

When he first came into government, President Museveni bought Nissan Laurel saloon cars for his ministers. Now, they are at Land Cruiser level. Before we know it, they may run down the roads and insist on having helicopters “because the roads are impassable.” With such a mentality, we can be sure our roads will never be improved since our Ministers have found a shortcut to use taxpayers’ money to improve their personal comfort while travelling. A responsible Government would instead have improved the roads so that tax payers may travel faster and make more money to pay more taxes.⁴⁴

But what explains the pervasive nature of corruption in Uganda? Andrew Mwenda further observes that:

The mistake most studies on Africa have made is to present corruption as a “stupid oddity.” On the contrary, it is the very essence of “successful” government. It is the glue that holds the flabby and heterogeneous coalition of ethnic groups controlling the state together and efforts to fight its actual manifestation.⁴⁵

Other commentators have also argued that one of the reasons, corruption in Uganda has become pervasive is due to the desire by the President to entrench himself in power and to create a presidential monarchy. In the process, the President is forced to dish out money to different groups to solicit their support. William Muhumuza, for instance, argued that:

⁴⁴ *Sunday Monitor*, April 17, 2005

⁴⁵ *Ibid*

President Museveni's determination to retain power in a pseudo democratic dispensation has culminated into many undemocratic practices. One has been driven by the motive to marshal enough political support in order to retain power. This objective has largely been achieved through different political maneuvers that have included manipulation of the laws and process of the political transition. The case in point is the determination by President Museveni to undermine the independence of Parliament so that it serves the vested interests of the NRM Government. This process began with the creation of the NRM Caucus in Parliament in 1998. The main objective was to ensure that NRM Parliamentarians (MPs) agree on a common position before engaging in Parliamentary debates. Prior to this innovation MPs engaged in parliamentary debates without their party encumbrances.⁴⁶

Muhumuza further argued that:

The NRM Government has also increasingly extended material and political support to its supporters at all levels of government. The nature of the support has varied from job rewards to government contracts and political appointments. Similarly, the President has frequently promised to reward or rewarded areas that support his Government with districts statuses. Besides, the critical and outspoken NRM and non-NRM political aspirants have on various occasions been politically bought off in order to enhance the NRM support. NRM MPs were bribed to campaign against the freeing of political parties in the 2000 referendum. ... a similar tactic was used to entice the NRM MPs to support the freeing of parties in the 2005 referendum ... bribery tactics to manipulate the democratic process involved the amendment of the 1995 Constitution to lift the presidential term limits. Out of the 333 MPs, 223 MPs were each given shillings five million to support the amendment to Article 269.⁴⁷

Each of the Government officials requires a salary, a vehicle (or two for ministers, including one for the spouse), an office, assistants and maintenance allowances, which costs the taxpayer a lot of money. During the last five financial years (2006/7 – 2012/12, the budget for public administration has hovered around 17% of the national budget compared to 9% for the health sector or 3% for agriculture and 2.8% for water.

A study by Joel D. Barkan et al (2004) further put the argument thus:

A principal feature of the old one-party state and the Museveni regime is that it depends increasingly on the distribution of patronage and benefits to operate and survive. That is to say, it a regime that rests on a series of clientelist networks that link the Government to the rural areas and

⁴⁶ William Muhumuza (undated) From Fundamental Change to No Change: The NRM and democratization in Uganda, in IFRA – Les Cahiers, No. 41 p. 31 at www.ifra-nairobi.net/resources/cahiers/Cahier_41/2Muhumuza.pdf

⁴⁷ ibid p.32

which are maintained through the distribution of offices and income to its supporters. This in turn explains the perception of rising corruption in Uganda, and apparent inability or unwillingness of the Government to bring corruption under control. Viewed from this perspective, corruption is fundamentally a political phenomenon (not a criminal phenomenon), a mechanism for regime maintenance. Opportunities for corruption ranging from petty rent-seeking to multi-million dollar scams are dispensed to loyal followers of the regime. Those include several close associates and family members of the President...⁴⁸

It has also been observed that since President Museveni came to power, the cost of public administration has escalated. In a bid to appease the supporters and retain power, the President has appointed his cronies and failed politicians to public offices by expanding the numbers of people that depend on public resources for their personal survival. Since he came to power 1986, he has since increased the cabinet from 21 to 82 (by August 2012), MPs have since increased from 126 to 370; Districts from 33 to 112 and still going. Furthermore, the number of Presidential Advisors had been increased from 2 to over 110 and Resident District Commissioners (RDCs) and their deputies from 56 to 175 (by November 2010). Paradoxically, some of the RDCs and advisors are failed politicians who have been rejected by the electorate in various elections since 2001 but whom the President retains against the wishes of the electorate. Also, one of the presidential advisors is a former convict who was arrested and sentenced to 15 months imprisonment in the United States on eight counts of fraud and lying to US customs in 1998.

While RDCs and their deputies are supposed to be neutral in terms of political affiliation and preference, they are in fact the chief mobilizers in the districts during the election campaigns and, being heads of the security committees, they have ensured that opposition politicians have no access to radio stations and the electorate in their areas of jurisdiction. Some former Ministers have also been appointed RDCs.

In addition, the President has set up over 70 commissions and other autonomous government bodies. Some of the Commission members are full-time employees and earn a monthly salary, allowances and have access to vehicles and maintenance. Ironically, however, some of the commissioners lack the experience, expertise and qualifications to contribute actively to the growth of the institutions they are charged with leading.⁴⁹ The President has also been rewarding his political supporters with ambassadorial appointments at the expense of career diplomats in a bid to retain their loyalty. The cost of all these appointments contributes to the burgeoning cost of public administration.

⁴⁸: Joel D. Barkan et al (2004), The political Economy of Uganda: The Art of Managing a Donor Financed Neo Patrimonial State, A background paper commissioned by The World Bank , Final Draft.

⁴⁹: The Commissions and government agencies with full time commission members include: National Planning Authority (NPA), Equal Opportunities Commission (EOC), Uganda Human Rights Commission (UHRC), Local Government Finance Commission (LGFC) and others.

2.2 Corruption, Misuse and Abuse of Office: Mega Corruption Scandals (2000 – 2012)

In this section, we provide examples of mega corruption scandals that have taken place in this country since 2000 and the actions that were taken to deal with the culprits. The examples are, however, not an exhaustive list of cases of corruption, misuse and abuse of office in public office that are considered in the category of grand corruption perpetrated by senior government officials both technocrats and political leaders. These cases have been cited for their national and international perspective that has contributed to the condemnable perception of Uganda as a highly corrupt country in the world. These cases that were perpetrated by people in power and authority were done with impunity and sometimes with the protection of the presidency, either through failure to punish the perpetrators or by undermining the credibility of the investigating agencies, thus rendering the watchdogs toothless.

2.2.1 Misappropriation of funds and others form of corruption by the Electoral Commission (2000)

In November 2000, the IGG carried out investigations into the Electoral Commission after receiving allegations of massive corruption of public funds there. The IGG found out that the EC Staff at the Head Office in Kampala were colluding with their staff in some districts to misappropriate government funds through double and over payments; failing to account for money withdrawn for electoral activities; carrying out illegal transfers and receiving unauthorized advances.

Box 2.1 Misappropriation of funds and others forms of corruption at the Electoral Commission (2000)

The IGG found that;

- Between April – October 2000, double/over payments totaling Ushs. 238,324,650 were made to 8 districts of Mubende, Bushenyi, Mpigi, Sironko, Bugiri, Mbale, Rakai and Iganga (*see full list in table 4*).
- Electoral Commission officials failed to account for Ushs. 2.3 billion which had been advanced to their officials in the districts during Financial Year 1999/2000.
- The officials had been advancing substantial amounts of money to a one Haji Bbosa, a long-time friend of the Electoral Commission Chairman, allegedly for renovation of Electoral Commission premises, but no proper records for the advances were being kept.
- Some of the Commissioners, notably the Electoral Commission Chairman, Hajji Aziz Kasujja, Mrs. Hadija Miiro and Mr. Teddy Wamusi, had interests in companies that were doing business with the Commission, contrary to Section 11.1(a) and 14(2) of the Leadership Code, 1999.
- A proper system of recruiting staff has not been put in place and, as a result, many staff had been recruited because of being relatives or friends of some of the Commissioners and Senior Staff of the Commission.

See IGG Report on the Investigations into Allegation of Massive Misappropriation of Funds and other Forms of Corruption at the Electoral Commission (2002).

Government action following the scandals:

- On 31 August 2002, the entire Electoral Commission headed by Aziz Kasujja, with the exception of Commissioner Sister Margaret Magoba who was appointed acting head of the commission, was retired in public interest.⁵⁰ However, the Government decided to reward the commissioners by paying them their terminal benefits. According to an All Africa Report of 2 August 2012, “Former Electoral Commission (EC) chairman Hajji Aziz Kasujja and five commissioners who were retired in public interest are to receive about sh80m each as gratuityState House has directed that the commissioners receive their full benefits amounting to between sh70-80m each...”
- In November 2002, a new Commission with Eng. Dr. Badru Kiggundu as Chairperson was appointed.

⁵⁰ *New Vision* report cited in All Africa Report 2 August 2012 at www.allafrica.com/stories/200208020333.html

2.2.2 Bank of Uganda Loan Guarantee to Hassan Basajjabalaba (2003)

In 2003, Bank of Uganda, under the directive of President Museveni, provided a loan guarantee of shs. 21 billion to businessman Basajjabalaba under his company, Basajjabalaba Hides and Skins (BHS) Limited, when it bought back loans worth US\$11,575 or Ushs. 21bn) owed to private commercial banks that were threatening to sell off the properties which Basajjabalaba had mortgaged to the banks. The guarantee was given without the authorization of Parliament as provided for under Article 159 (2) of the Constitution of Uganda, 1995.

The commercial banks went ahead and surrendered the land titles to Bank of Uganda for safe keeping and as security for the loan guarantee to Basajjabalaba. However, Basajjabalaba used a dubious consent judgement that was found to be fraudulently obtained to duplicate the land titles, which he transferred in the names of his friends and cronies.

Box 2.2 Bank of Uganda Loan Guarantee to Hassan Basajjabalaba (2003)

Although Basajjabalaba was expected to pay Bank of Uganda back, he did not. In the meantime, he obtained a controversial consent judgment decree purportedly authorizing him to obtain afresh the unencumbered land titles he had deposited with Bank of Uganda, which he went ahead to sell and transfer the ownership to his relatives and friends.

In its ruling, the High Court upheld that “... the purported consent decree was no decree in law but a nullity. It had no legal effect.” The court also ordered the Commissioner for Land Registration to cancel the Certificates of Title given to *Basajjabalaba and his relatives and friends* and as well as entry in the books with respect to the suit properties”.

Source: HCT-00-CVMA-0566-2008 – 12/14./2009.

NOTE:

- There is no evidence to suggest that Basajjabalaba was ever charged in court for forgery or uttering false documents in this matter.
- It is not clear whether the Bank of Uganda is still holding on to the titles of the properties in question.
- It is also not clear whether Basajjabalaba paid back the amount of money owed to Bank of Uganda or if the loan amount was deducted from the compensation paid to Basajjabalaba arising out of government cancelling his lease over several Kampala City markets.

2.2.3 Allegations of corruption in the Global Alliance for Vaccines and Immunization (GAVI) Funds (2006)

In 2004, the Global Alliance for Vaccines and Immunization (GAVI) approved a grant of USD 4,361,000 as a reward for Uganda's good performance in passing the targeted national immunization coverage for the year 2002. In 2006, there were allegations of abuse and misuse of the funds, which the Inspectorate of Government investigated. According to the IGG Report submitted to Parliament in June 2007, it was found out that out of Ushs. 2,374,844,000 advanced for carrying out immunization activities, only Ushs 350,000,000 was accounted for, leaving Ushs. 1,892,104,000 unaccounted for.

Box 2.3: Abuse of GAVI Funds (2006)

Among the officials implicated in the misuse of the GAVI Funds were ministers Jim Muhwezi, Dr. Kamugisha and Capt. Mike Mukula and then State House official Ms. Alice Kaboyo. It was alleged that the officials arbitrarily usurped and arrogated themselves the statutory duties and powers, also the role of cashier in the same ministry by endorsing/approving requisitions of GAVI funds and/or handling the same. This was prejudicial to the interest of Government, since a substantial part of the money was never accounted for. It was, for instance, noted that Hon. Muhwezi and Hon. Mike Mukula obtained Ushs. 210,000,000; Ms. Kaboyo took Ushs. 774,400,000 (out of which she banked a total of Ushs. 214,000,000) on her personal account and Dr. Kamugisha kept Ushs. 24,313,000 and Ushs. 22,860,000, which he did not account for.

Source: IGG (2006) Report of the Alleged Mismanagement of GAVI Funds

Action taken:

The three ministers and Ms. Kaboyo were presented before Court for prosecution. Hon. Muhwezi and Dr. Kamugisha were acquitted after prosecution witnesses absolved them of any wrong doing; Ms. Kaboyo pleaded guilty and was fined Shs. 20 million. Hon. Mukula was prosecuted and sentenced to four years in prison by the Kampala Chief Magistrate's Court in January 2013 but was in March 2013 acquitted of all charges by the Anti-Corruption Court.

President Museveni is reported to have contributed Shs. 100 million for Mukula's appeal against his conviction for corruption and embezzlement of GAVI funds. *The Observer* Newspaper of 4 March 2013 reported that:

As his incarceration entered its 43rd day, former Junior Health Minister and Soroti Municipality MP Mike Mukula got some good news. President Museveni handed Ushs 100 million to his legal team to help him secure his freedom. Presidential Press Secretary Tamale Mirundi confirmed the development over the weekend describing the money as Museveni's contribution to his friend."

Whether the donation came from his personal money or from public funds is not clear. What is very clear, however, is that such an action by the Head of State would tend to confirm that President Museveni lacks political will to fight corruption.

2.2.4 The Case of Apparels Tri-Star (2002 – 2006)

Between 2002 and 2006, the Government of Uganda through the African Development Bank (ADB) guaranteed, without the authority of Parliament, loans totaling to UGX 22 billion to Tri-Star Apparel, a private company that was established to manufacture and export clothing under the Africa Growth and Opportunity Act (AGOA). AGOA was a US initiative to increase exports of manufactured African goods into the American market. In addition, the Government guaranteed the company cheap labour, free buildings and other amenities. Absurdly, the company collapsed before it could repay even a part of the loan. Meanwhile, the Government of Uganda had in 2008 proposed, under unclear circumstances, to give a 5% stake to the Managing Director of Tri-Star Apparel, Mr. Vellupilai Kananathan under a new owner known as Libyan Africa Portfolio (LAP) Investments. In the new arrangement, government purportedly would own 35%, LAP would own 60%, while former Tri-Star Manager Kananathan would own 5% of the company.

Box 2.4: The Case of Apparels Tri-Star (2002 – 2006)

According to a Radio Uganda Network report of 4 December 2011, it was found that:

- Redundant sewing machines, empty factory rooms, rusting metals and a bushy compound infested with snakes and rats is what remains of the former Apparels Tri-star company. The company is now being run under the management of the Libyan Africa Portfolio Investments.
- The old factory has 12 production lines, with each supposed to accommodate 120 workers, all lying idle. At the new garment factory opened on June 7, 2004 with 12 production lines each accommodating 70 workers, the situation is not any different. Inside the former coffee stores now turned into dormitories are black metallic beds with 3 inch mattresses or cardboards in some instances. The dormitories, shared by 99 females and 7 males, are separated by black curtains on both sides.
- The green floor conditions are not any better; beneath the dormitory floor is a trench covered with broken wood which some girls have reportedly fallen into time and again.
- The floor is littered with old dirty shoes, jerrycans and charcoal stoves.
- When it rains, the dormitory stinks of sewage that flows through the trench, while the roof leaks and water gushes underneath the beds and corridors.
- Huge snakes and rats also use these trenches as a passage. The girls have to battle and kill them almost on a weekly basis.
- Without consideration to the high cost of living, the LAP textile workers are paid a monthly wage of between Ushs 65,000 and 90,000 only. The girls residing at the factory had been issued with a notice by the management, stating that accommodation would be at a monthly fee of Ushs 75,000. Whoever agreed with the notice would undertake arrangement with the human resource department effective 1st of April the following year.

Source: Various Newspaper reports

The African Growth and Opportunity Act (AGOA) was signed into law on May 18, 2000 as Title 1 of the Trade and Development Act of 2000. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. AGOA, the American-Government sponsored initiative under which poor countries are allowed to export up to 7000 selected items duty and quota-free to the U.S., was praised when it was introduced in 2002 but has been a major disappointment for Uganda. Although the Government has invested over US\$10 million (approximately US\$1 million per year) in the initiative, it has failed to take off due to political interference, corruption, foreigner domination and favouritism. In 2011, AGOA exports from Uganda to the U.S. amounted to just US\$1.4 million.⁵¹

⁵¹ Exclusive report on performance of AGOA at www.chimpreports.com

In Financial Year 2011/2012 the Ministry of Finance budgeted for Ushs. 600 million for the operations of the AGOA Office. However, when the Ministry of Trade appeared before the Public Accounts Committee (PAC) to defend their budget performance, Mrs. Susan Muwhezi, the Presidential Advisor on AGOA, was part of the delegation together with Mrs. Amelia Kyambadde, the Minister of Trade. Kyambadde was quoted to have observed thus:

I need to be honest, this AGOA money is just passed through my ministry and they demand for it with a lot of force. The money is from my ministry but they (AGOA officials) tell me they are answerable to the President.⁵²

2.2.4 Allegations of Mismanagement of the Global Fund

Following its establishment in January 2002, the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) based in Geneva, Switzerland approved five-year grants amounting to a total of USD 367 million to combat HIV, Malaria and Tuberculosis. These grants included two grants totalling USD 201 million that had been earmarked for the first two-year phase of the five-year programme and by the time the Commission of Inquiry was set up in 2005, over USD 45.4 million had been disbursed from Geneva. In August 2005, the GFATM suspended disbursement of the funds following allegations of “serious” mismanagement of the funds by the Project Management Unit of the Ministry of Health contained in an investigation report produced by PriceWaterhouse Coopers audit firm, the Local Fund Agent for Uganda.

⁵²Ibid.

Box 2.5 Mismanagement of the Global Fund

Following the suspension of the grants, on 6th September 2005, President Yoweri Museveni appointed a Judicial Commission of Inquiry into the Mismanagement of the Global Fund to fight AIDS, Tuberculosis, and Malaria (GFATM) under Legal Notice No. 15 of 6th September 2005. The commission was chaired by Justice James Ogoola, the then Principal Judge of the High Court of Uganda and Lord Justice of the COMESA Court. The Report of the Judicial Commission of Inquiry Report made the following conclusions:

- Whereas the recruitment of PMU staff was initially handled by a professional consultant firm (Ernst and Young) and done largely efficiently and satisfactorily, problems arose as soon as the Project Management Unit (PMU) took over top management.
- The Minister of Health, Jim Muhwezi for reasons best known to him quickly interjected himself into this process. First, he instructed the Permanent Secretary, Ministry of Health, Mr. Muhammed Kezaala not to recruit the MPU at all without his own clearance – even when the instruction was queried by Country Coordinating Mechanism (CCM), the top policy organ of the GF Uganda.
- Mr Muwhezi personally queried the appointment of fist-ranked candidate Dr. Mutumba as the PMU’s top boss in preference to Dr Muhebwa, on the flimsy excuse that Dr. Mutumba was already leading another aid-funded project in the Ministry of Health. The minister effected Dr. Muhebwa’s appointment, in total negligence of the clear and explicit negative warning expressed by the recruitment consultants concerning Dr. Muhebwa’s dire lack of managerial experience and competence.
- Right from the outset, the project was bound to fail not only because of political interference, but also because the Senior Managers in the Ministry of Health lost the incentive to offer strict supervision of the project management staff, since they were not politically connected. This can be evidenced in the subsequent events leading towards the actual recruitment of the Project Coordinator.
- The Permanent Secretary simply washed his hands off the setting up of the secretariat of the Project Management Unit. He abdicated his role and responsibility of providing a contract and salary scales attached to the job and allowed the Project Coordinator to write his own contract and determine his salary scale and those of his subordinates that were queried or varied by the Human Resources Department of the Ministry of Health.

See the case study 3 for a detailed presentation of the commission findings and recommendations.

Emerging Issues

When the Commission presented its report, Government vowed to implement its recommendation. A number of individuals were prosecuted in court. By 2010, the Ministry of Health reported that it had recovered over Ushs. 1 billion out of the shs. 3 billion that had been misused.⁵³ It was also reported that by 2009, 38 suspects including Teddy Sseezi Cheeye, the former Director of ISO in charge of Economic Monitoring who was imprisoned for 10 years for embezzlement. Fred Kavuma, a former producer with UBC, Annaliza Mondon and Elizabeth Ngororano were also sentenced to jail by the Anti-Corruption Court.⁵⁴

2.2.6 Allegations of abuse of office in the compensation of Ushs. 142 billion to Hassan Basajjalaba

In 2006, Kampala City Council officials leased city markets to Mr. Hassan Basajjalaba for 49 years. These included: a) Nakasero Market b) Shauri Yako Market c) Owino Market and d) re-development of Constitutional Square. In March 2007, following numerous riots by vendors over Basajjalaba's management contracts for three Kampala City Council (KCC) markets, the Government cancelled them. Subsequently, Basajjalaba petitioned Museveni over the cancellation and demanded compensation. In a letter dated March 31, 2009, signed by Mr. Basajjalaba as Chairman of Haba Group and addressed to Ministry of Justice, he demanded compensation for losses incurred as a result of the decision of Government, together with the defunct Kampala City Council, to cancel the lease offers and management contracts granted to his companies.

⁵³New Vision 28/10/2010 at www.newvision.co.ug

⁵⁴ Uganda Radio Network (URN) 11.12.2009

Box 2.6: Compensation of Ushs. 142 billion to Hassan Basajjabalaba

The city businessman demanded compensation as follows:

Victoria International Trade Company Ltd wants Shs23.5b for losing the Owino Market contract; Sheila Investment Ltd seeks Shs47.8b for the terminated Nakasero Market deal; First Merchant Trading Co. Ltd has billed the government Shs19.7b for the cancelled Shauriyako Market contract; Yudaya Investments Ltd wants Shs55.4b for breach of the Constitution Square deal.

The President wrote a letter on June 16, 2009 to then Minister of Justice and Attorney General, Kiddhu Makubuya reminding him about decisions of a meeting he chaired at State House on March 25, 2009 on Basajjabalaba's compensation claim. He wrote another on November 24, 2009 and another on Feb. 24, 2010 ordering that Basajjabalaba be paid.

On June 16, 2009, the Minister of Finance at the time, Syda Bbumba, acting on Museveni's orders wrote to the Governor Bank of Uganda to issue the payment. Mr. Emmanuel Tumusiime Mutebile wrote to four banks guaranteeing credit to Basajjabalaba of US\$65.35 (approx. Ushs 186 billion at a rate of Ushs 2800 for a dollar). In financial terms, a central bank guarantee is equivalent to cash. This means that, in effect, the Government had compensated Basajjabalaba that amount.

However, KPMG, the international audit firm hired by the Auditor General on behalf of Government to assess the deal, observed in its report that payments to Basajjabalaba should not have been made at all and were not legally enforceable.

Source: Parliamentary PAC Report 2013

Action Taken:

- In December 2012, The Director of Public Prosecutions gave the greenlight for city businessman Hassan Basajjabalaba to be charged with forging a consent judgment used in evading taxes on the Ushs 142 billion he received in compensation from the Government.
- In January 2013, the Police summoned city businessman Hassan Basajjabalaba for allegedly forging a court document in the Ushs 142b market compensation scandal.
- After some months of failure to appear before the police for interrogation, Basajjabalaba was finally presented to the Anti-Corruption Court on January 18, 2013 and charged with uttering a false document, forgery of judicial documents and conspiracy to defeat tax laws.

- The businessman had tried to defeat justice by committing himself to private prosecution. The case was taken over by the DPP as per the mandate given to the office, but the same later withdrew the charges at the Buganda Road Magistrates Court. The case was withdrawn to allow for the prosecution in the Anti-Corruption Court.
- The businessman was remanded in Luzira Prison but was granted a cash bail of shs. 60 million.
- Hassan Basajjabalaba is the Chairperson of the Entrepreneurs League and a member of the Executive Committee of the National Resistance Movement (NRM), which position he still retains despite the charges of corruption against him.

2.2.7 The Mismanagement of Land Registry, 2005

In 2005, the Inspectorate of Government started investigation into the alleged mismanagement of the Land Registry at the request of the Permanent Secretary in the then Ministry of Water, Lands and Environment. The IGG produced a report in 2007.

Box 2.7: The Mismanagement of Land Registry, 2005

The findings of the Report were that:

- Mr. Tibisaasa, the Commissioner for Land Registration was responsible for the mismanagement of the Land Registry.
- Mr. Robert Opio, a Senior Registrar was also responsible for the mismanagement of the Kampala Mailo Land Registry which he was in charge of. He was responsible for the insubordinate and premature attempts to transfer the records of Kampala Mailo Land Registry to KCC, which sparked off unprincipled conflict between him and Mr. Tibisaasa at the expense of public interest.
- Other staff who were grossly negligent are Mr. Nyombi Robert who unlawfully removed a caveat from Plot 61 Kitante Road and Mr. Olanya, a Senior Records Officer also neglected his duties and failed to control the loss of documents for which he was in charge.

The IGG recommended that:

- Mr Tibisaasa should show cause to the Appointing Authority why he should not be removed as Commissioner, Land Registration for failing to manage the Land Registry.
- Mr. Opio Robert, now transferred to KCC should show cause why he should not be removed from office for mismanaging the Kampala Mailo Land Registry.
- Similarly, Mr. Nyombi and Olanya should show why they should not be removed as Registrar of Titles and Senior Records Officer respectively for failure and neglect in the execution of their duties.
- It is recommended that the Ministry as a matter of priority and urgency should set up a technical team to verify and clean up the land register of all forged titles.
- The land Registration Department should be restructured in way that addressed public service delivery needs by providing adequate staff with integrity and proper storage facilities.

Source: IG (2007), Report of Investigations into Alleged Mismanagement of the Land Registry in the Ministry of Water, Lands and Environment, March 2007

Action taken by Government:

- In 2005, the Commissioner for Land Registration, Mr. Tibisaasa was interdicted and later sacked.
- In 2008, a new Commissioner for Land Registration, Ms. Sarah Kulata-Basangwa, was appointed. Unfortunately, the Land Registry at the Ministry of Lands continued to be a hot bed for corruption despite the technological reforms.

- In November 2011, Sarah Kulata was charged in the Anti-Corruption Court with abuse of office contrary to Section 11 of the Anti-Corruption Act, 2009 for hastily and unlawfully registering M/S Kikonyogo Investments as the proprietors of land in Lubowa Estate to the detriment of M/S Lakeside Investments, the true purchasers and owners of the land. However, the Anti-Corruption Court cleared her as a similar case was already before court in a civil suit and she resumed work as Commissioner. To-date, corruption remains a teething problem at the Lands Office.
- The Anti-Corruption Court on January 11, 2012 discontinued the abuse of office charges against the interdicted Lands Commissioner, Sarah Kulata-Basangwa, citing lack of authority by the Inspector General of Government (IGG) to prosecute her while there is another case touching the same matter. In the ruling, the judge cited Section 19 (1) c of the IGG Act which states that the IGG shall not have power to question or review any civil matter which is before court at the commencement of the Inspectorate's investigations (**Source: Uganda Radio Network (URN) Report of 11/1/2012 at www.urn.ug**).
- Although President Museveni gave the Land Registry up to December 31, 2008 to ensure that all the 500,000 land titles are computerized, this has not been achieved up to date. In December 2012, the land Registry was closed for one month (up to end of January 2013) to allow finalization of computerization. By end of March 2013, the Land Registry was still closed.

2.2.8 Allegations of Corruption in the Micro-Finance Support Centre Limited (2012)

The Inspectorate of Government in 2010 carried out an investigation into alleged Mismanagement at the Micro-Finance Support Centre Limited under Mrs. Specioza Wandira Kazibwe (former Vice President of Uganda) as the Board Chairperson on a) alleged mismanagement of the recruitment of the Executive Director b) conflict of interest c) board misconduct.

Box 2.8: Alleged Mismanagement at the Micro-Finance Support Centre Ltd (2011)

The findings of the investigation were that:

- a) Mr. Iggy Rwabukuku Musaali indeed lacked the requisite academic qualification for the positions of Executive Director or Executive Director and his Master degree from Kampala International University was irregularly awarded.
- b) The Board of Directors mismanaged the recruitment process of the Deputy Executive Director using a method not provided for in the Human Resources Manual (Head Hunt method). Mr. Iggy Rwabukuku was recruited as DED before he resigned his position as member of the Board, creating conflict of interest.
- c) The Board created the second position of Deputy Executive Director deliberately to accommodate one of their own, Mr. Iggy Rwabukuku, who had been beaten in the interviews by Mr. Wilson W. Wamatsembe.
- d) Mr. Iggy Rwabukuku was appointed to the position of Ag. Executive Director while still on probation, contrary to provision of the Human Resource Manual.
- e) The procurement of consultancy for the Risk Assessment at the Micro-Finance Support Centre Ltd did not comply with the Public Procurement and Disposal of Public Assets Act and Regulations 2003.
- f) The consultant who carried out the Risk Assessment, Ms. Elizabeth Kalembe, had previously worked with one Mr. John Baptist Lwanga, who turned out to be a business associate to Dr. Specioza N. K Wandira in Ms Concave International. Dr. Specioza N.K Wandira's son Julian K. Kiiza was also found to have worked as a Research Assistant for Ms. Kalembe's consulting team.
- g) The Board involvement in routine management activities like the preparation of the Strategic Plan, Critical Path Analysis and Human Resource Manual, among others, caused the managers at MSC to form the perception that the Board was interfering with their work. Indeed the Board was working as full-time employees of the company.
- h) The frequency with which the Board Chairperson made claims for allowances on account of work allegedly done for MSC was unusually high. For example, between August – November 2009 the Chairperson collected allowances between 7.5 – 9 million per month. The allowances paid to her in form of allowances rivaled those of highest paid managers at MSC. The Chairperson could not adequately account for the activities for which she was paid.
- i) The Board acted irregularly to allocate an MSC operations vehicle and an office to the Chairperson of the Board – Dr. Specioza N.K. Wandira - because it is not provided for in the Articles and Memorandum of Association.
- j) The Board members and Chairperson were never approved by the Annual General Meeting of the shareholders after the expiry of their first term of office. Their reappointment processes was not yet legally complete.

Action Taken:

- The allegations against the Kazibwe-led board first surfaced in a report presented to Parliament by the then Auditor General, Mr. John Muwanga, which alleged that top officials at the MSC had disbursed billions of shillings worth of loans in direct contravention of the organisation's own credit policies. The AG also questioned the manner of giveaway of money by President Museveni to traders at St Balikuddembe, the former Owino Market, when it was gutted by fire in 2009. The report stated, "The company disbursed a non-interest bearing loan to the Park Yard SACCO of Ushs. 1 billion, contrary to the MSC credit granting policies and procedures which state that only start-up loans shall be disbursed interest free and the amount disbursed shall not exceed Shs10 million".⁵⁵ However, the management had told AG that the funds were received as per the presidential pledge to the traders on an interest free loan, adding that the case was exceptional.
- In November 2011, the Board headed by Dr. Specioza N.K. Wandira was sacked and replaced with another headed by Keith Muhakanizi, Deputy Secretary to the Treasury, Ministry of Finance, Planning and Economic Development.

Additional note:

- Prior to the IGG investigation that unearthed gross mismanagement in MSC, the Kazibwe led-board had caused the suspension of the Executive Director, Mr. Charles Byanyima, allegedly because he refused to authorize a loan advance to Busoga People's Forum headed by Kazibwe herself, arguing that the money would be replaced when President Museveni fulfilled his pledge of shs. 2 billion to the Forum.⁵⁶
- These and other allegations suggest that MSC was being turned into a source of fortune for some individuals and for those who sought to gain political capital out of it, ignoring the business side of the company which was to ensure the development of effective SACCOs as a vehicle for poverty alleviation, as envisaged in the Memorandum and Article of Association of MSC Ltd.

2.2.9 Allegations of Financial Loss of Billions in the Office of the Prime Minister (OPM).

In April 2011, the Office of the Auditor General initiated a Value for Money audit on special programmes under the Office of the Prime Minister. In October 2012, the Auditor General produced a "*Report of Special Investigations on the Allegations of the Financial Impropriety in the Office of the Prime Minister*".

⁵⁵Daily Monitor; July 12, 2011 at www.dailymonitor.co.ug

⁵⁶Cited in *The Independent* of 05 May 2011 at www.independen.co.ug

Box 2.9: Allegation of Financial Loss of billions in the Office of the Prime Minister (2012)

The findings of the investigation showed that:

- a) A total of Ushs. 20,171,576,247 meant for the Peace, Recovery and Development Programme (PRDP) was fraudulently transferred from the respective budget support accounts to off-budget project accounts and subsequently utilized without approval and authority.
- b) An additional Ushs. 18,119,630 meant for PRDP activities was diverted to National Policy Disaster Management and PRDP (Northern Uganda accounts)
- c) Ushs. 15,222,877,129 was paid out by the Principal Accountant, using responsibility that was fraudulently obtained from an officer of the Treasury. The funds were subsequently fraudulently paid out of OPM staff, other accounts in OPM, private companies, and Centenary Bank and district accounts. There was no adequate supervision from the Accounting Officer, contrary to the requirements for the EFT payments by the Accountant General.
- d) Payments totaling to Ushs. 13,44,035,346 from OPM accounts appeared to have signatures of the Permanent Secretary and Under Secretary differing from the specimen signatures held by Bank of Uganda. It was further held that all the instruments with differing signatures of the Permanent Secretary and Under Secretary were confirmed by the Principal Accountant whose signature appeared genuine. 80% of these instruments were approved by the substantive Deputy Director of Banking.
- e) Ushs. 20,171,576,247 was fraudulently deposited in the Crisis Management Account and subsequently utilized without any approved work plans. The Accounting Officer did not seek information from MoFPED but went ahead and utilized funds that were fraudulently transferred.
- f) During the same period, Ushs. 34,604.861,101 was advanced to staff, contrary to the regulations.
- g) Ushs. 8,590,127,612 deposited at various fuel stations remained unaccounted for.
- h) A review of 23 companies that supplied food to the OPM revealed that they were overpaid by shs. 8,647,602,417.
- i) There were no proper records to support the payment of 13,716,991,979 paid out to Farm Engineering for ploughing in Karamoja.

Action taken:

On November 1, 2012 Parliament passed a resolution to recommend the interdiction of the Permanent Secretary, Mr. Pius Bigirimana, “over the mismanagement of and failure to put to proper use funds for the Peace, Recovery and Development Programme (PRDP) for Northern Uganda”⁵⁷. The resolution also further recommended that “all officials’ named in the special report by the Auditor General as having been involved in the mismanagement of the PRDP funds should take responsibility for the lost funds and should vacate offices immediately.”⁵⁸

Mr. Bigirimana refused to vacate office and was defended by the Prime Minister and President Museveni purportedly because he was the “whistleblower” and that there was no evidence to warrant his suspension. President Museveni was quoted to have stated during an NRM Caucus meeting at State House Entebbe on 5th November 2012 that, “I am treating this man as the whistleblower because he is the one who alerted the police about the mismanagement, which has eventually been picked up by other Government institutions.”⁵⁹

On November 6, 2012 *The Observer* newspaper reported that, “President Museveni had bowed to pressure and had decided to move the embattled Permanent Secretary in the Office of the Prime Minister, Pius Bigirimana to another Ministry”.⁶⁰ However, this decision was not practically implemented. By April 2013, Pius Bigirimana was still working as PS/OPM. Bigirimana was also expected to become the first principal witness for the prosecution in the trial of interdicted Principal Accountant in the Office of the Prime Minister, Mr. Geoffrey Kazinda, and three other Government officials.

2.2.10 The Ghost Pension Scheme Scandal

Between September and December 2012, media reports indicated that over Ushs. 300 billion might have been lost in one of the most bizarre corruption scandals involving senior technocrats in the Ministry of Public Service, Ministry of Finance and Bank of Uganda, involving the payment of pensions and National Social Security Fund contributions to 1,000 ghost pensioners. According to a report in the *New Vision* of January 2013:

- Ushs. 165 billion was paid out to ghost pensioners.
- Out of this amount, Ushs. 155 billion was paid to ghost pensioners;
- Shs. 8.5 billion was paid as double payments to non-existent pensioners; and
- Ushs. 173 million in doubtful payment to foreign pensioners.

⁵⁷ *The Observer* Newspaper Nov. 1st 2012 at www.obseverug

⁵⁸ Ibid.

⁵⁹ *The Observer* Newspaper of 6th November 2012 at www.observerug

⁶⁰ Ibid.

Box 2.10: The Ghost Pension Scheme Scandal (2012)

- An Audit Report by OAG reported that another Ushs. 15,487,040,200 is feared to have been lost in payments purportedly made in respect of pensioners due to delays in the payment of their pensions but was not supported by documents.
- It was also reported that although the NSSF Act exempts pensioners from NSSF contributions, funds amounting to Ushs. 88.2 billion were irregularly budgeted for as social security in financial years 010/11 and 2011/12
- The report revealed that of the Ushs. 165 billion that was misappropriated, Ushs. 155 billion was lost in payments to 2,434 pensioners purported to be beneficiaries of the East African Community gratuity payments.
- However, a scrutiny of the records revealed that the purported pensioners did not exist, and that there were no records to show that the individuals had worked in the EAC and that the list of the pensioners was originated from the Ministry of Public Service. The schedules generated were traced to the computer belonging to the IT manager (Francis Lubega) and MOPS and were authorized by the Principal Accountant (Christopher Obeyi). The schedules were signed by the Permanent Secretary (Jimmy Lwamafa).
- The investigation revealed that the schedules contained lists of pensioners that were not verified and or assessed by the relevant sections and did not exist in the ministry data base; and that the schedules would be submitted to the Ministry of Finance with a covering letter signed by the Principal Accountant who would in turn submit soft copies for payment of gratuity to the IT section at the ministry to encrypt and forward to the Uganda Computer Services (UCS) Department at the Ministry of Finance.
- The payment schedule would be assessed by Treasury and then sent to Bank of Uganda for payment.

Several officials of the Ministry including Jimmy Lwamafa (Permanent Secretary), Steven Kiwanuka Kunsu (the Director of Research and Development), Obeyi Christopher (Principal Accountant) and David Oloka (Assistant Senior Accountant in charge of pensions), John Nantwenda (Principal Personnel Officer), Steven Lwanga and Fred Tumusiime were arrested and recorded statements.

2.2.11 Allegations of abuse of office in Government's Compensation Payment to Dura Cement Limited

In the Financial Year 2009/10, the Government of Uganda paid Dura Cement Limited US\$ 16.4 million on the account of its mining lease to establish a third cement factory in Kamwenge having been cancelled by Government. The Auditor General, in his report for Financial Year 2009/10 noted that Government was losing a lot of money in compensation to companies and individuals for loss of business arising out of cancellation of contracts they entered into with Government.⁶¹

⁶¹Cited in the Report of the Public Accounts Committee (PAC) to Parliament on Government Compensation to Dura Cement Limited in the financial Year 2009/10 of August 2012.

Box 2.11: Report of the Parliamentary Public Accounts Committee (PAC) on Government's Compensation Payment to Dura Cement Limited in the Financial Year 2009/2010

According to the PAC report:

- On 7 March 1991, the National Enterprise Corporation (NEC) of the Commercial arm of the Uganda People's Defense Forces (UPDF) obtained a 21 year cement mining lease.
- Subsequently, NEC on 10th June 1997 sub-leased the remaining term of its lease of 15 years to M/S Larfarge/Hima Cement Ltd (HCL).
- By 2005 (8 years later), Larfarge/HCL had failed to fulfill its obligations and had not exploited the limestone and stone deposits in Kamwengye.
- On 20 June 2006, NEC issued 90 days termination of the sub-lease to HCL on the basis of breach of several covenants. HCL resisted the proposed termination. On 9 August 2006, the relationship between NEC and Larfarge was legally terminated.

Meanwhile in 2005, Col. Fred Mwesigye, the then General Manager of NEC had invited Rajesh Kumar Rawal of Motorsense Ltd. Nairobi to co-invest with NEC by putting up a cement factory in Kamwengye District. On 25 October 2006, Mr. Rajesh Rawal Kumar incorporated a company called Dura Cement Limited. In January 2007, the Commissioner for Geological Surveys and Mines effected the transfer of the mining lease from NEC to Dura Cement Ltd. A few months later, on 5 April 2007, the Ministry of Energy and Mineral Development (MEMD) directed that the Dura site be expeditiously hand over to Lafarge. The President's letter was copied to Baroness Linda Chalker of Unilever Limited. On 7 May 2007, H.E the President wrote to Rajesh Kumar Rawal as Managing Director of DCL, informing him that Government would terminate his contract on mutually agreed terms. On 26 July 2007, Hon. Migereko wrote on the instructions of the President cancelling the lease to DCL. In March 2008, DCL sued the Attorney General for breach of contract and demanded compensation to the tune of USD 103.4 million.

At the request of the Solicitor General, the Auditor General engaged the services of the KPMG at the cost of US\$ 250,000 to assess the claim by DCL. KPMG indicated that DCL could only be re-imbursed for expenses incurred if the expenses could be substantiated and verified but that no documentation was available to support the claim of USD 103.4 million. KPMG recommended a nil sum as the quantification of the claim submitted by DCL. KPMG further indicated that based on the DCL business plan that had been submitted under the investment proposal, the production quantities, the operating expenses and sales revenue in the proposal were realized, the anticipated net profits attributable to DCL shareholders over the 19 years term of the lease would have amounted to US\$ 14,566,890.

This compensation is a clear case of connivance by government officials that led to loss of public resources. Although KPMG, the independent auditor contracted by the Auditor General to audit the contract had recommended nil sum for settlement due to lack of evidence of quantification of the claimed sum, this recommendation was ignored. Instead, on 30 October 2009, DCL and the Attorney General entered into a consent judgement where the Attorney General agreed to: a) USD 14 million as special damages and b) USD 2 million in general damages, besides legal fees of 2.5% of the total sum payable. Thus, a total of USD 16.4 million was paid. Yet, according to PAC, by the time the lease was cancelled, DCL had not made any investments on the land whatsoever and therefore could not have incurred a loss of any kind.

HPAC, however, queried why President Museveni wrote a letter recommending the payment of USD 14.5 million and noted that the information stating the amount had been provided by Mr. Elly Karuhanga of M/S Kampala Associated Advocates (KAA). The information was contained in the draft assessment report by KPMG, which by then was not yet a public document. PAC faulted the then Solicitor General, Mr. Billy Kainamura for divulging information to KAA. PAC further observed that KPMG was paid USD 250,000 even when no final report was not produced.⁶²

Although, Government officials were indicted by the Parliamentary Committee for their actions in the Dura compensation, no action, whether legal or administrative had been taken by March 2013. It is not clear what action the relevant Government departments and agencies will take to recover the money as the Parliamentary Committee report gathers dust while the money that was taken is long gone.⁶³

Through its lawyers, Kampala Associated Advocates (KAA), Dura Cement Limited has petitioned the Constitutional Court seeking compensation for the reckless and unparliamentary language the MPs used against them. In an affidavit, Elly Karuhanga of Kampala Associated Advocates stated that:

On February 12th and 13th, Parliament debated and adopted the PAC report with some modifications. The parliamentary debate mentioned above consisted of unguided, unjust and callous personal attacks on me and other partners under KAA fashioned in summary, reckless and un-parliamentary language as evidenced by the Parliamentary Hansard inter alia; at P.6473 KAA and should be blacklisted. It is looting the people of Uganda.⁶⁴

⁶²Parliament of Uganda (2012), Report of the Public Accounts Committee on Government Compensation Payment to Dura Cement Limited, August 2012.

⁶³Some of the implicated people are occupying high positions in Government, Parliament and Private Sector/legal practice and wield immense political and administrative influence.

⁶⁴Online report by The Insider at www.theinsider.ug

The petitioners further observed that:

The act and conduct of Parliament in purporting to carry out another financial and value-for-money Audit over and above the said Auditor General's report and make findings of financial loss to Government is inconsistent and in contravention of Articles 2, 79(1) and 3 and 163 of the Constitution. The conduct of Parliament whilst debating, considering and adopting the PAC report of purporting to challenge and overturn a judgment given by a court of law in the case of Dura Cement Vs AG is in contravention of the Constitution.

The Constitutional Court is yet to discuss and make decision on the matter.

SECTION THREE

CORRUPTION IN PROCUREMENT

3.1 Introduction

The Government of Uganda (GOU) in 2003 put in place the Public Procurement and Disposal of Assets Authority (PPDA) under an Act of Parliament, the PPDA Act, 2003. Section 5(1) provides that: *“There is established an autonomous body to be known as the Public Procurement and Disposal of Public Assets Authority or as commonly known, PPDA”*. The objectives of the authority are to:

- a) Ensure application of fair, competitive, transparent, non-discriminatory and value-for-money procurement and disposal standards and practices;
- b) Harmonize the procurement and disposal policies, systems and practices of the Central Government.
- c) Set standards for the procurement and disposal system in Uganda;
- d) Monitor compliance of procuring and disposal of entities; and Government, Local Government and Statutory bodies;
- e) Build procurement and disposal capacity in Uganda.

According to the PPDA, corruption is manifested in procurement in the following manner:

- a) Failure to abide by the bidding procures during the preliminary evaluation stages.
- b) Having contradictions in the bid evaluation criteria.
- c) Failure by the Evaluation Committee to follow the evaluation methodology as stipulated in the solicitation documents.
- d) Failure by the Evaluation Committees to involve the heads of user departments and others from the procurement entity from involvement in the evaluation processes.
- e) Manipulation of the procurement regulations, procedures and processes.

With the enactment of the PPDA Act 2003, the Central Tender Board, District Tender Boards and Central Purchasing Corporation were phased out in favour of decentralized procurement entities. As Central Government, Local Government and Statutory Bodies became procurement entities; Contracts Committees were put in place to manage the procurement processes in each of these entities.

A National Public Procurement Integrity Baseline Survey carried out by PPDA and undertaken on the auspices of the Public Procurement and Disposal of Public Assets, noted that:

According to the PPDA Audit Report for Financial Year 2004/2005), Uganda lost an estimated Ushs. 148 billion in procurement-related corruption. The findings of the report based on a survey of officials from 46 government ministries, institutions and local governments identified a commonly supplied “tariff” pegged to contracts, which had to be paid... Out of a procurement budget of Ushs. 1,173 billion at the Central Government, between Ushs. 84.4 billion and Ushs. 105 billion was lost, while at local government level between Ushs. 32.6 billion and Ushs. 42.6 billion out of Ushs. 453 billion was lost.⁶⁵

Table 3.1 Perceived procurement losses in Central and local Government

Institution	Total budget (shs/Bn)	Procurement budget		Amount of loss		as % of budget
		Shs. Bn	% of total budget	UGShs/Bn	US\$ million	
Central Government	3,373	1,173	34.8%	84.4	105.6	2.50- 3.13
Local Government	1,450	453	31.2%	32.60 – 42.80	17.91 – 23.62	2.24 – 2.56
Total	4,823	1,626	66.0%	117.0– 148.5	64.28– 81.62	2.43-3.08

Source: PPDA 2008, National Public Procurement Integrity Baseline Survey

In the boxes that follow, we present the most prominent cases of corruption in procurement that were investigated by various government agencies such as the PPDA, the IG, and Auditor General.

3.2 Procurement of the National Population Data Bank Identification Solution (National I.D Project I)

In 2006, the Inspectorate of Government carried out investigations into alleged mismanagement of procurement for the Vendor for the National Population Data Bank and Identification System (NPDB/IS) worth USD 94 million awarded to Face Technology, a South African Company after receiving complaints from other bidders and one Charles Rwomushana, an employee of Office of the President, who alleged influence peddling by the Minister of State for Finance (Planning), Hon. Isaac Musumba.

⁶⁵National Public Procurement Integrity Baseline Survey, 2006 quoted in the *Daily Monitor*, April 16, 2008.

Box 3.1: Influence Peddling in the Procurement of the National Population Data Bank Identification Solution (National I.D Project I)

- According to the findings of the IGG Report, Hon. Isaac Musumba regularly involved himself in the NPDB &IS project as if he was part of the Procuring and Disposal Entity, of which he was not. He also attended the Cabinet meeting which granted approval under Minute CT 34 (CT2004). Hon. Musumba therefore oversaw a process that was being implemented contrary to the Law and Cabinet approval.
- Hon. Musumba was particularly duty bound to defend the Cabinet decision in accordance with Article 117 of the Constitution which, inter alia, states that Ministers shall collectively be responsible for any decision made by Cabinet.
- The investigations revealed that Hon. Musumba exerted undue influence on the Evaluation Committee to pass firms which had not met the set criteria during pre-qualification or detailed evaluation stage.
- Hon. Musumba initially contravened the provisions of Regulation 220 (2), 221(1), 222(1) and 222(2) of the PPDA Regulations by appointing a negotiating team and inviting the bidders for negotiations.
- Hon. Musumba made last minute attempts through written letters to the Permanent Secretary/Secretary to the Treasury (PS/ST) and the Minister of Justice/Constitutional Affairs (MOJ/CA) to block the award of the contract to Face Technologies by relying on a Report of the Audit on the Management Information System (MIS) at National Social Security Fund (NSSF), which was inconclusive and unauthenticated. He went as far as informing them that as the Hon. Minister who was supervising the project, he was not in a position to present Face Technologies to Cabinet, Parliament or indeed Top Management of MoFPED as a fit and proper company for NPDB&IS.
- Hon. Musumba as already indicated lied to this (IGG) office that he did not fund the site verification visits whereas the evidence on record clearly showed that Hon. Musumba in fact personally paid USD 15,400.00 to UTB 2004 Ltd for the air tickets through Mr. Kaye, the Executive Director of National Planning Authority. By lying to this office, Hon. Musumba committed perjury for which he is liable for prosecution.
- It can also be inferred and concluded that Hon. Musumba was fronting for Contec Global to be awarded the Contract for NPDB&IS Project.
- The Office therefore recommends to H.E. the President to exercise his discretion and take such action against Hon. Musumba as he deems appropriate in the circumstances.

Source: GOU (2006) IGG Report on the Investigation of the Vendor for the National Population Data Bank and Identification Solution (NPDB&IS)

Action taken by Government

- In a subsequent Cabinet reshuffle, Hon. Isaac Musumba was moved to the Ministry of Foreign Affairs as Minister of State for Regional Cooperation until he ceased to be a Member of Parliament after the General Elections of 2011.
- The then Information Communications Technology (ICT) Minister, Hon. Mulira lost his cabinet position.
- The entire procurement for the national population databank never took off although it was not clear how much money had been spent by the time of the investigations.
- There is no evidence to show that the Government ever implemented the recommendations of the Inspectorate of Government.
- After many years of failure to comply with the recommendations of the Inspectorate of Government, a German Firm, Maulbauer was controversially and singlehandedly procured to handle the project by President Museveni without tendering. The procurement became a subject of Parliamentary investigation in 2013.

3.3. Procurement of the 50MW Thermal Generation Power Plant at Mutundwe by the Electricity Regulatory Authority (ERA) to MS Jacobsen Electro AS

In 2006, following a formal complaint by Electromaxx, one of the unsuccessful bidders, the IGG investigated the procurement of the award of the 50MW Thermal Generation Power Plant at Mutundwe by the Electricity Regulatory Authority (ERA) to MS Jacobsen Electro AS, a Norwegian Company. The IGG findings were that “the tender process was characterized with fundamental illegalities and irregularities stemming from gross misconception, misdirection and misinterpretation and total disregard of relevant provisions of the constitution, and DPA Act, Electricity Act and Public Finance and Accountability Act.

Box 3.3: IGG's Report on the Investigation of the Decision which led to the Notice of Award of License to Jacobsen Elektro AS to Build, Operate and Transfer (BOT) of the 50MW Thermo Generation Plant.

The IGG concluded that:

- The entire bidding process was unfair, lacked transparency and defeated the principles of objectivity and competitiveness through which value for money could be achieved.

The IGG recommended that:

- The entire procurement process for the license to develop a 50MW Thermal Generation Plan on BOT basis should be commenced *de novo* (afresh) in accordance with the Electricity Act, PP&DPA Act and PP&DPA regulations.
- The IGG directed the Minister of Energy and Mineral Development to ensure that the recommendations herein, are implemented without any delay.

On August 7, 2006 President Museveni wrote to the Prime Minister Prof. Apolo Nsibambi thus:

- a) I have received and noted that concerns of the IGG regarding the above mentioned project.
- b) In view of the concerns raised by the IGG, I invited officials of the Electricity Regulatory Authority, the Ministers of Finance, Energy and the Attorney General. They are of the view the PPDA Act is not necessarily superior to the ERA Act.
- c) The three companies were evaluated on the basis of past record of performance to establish their competence and trustworthiness, financial structuring for the project, speed of implementation and the overall cost of the project.
- d) That M/S Jacobsen, Norway emerged highest in rating because it was found highly reputable, quoted the lowest total project cost and unit cost of electricity and was capable of implementing the project within the shortest time frame.

Assuming the aforementioned submissions of the ERA are correct, **“I direct that the Minister of Finance, Energy and the Attorney General moves expeditiously to negotiate and conclude a contract with Ms Jacobsen in national interest.”**⁶⁶

Key emerging Issues

One of the controversial aspects of the procurement was the opinion of the Attorney General, Hon. Kiddu Makubuya when he wrote that “there was no legal basis for the IGG to halt the licensing process for the electricity license. The said licensing process for the grant of license to Jacobsen to generate the 50MW Thermal Electric Power should therefore proceed with barring other contingencies.”⁶⁶

⁶⁶ Legal Opinion of the Attorney General/Minister for Justice and Constitutional Affairs on the IGG Report of Investigation on the Decision of ERA on the Notification of Award of license for the 50 MW Thermal Generation Electric Plan to

In its response to the IGG's report of findings, the Electricity Regulatory Authority (ERA) submitted that:⁶⁷

- a) ERA complied with the provisions of the law and did not commit any illegality in the receipt, processing and granting of the permits to the three applicants and subsequently selecting Jacobsen Elektro AS through a competitive bid to apply for a license.
- b) The thermal project in question having been initiated as an IPP under S29 of the Electricity Act by private developers could not at the same time fall under S32 which refers to projects initiated by ERA, and as such there was no requirement to proceed under the PPDA.
- c) The IGG's recommendations are not based on proper analysis of the facts and proper application of the law and if implemented would jeopardize a lot of projects and investor confidence in the sector. It would also aggravate and prolong the current electricity crisis and victimize the people wrongly inflated in the wrong doing.

Accordingly, the President, based on the opinion of the two agencies (Electricity Regulatory Authority and Attorney General), decided to ignore the recommendation and directed that "the contract be awarded to Jacobsen in national interest". Jacobsen went ahead to establish the thermal power plant at Mutundwe to supply 50 MW to the national grid electricity tariffs and load shedding never subsided.

3.4 Procurement in Local Governments

Procurement in Local Governments remains one of the key areas of contention regarding corruption. In the box below, we present a summary of a value-for-money audit report undertaken by the Auditor General in seven districts in Uganda, including conclusions and recommendations. According to the 2006 PPDA baseline, over 60% of the budgets of local governments are spent on goods and services. However, the area of procurement is reported to be a high-risk area characterized by irregular sourcing of suppliers, influence peddling, massive complaints of shoddy work, substandard quality of goods and services and inflated costs.⁶⁸

Jacobsen dated 28th August 2006

⁶⁷ERA (2006), Comments on the IGG investigation Report on the Notification of the Award of the License for 50MW Plant to Jacobsen Elektro As.

⁶⁸PPDA 2006 Cited in the Auditor General's Value for Money Audit Report on Procurement Systems in Local Governments – A Case Study of 7 Districts February 2011.

Box 3.4: Value for Money Audit Report on procurement System in Local Government – A Case Study of Seven Districts - OAG Report (2011)

During the financial years 2007/08, 2008/09 and 2009/10 seven sampled districts of Mukono, Apac, Arua, Moroto, Bushenyi and Bundibugyo received a total of Ushs. 48 billion in budget allocations to deliver various services in the sectors of water, education, health, works and agriculture. Due to the high value attached to these sectors and the impact they have on the welfare of the ordinary people, there have been persistent reports of performing below expectations due to poor implementation of Government programmes.

Some of the findings of the Auditor General include:

- 95% of the districts clearly spelt out Specifications of Requirement (SORs) in their bidding documents but these were not reflected in the quality of procured goods, works and services.
- Apac District made procurements amounting to Ushs. 50,628,000 using the direct procurement method. All of them were not done under exceptional circumstances. As a result, some of the projects stalled because of incapacity of contractors who were not competitively selected.
- Moroto District also used the direct procurement method for five contracts amounting to Ushs. 299,737,757 which could not be considered exceptional. Some of the contractors failed to complete the works and others abandoned the sites.

All the sampled 109 procurements involving Ushs. 11.4 billion did not have performance evaluation reports as evidence of monitoring by Procurement and Disposal Unit (PDU). This compromised the quality of the works and services that were executed. For instance, the community of 5,852 persons in Ngoliet Sub-County, Moroto District continued to depend on contaminated water due to lack of funds to maintain water source constructed under the Rural Growth Centre (RGC) Scheme worth Ushs. 577,627,780.

- Constituting district contracts committees was delayed for a period ranging from six to 24 months. As a result contracts were not awarded in time, funds remained idle and services were not delivered on time.

The conclusions by Auditor General reveal that:

- 49% of the procurements amounting to over Ushs. 5,563,674,878 made in Local Governments were done without carrying out needs assessment. As a result the projects did not serve the intended purpose.
- 24% of the sampled procurements amounting to Ushs. 2,750,194,317 were made outside the procurement plans which led to users missing on the benefits expected from prioritized procurements. Bushenyi had 58% unplanned procurements representing Ushs. 488,352,402 out of Ushs. 835,353,723, followed by Mukono at 56% representing Ushs. 1,463,686,487 of the Ushs. 2,608,318,452 budgeted procurement expenditure which was the biggest percentage of unplanned procurements, while Kamuli had the lowest at 17%.

- Over 28.6% of the sampled procurements (amounting to Ushs. 3,254,945,111) were entered into without confirmation of funds and this led to uncompleted projects. For instance, in Apac, contracts worth Ushs. 384,551,186 were awarded to construct 22 pit latrines in twenty two schools. However, due lack of funds, 10,000 pupils were left without access to pit latrines. In Mukono, a contract worth Ushs. 1.4 billion without availability of funds. The abandoned project for the outpatient department (OPD) at Wagala left the target population to continue a walking distance of 10 km to the nearest health centre at Lugazi Town Council.

5.5 Contract for the purchase of 70,000 bicycles for Local Councils

In November 2010, the Government of Uganda through the Ministry of Local Government awarded a contract to Amman Industrial Tool and Equipment Ltd (AITELE) to supply 70,000 bicycles that were required for the Local Councils prior to the General Elections in 2011. The Government of Uganda paid USD 1.7 million for the delivery of the first batch of 30,000 bicycles that were never delivered.

Box 3.5: Purchase of 70,000 bicycles for Local Councils (2010)

The tender for supply, delivery and distribution of the bicycles was advertised in September 2010. In accordance with the Public Procurement and Disposal Act, the Contracts Committee approved the evaluation report that recommended the award of the contract to AITEL. The company had emerged the most technically compliant and responsive, as well as lowest bidder. On November 25, 2010, the Solicitor General wrote to Kashaka advising “that the contract had been cleared for signature”. Following that clearance, the Local Government ministry signed the contract with AITEL on November 26, 2010. Delivery of bicycles was to be made to all the district headquarters by March 25, 2011.

The Ministry of Local Government then requested the Accountant General on December 17, 2010 to open a Letter of Credit equivalent to Ushs. 9 billion in favour of AITEL with the authority of the Treasury and in accordance to the terms and conditions of the contract, which allowed payment of 40% of the contract sum at presentation of certain documents by AITEL’s bankers, Stanbic. In March 2011, Arjunan Rajasekaran, the AITEL director, wrote to Kashaka, attaching copies of documents the company’s bankers (Stanbic Garden City) had forwarded to Bank of Uganda. Among others were the shipping document for 30,000 bicycles and purported photos of the bikes. “This is therefore to request you to advise BOU to make the payment as per the contract,” Rajasekaran wrote. It was against this that payment of 40% of the LC value, amounting to \$1,719,454 was cleared by the Ministry, together with the treasury.

After paying about shs. 4.2 billion, the firm did not deliver the bicycles and the purported suppliers vanished. During the investigations by Parliament, it was established that the money was first deposited to an account in Stanbic Bank and was withdrawn and then wired to different bank accounts in Hong Kong and India. In the process, various middlemen shared their loot. A total of shs. \$240,000 was paid to a middleman, Patrick Bagarukayo who also received another US\$ 100,000 on March 16, 2011. Another US\$ 600,000 went to Infinity Exam Fze in Hong Kong. Other recipients were Wuyi Trade (US\$ 400,000, Visara Impex US\$ 20,000 and Nishita Maina who received USD 150,000 (*New Vision*, 22 September 2011)

Emerging Issues and actions taken

- The Permanent Secretary Ministry of Local Government, John Muhanguzi Kashaka and a number of other staff of MOLG were interdicted and prosecuted in court for causing financial loss over Sh. 4bn. He is still battling in court.
- A former Director of AITEL who had been implicated in the bicycle scam, Mr. Singh Mohinder died under mysterious circumstances on 20

December 2012 at his Bukoto home in Kampala. Mr. Singh Mohinder a former director of Amman Industrial Tools and Equipment Ltd (AITELE) was part of the flopped shs. 4.7 billion deal that was put under investigation by Parliament. The deal was meant to supply bicycles to over 70,000 Local Council officials countrywide.

- The trial of Singh's co-accused Arjunan Rajasekaran, Nishita Maini and Andrew Joseph Kyangwa all of whom were directors of AITELE are still ongoing in the Anti-Corruption Court.
- The Permanent Secretary, Ministry of Local Government was interdicted and charged in the Anti-Corruption Court with causing financial loss after it was established by the police investigations that he hurriedly signed the contract with the supplier leading to the payment of US\$17 million (about shs. 4.6 billion), Mr Kashaka was charged together with Mr. Henry Bamutura (Principal Accountant), Mr. Robert Twebaze (Assistant Commissioner, Policy and Planning), Mr. Timothy Musherure and Adam Alum who were all charged with abuse of office and neglecting their duties.
- Whereas Article 164(2) of the Constitution provides that, "Any person holding a political or public office, who directs or concurs in the use of public funds contrary to existing instructions shall be accountable for any loss arising from that use and shall be required to make good the loss even if he or she has ceased to hold that office". In spite this provision in the constitution, Parliament has never made an enabling law for its implementation. Neither are there any regulations in place to compel the culprits to refund the money or make good on the loss.

3.6 Procurement of the National I.D Project from Maulbauer

On 19, March 2010, the Government, through Ministry of Internal Affairs (MIA) contracted Mauhlbauer Technology, a German firm, at 64.2m Euros (about sh230.9b) to supply technology and other related services for the National Security Information System, which was being handled under the Internal Affairs Ministry. But by March 2012, the project had stalled over reported lack of funds. The firm had released only 400 IDs out of the over 15 million eligible Ugandans meant to benefit. According to the Auditor General, by June 2012 some of the equipment imported for the project had been stolen or damaged. Among the missing equipment were 30 laptops, 726 cameras, 20 generators, 10 signature pads, two laptop switches and one fingerprint scan.

The deal was shrouded in controversy right from the beginning. President Museveni is reported to have made the decision to hire the German firm after lobbying from the German Ambassador to Uganda. The role of the President was

also questioned. On February 2011, President Museveni wrote to the Minister of Internal Affairs, Hon. Kirunda Kivejinja, directing him to move fast because the process was taking too long and time was running out. The deal was challenged because it was not properly tendered for under the PPDA Act thus locking out experts from the PPDA. Instead the government made the tender a classified and re-named it the National Security Information System thus effectively closing out key stakeholders (end user departments) such as the Electoral Commission, the Department for Immigration Control and Naturalization.⁶⁹

Box 3.6 The Procurement of the National I.D Project from Maulbauer

The Defense and Parliamentary Affairs Committee of Parliament investigated the deal and issued a Report. Some of the findings and conclusions were that:

- a) There was no adequate due diligence carried out, no comparative study to ascertain the fairness of the prices and PPDA did not clear the procurement and there was neither pre-shipment inspection of the equipment in Germany nor a technical audit to confirm the contents and condition of the equipment.
- b) Although the Minister (Internal Affairs) believed that there was sufficient justification for the project to be classified as of security nature, he deliberately avoided and ignored laid down procurement procedures.
- c) Hon. Kivejinja's action were reminiscent of determination for single sourcing as the only option available for PPDA Executive Director, short of which it would be regarded as undermining the project

Conclusions

- a) The former Minister, Hon. Kirunda Kivejinja, as the overall political head of the procurement of the project, should take full responsibility (both financial and administrative) for the anomalies and losses occasioned and observed in the conduct of the procurement of the NSIS equipment.
- b) The Accounting officer should suffer the administrative and financial consequences thereof.

Actions taken

- 6 No actions have been taken on either Hon. Kirunda Kivejinja or the Accounting Officer in respect of the Parliamentary Committee's recommendations. On the contrary, Hon. Kirunda Kivejinja is currently employed as Senior Presidential Advisor.
- 7 Media reports indicated that the I.D project was to be taken over by the Ministry of Defense which will be in charge of production of the national identify cards. This was denied by the Ministry of Internal Affairs. However, the Minister of State in the Ministry of Internal Affairs, Hon. James Baba, was quoted as having said that, "The project is back on course and we are

⁶⁹ Report of the Committee on Defense and Internal Affairs on the Inquiry into the procurement of the equipment for National Security information System (NSIS) and National I.D Project, submitted to Parliament on 10th May 2012 .

committed to delivering its planned objectives of issuing National Identity Cards to all eligible Uganda citizens and also to be in time for the 2016 general elections.”⁷⁰

- 8 The Minister further indicated that, “Currently, an interim Personalization and Data Processing Centre has been set up in Entebbe. The general public is hereby informed that National Identity card production using the 5.2 data sets captured by Electoral Commission during the 2010 Voter Register update exercise, started on 28th January 2013 under the leadership of officials from the Directorate of Citizenship and Immigration Control and by April 15, Uganda will have set up an ID card delivery centre in Kampala for the five million cards currently being produced.”⁷¹

3.7 Procurement for the Construction of the Karuma Hydro Power Project (HP)

In a bid to increase power production, the Government of Uganda decided to construct a 600 megawatt hydropower dam at a cost of US\$ 2 billion. However, allegations of corruption arose against officials of the Ministry of Energy and Mineral Development during the procurement process. It was alleged that one of the bidders, China International Water and Electric Corporation (CWE) was being fronted by the architects of the procurement fraud and was on the verge of being awarded the contract yet it had presented falsehoods in its bid documents which were known to the procurement committee but it had turned a blind eye to the falsehood because members of the committee had been facilitated (bribed) by CWE.

⁷⁰ Report by Brian Kwesiga of 12/2/2013 at www.chimpreports.com

⁷¹ Ibid

Box 3.7: Alleged Corruption and Abuse of Process in the Procurement for the Construction of the Karuma Hydro Power Project (HP. A Report by Inspector General of Government, March 2013)

The allegations against CWE were that:

- a) CWE claimed that the Yunnan Dayingjian 2nd Tier Hydro Power Project which had carried out was 600 megawatts when it was actually 70 mega watts, representing a 751% discrepancy.
- b) CWE inflated the capacity of another project called the Qingshan from 20 MW to 640MW, representing a 3100% discrepancy.
- c) CWE upped the contract price of the Dayingjiang II Dam project from the actual USD 63,391,166 to USD 315,516,000, representing a 400% discrepancy.
- d) CWE also claimed that the Moinak project had 21 km of tunneling whereas it is in fact only 9.2 km, representing a 128% discrepancy.
- e) CWE further claimed to have been the lead party in the CCDM Joint Venture for Rosiere Heightening in Sudan whereas it was not because there is clear evidence that the lead party was Sinohydro Corporation.
- f) It was alleged that the procurement committee received notice of serious defects that CWE had caused while executing works in Sudan under the joint venture in the CCDM project which originated from SMEC International Pty Ltd project office, one of the consultants for the project, but they had chosen to ignore it.

The IGG carried out investigations and in March 2013 produced a report whose findings were that:

- a) There was a deliberate effort on the part of CWE to conceal the fact the Qingshan HPP and Dayinijang HPP were cascades of dams/projects which made it different from the Karuma project. The material fact was not disclosed in the bid.
- b) The falsehoods were known to officials of MEMD but not to the members of the re-evaluation committee
- c) The due diligence that was carried out by officials from MEMD for the project was not effective; it did not achieve any purpose for which it was conducted and was thus justifiably perceived by whistleblowers as a sham.
- d) It is clear from the findings that there were variations in the design submitted by CWE and that of the consultant and it was therefore not proved that CWE presented the basic feasibility design provided in the solicitation document in its bid.

Given the findings above, the IGG recommended that⁷²:

- a) Because of the large number of disputes and the apparent irregularities that have bedeviled that current procurement for the EPC contractor for the Karuma Hydropower Project, the **WHOLE** (emphasis added) of the procurement process should be cancelled and the process repeated right from the beginning.
- b) There is no doubt that CWE presented false information on its bid with regard to its past experience and capacity as an EPC contractor. MEMD should therefore submit CWE to the Public Procurement and Disposal of Assets Authority for the authority to consider what suitable action to be taken against it.
- c) The IGG also recommended that in order to hasten the power project:
 - i) The MEMD uses restricted international bidding by identifying and short listing reliable and time honored/reputable International EPC contractors who have successfully executed projects of similar magnitude.
 - ii) An independent consultant be engaged to evaluate the tenders.
 - iii) A rigorous post selection exercise and due diligence of the most successful contractors be carried out.
- d) Alternatively, in the event that there is funding availed by a development partner, the procurement of an EPC contractor should be competitive and it should be carried out in the manner recommended above from among reputable bidders, i.e from among reputable and reliable contractors who have executed projects of similar magnitude... and if necessary restricted to the country of the funding partner.

The fate of the Karuma Dam project remains unknown. Media reports have suggested that President Museveni had secured funding for the 600 MW power station from the Chinese Government. According to an on-line report by *The East African* on March 30, 2013, it was reported that:

⁷² IGG (2013) Report on Alleged Corruption and Abuse of Process in the Procurement for the Construction of the Karuma Hydropower project, March 2013.

Angered by failure of Energy officials to recruit an engineering procurement construction (EPC) contractor for the power station, President Museveni reportedly shunted aside officials at the centre of the unending saga and assumed control of the project ... it is also understood that besides funding, the President also wanted the Chinese government to help in sourcing for a credible contractor to carry out the works."⁷³

The start date of the project, however, remains unclear since most of the officials implicated in the saga are still occupying their offices and would technically be in charge of the implementation of the project. Right from inception, the project was mired in allegations of corruption. Earlier in March 2012, there were reports of police investigations into allegations that the officials from MEMD had been bribed with Ushs. 1.2 million.⁷⁴ Whatever the outcome of the investigations, no action ever took place.

⁷³ *East African* (online version) March 30, 2013 at www.theeastafrican.co.ke

⁷⁴ See *East African* (online version) of March 31, 2012 at www.theeastafrican.co.ke

SECTION FOUR

CORRUPTION IN POLITICS

4.1 Introduction

When the NRM took over power in 1986, it promised to restore law and order, justice and fairness, freedoms, accountability and democracy in accordance with its 10-Point Programme. In 1993, the Constituent Assembly (CA) was elected, and it deliberated and promulgated a new Constitution. On the basis of the new Uganda Constitution, the first Presidential, Parliamentary and Local Council elections were held in 1996.

During the 2001 Presidential and Parliamentary elections, there were allegations of massive rigging, intimidation, violence and loss of life and property. Consequently, this compelled Parliament in 2002 to appoint a Select Committee of Parliament to investigate causes of Election Violence and other related matters. The committee carried out extensive interviews in 14 districts in Uganda, examined volumes of election reports by different agencies including the Electoral Commission Report, NEMGroup Report on Election 2001, NGO Reports 2000-2001, Policy reports, court proceedings, Uganda Human Rights Commission Reports, the mass media and memoranda submitted to the Committee. The Committee subsequently produced a Report in July 2002. Based on its findings, the Committee reported that:

*Ample evidence exists to suggest that elections held under the new Constitution have not been entirely free or fair... There have been reports of irregularities, rigging and violence in the process of those elections. Some of this violence has resulted into death, serious bodily harm, loss of property and disharmony among some sections of the population; some of the election violence cases have resulted into costly litigation”.*⁷⁵

The Committee report revealed that:

*Election violence is perpetuated by the candidates themselves, their agents, criminal elements in society and by agents of the State... State agents initiated and executed election violence themselves; many candidates employed State agents especially the UPDF, LDUs, ISO, DISOs, GISOs, RDCs and Cadres in the Offices of the RDCs to execute violence against their opponents... The concern, frustration and disappointment generated by election violence, rigging, malpractices and irregularities have bred intense apprehension, despair and anger among the electorate in the country.*⁷⁶

⁷⁵ Parliament of Uganda (2002), Report for the Parliamentary Committee on Election Violence, p.7. See copy of the report at: www.cmi.no/pdf/file/uganda

⁷⁶Ibid p.141 - 143

The report further noted that:

All candidates at all levels of elections spent large sums of personal money to ensure victory. It was observed that some individuals spent tens and hundreds of thousands and millions in elections. Some sold or mortgaged their properties including houses and land. Even at LC1 level, it was reported that some candidates used a lot of money, slaughtered cows, goats and sheep and others even sold or mortgaged their properties to fund their election bids... having invested heavy personal savings in an election the stakes became high for any candidate to contemplate losing. They are compelled to design campaign methods to ensure victory. These include illegal activities and the application of violence where persuasion of voters has failed.⁷⁷

By 2006, election violence and intimidation were on the increase due largely to the militarization of public office. For instance, the Human Rights Watch Report (Issue No. 1, February 2006) reported thus:

There has been a militarization of public office in Uganda. High ranking military officers (or recent former military officers) have been appointed to many civilian positions in the last several months. The present and former Inspector General of Police (IGP) are both active duty military men; current post-holder Kale Kayihura was an army general leading the now internationally discredited UPDF campaign in the democratic Republic of Congo. Col. Noble Mayombo (RIP), for many years the vigorous head of military intelligence (the Chieftaincy of Military Intelligence, CMI), is now both Permanent Secretary (PS) in the Ministry of Defense and Chairman of the Board of New Vision Newspaper.⁷⁸

⁷⁷Ibid p 200 - 201

⁷⁸Human Rights Watch (2006), Hope and Fear: Uganda Presidential and Parliamentary Polls, February 2006

Box 4.1: Human Rights Watch Report, February 2006

- **Imbalance in campaign resources and NRM-O misusing state resources** - The funding and infrastructural imbalances between the NRMO and the opposition parties was a severe impediment to equal campaigning opportunities. Not only was the NRM-O in receipt of state funds and successor of the Movement but Government ministers availed themselves with the resources of their ministries to campaign. Uganda's domestic judicial commission of inquiry into misuse of money from the UN Global Fund to fight AIDS, Tuberculosis and Malaria disclosed in 2005 that ministers even borrowed funds from the Ministry of Health to campaign during the 2005 Referendum.
- The Electoral Commission has noted the NRM-O's unequal access to cash, and the weakness of the enforcement mechanisms in accounting for and controlling campaign finance.... Both the Presidential and Parliamentary Acts had restrictions on the use of financial and non-financial government resources by the office-holder during election campaigns, and prescribe fines for misconduct.
- The Presidential Elections Act restricted the President to using only those Government facilities which were ordinarily attached to the Office. This worked as a loophole for the incumbent who had all government facilities at his disposal. The police had yet to prosecute a minister for campaigning in a government vehicle, but in theory they could, pursuant to the Parliamentary Elections Act.
- **The performance of the Electoral Commission** - In Uganda, the President has exclusive authority to choose and appoint electoral commissioners... The record of the former Electoral Commissions and its subordinate bodies was not good during the 2001 presidential election. A Supreme Court opinion found that "there was evidence of cheating at a significant number of polling stations and the elections officials were complicit."
- The independence of the Commission was being tested again, in the recruitment of polling agents. DEM-Group was concerned that some of those being appointed are known NRM sympathizers.
- **Army intimidation and control** - In Northern Uganda, the UPDF, in a *de facto* control of the civilian population – almost two million people, the vast majority of whom resided in IDP camps by virtue of the rebel attacks and /or UPDF orders to move to the camps. The police had a token presence in the area and civilian security was left to the army, which often arbitrarily detained, tortured, and otherwise mistreated civilians suspected of rebel association, though perpetrators were rarely charged or tried.
- **In conclusion** - The conditions for a free and fair election in Uganda on February 23 (2006) were lacking. The playing field was not level as long as the intimidation noted continued and opposition politicians had been diverted from campaigning to battling politically motivated charges in the courts. State and private media coverage was hampered, the elections were selectively applied and the continued independence of the Judiciary is currently vulnerable to military interference. Judicial independence could be put to the ultimate test in the event of a challenge to the presidential election results.

Source: Human Rights Watch Report, February 2006

4.2 Wastage, Abuse and Misuse of Public Resources

In his swearing-in speech as President on January 26, 1986 at the Parliamentary Grounds in Kampala, General Museveni stated that:

What has happened today is not a mere change of guards but a fundamental change". He also stated that, "we want our people to be able to afford shoes... the honorable Excellency who is going to United Nations in an executive jet, but has a population at home of 90% walking on bare foot, is nothing but a pathetic spectacle... these people have been flying our flag at the United Nations, while 90% of the people they represent have no shoes. A certain Excellency like Okello is buying furniture worth 600,000 pounds for one house. Unfortunately, our backward situation is now regarded as normal."⁷⁹

So what has since gone wrong? Clearly President Museveni's concerns about profligate spending and wasteful expenditure in Government are not matched by the practices in the Government he now heads and has led for the last 27 years.

In 1998, the Government of Uganda decided to purchase a new Presidential Jet, a Gulf Stream IV at a cost of USD 39 million. At the same time, the Government of Uganda became a recipient debt relief under the Highly Indebted Poor Countries (HIPC) Initiative of The World Bank, IMF and bilateral donors. Earlier in 1997, the Government of Uganda had started implementing Universal Primary Education (UPE) that was limping without money and dependent on donors for financing. The Gulf Stream IV cost US\$ 40 million per day or shs 14.6 billion per year to maintain, an amount enough to build over 20,000 classrooms under the UPE programme. In 2003, President Museveni donated the Jet to one of his daughters for travel to Germany at a cost of USD 90,000 (officially the cost was put at USD 27,000) to deliver her first baby.

In 2007, the Government decided to upgrade to a new state of the Art Presidential Jet, Gulf Stream IV at USD 60 million. In the same year, Government spent over USD 93 million to renovate State House, the official residence of Uganda's President. The President justified the expenditure for his daughters delivery of a baby in Germany saying the "doctors in his country (Uganda) were "partisan" and could not be trusted to treat himself or his family".⁸⁰

A report on public expenditure in 2009 suggested that under the NRM, lavish spending by Ministers, Members of Parliament and technocrats had been on the increase. *The Independent Magazine*, No. 058, May 1-7, 2009 carried a report titled "**What government wastage costs the Country**" and observed that:

⁷⁹ Cited in *The Independent* March 27 – April 2, 2009 and personal memory recollections of the author.

⁸⁰ *The Independent Newspaper*, UK, October 6, 2003

Many ministers and senior civil servants have not less than three government vehicles in their stable; one (Land Cruiser VX or Pajero) for home-to-office run, another driven by their spouses and children and a pick-up truck to do farm errands. The senior civil servants following in the footsteps of their superiors too abuse any government vehicle (they) have access to. When one loses a relative or a friend, a government vehicle will be requisitioned complete with fuel and a driver to go upcountry for the funeral. The return trip to the city demonstrates even more abuse. The vehicle - usually a double cabin pick-up – will be laden with bags of charcoal, bunches of bananas, bundles of firewood, a goat or two, a few chickens, and a relative or two who have hitched a ride hanging on to this car. It is a spectacle that should cause immediate arrest but this never comes to be.⁸¹

This happens in spite the laid down regulations. According to Circular No. 1 of 2003, the Permanent Secretary of the Ministry of Public Service wrote on the Use and Care for Government Vehicles thus:

The Uganda Government Standing Orders Chapter 1 Section F-K stipulates that the management of all Government transport vehicles or plant in a given Ministry/Department of Local Government is the direct responsibility of the Accounting Officer... The Standing Orders provide that at all times, government vehicles should be used for official duty and should be properly parked and secured after working hours. It also provides for police to inspect vehicles for road worthiness, purpose and authority for the journey and other matters related to proper use of official government vehicles.⁸²

The Permanent Secretary further observed and recommended that:

In the recent past, it has been observed that provisions of the Standing Orders have not been adhered to... the attention of the Accounting Officers is therefore drawn to observe the provisions of the Standing Orders by ensuring that a) vehicles are used for official duty and they are parked and secured after working hours (i.e 8:00am – 5:00pm); that b) where a motor vehicle is required for official use outside working hours and on weekends, Accounting Officers should grant authority in writing for the specified period and ensure that the authority is not misused and c) every Government vehicle should maintain a log book in which the driver records all journeys made. Each journey entered in the log book should be certified by an authorized officer at each entry.⁸³

⁸¹*The Independent Magazine* Issue No. 58 May 1 – 7, 2009, Kampala.

⁸²Circular No. 1 of 2003 by Permanent Secretary Ministry of Public Service dated 18th July 2003 addressed to all Accounting officers

⁸³Ibid

According to *The Independent Magazine* of May 5, 2009:

By FY 2005/2006, there were 9,090 government vehicles being driven on Uganda roads burning through Ushs. 29 billion fuel and about shs. 29 billion on maintenance that fiscal year. The Government also spent Ushs. 18 billion buying new vehicles, bringing the aggregate expenditure to Ushs. 76 billion. In 2007/08, the fuel bill was approximately Ushs. 24 billion while the maintenance bill and cost of new vehicles was an astronomical Ushs 68 billion, bringing total expenditure to shs. 92 billion per annum.⁸⁴

In 2012, the office of the Prime Minister bought a Mercedes Benz C-Class 4446 worth Ushs. 390 million for the Prime Minister's use. Although the Prime Minister denied personal involvement in the purchase of the vehicle, the Auditor General had earlier noted in the AG Report that over Ushs. 50 billion had been diverted from the PRDP budget by the OPM and that the 390 million was part of the money from PRDP. While appearing before the Parliamentary Accounts Committee (PAC) on March 12, 2013, Prime Minister Mbabazi said "he first knew about the unfolding scandal after the forensic audit done by the Office of the Auditor General and added that he was just hearing rumours [about misappropriation of funds] until the AG came out with the Report."⁸⁵

⁸⁴The Independent Magazine May 5, 2009

⁸⁵The Observer March 13, 2013 on-line version at: www.observer.ug

SECTION FIVE

CONCLUSION AND RECOMMENDATIONS

Conclusion

The extent of corruption that has been documented in this Dossier is only a tip of the iceberg. The systemic corruption involving senior political leaders and government officials that has been going on unabated has to a large extent taken place with full knowledge of the people in top most positions of leadership in this country. While in public speeches, the President has categorically stated that he has the capacity to fight corruption, in practice this has not been the case. In this report, we have shown cases where the President seemed to support corrupt politicians and government officials, especially those who are well known political allies and supporters, instead of punishing them politically and administratively by relieving them of their duties pending investigations, as is the normal practice. This has tended to send the wrong signals that the President tolerates corruption instead of fighting it.

The cases studies that have been documented in this report have indicated that senior politicians and government officials are at the centre of corruption. Their involvement in massively abusing office and misusing their positions and power for self-aggrandizement depicts a situation where the rule of law is thwarted to favour a few selfish interests. If, for instance, the Anti-Corruption Act 2009 was implemented to the letter, it would make corruption a very expensive venture to indulge in. The drawback, however, is that it has only remained a well written law that cannot bite unless there is change in the attitudes by those who are charged with its implementation.

The lack of political will in the fight against corruption, however, is not only because the official anti-corruption institutions such as Inspectorate of Government (IG), Auditor General (AG), Directorate of Public Prosecutions (DPP) and Police are not given adequate resources to perform their duties, nor is it because an institution such as Parliament, with its broad oversight mandate, has been undermined during the course of executing its mandate and functions. Much more importantly, it is because corruption has become part of the political culture in Uganda, where political leaders and senior Government officials are protected from the strong arm of the law, thus subverting the will of the people. The few who are caught in the anti-corruption net are the “small fish”, while the big fish go unscathed.

Recommendations

- **Strengthen the Voice of the People in the fight against corruption**

All through the narrative of this Dossier, the voice of Civil Society in the fight against corruption remains largely muted. Yet this is the most important component if the struggle against corruption is to succeed. Strengthening the voice of communities is imperative and requires a concerted effort among the key stakeholders. It is therefore recommended that Civil Society Organizations should develop a long-term strategy that is inclusive of all stakeholders, has countrywide support and addresses all the political, social and economic aspects of public life.

- **Strengthen collaboration between Anti-Corruption Agencies and Civil Society Organizations**

Anti-corruption agencies in Uganda have largely worked in isolation from the Civil Society Organizations (CSOs) without strong effort in identifying mechanisms for collaboration and joint action against the corrupt politicians and government officials. Collaboration in this case should not be construed to mean that CSOs compromise their independence and autonomy. Rather, it embraces principled and results-oriented approaches that ensure that CSOs are actively involved in the fight against corruption. This would mean putting in place mechanisms to develop data bases about corrupt public officials that can be shared among CSOs.

- **Initiate country-wide campaigns to mobilize support against corruption**

Article 1 of the Constitution of the Republic of Uganda 1995 (as amended) states that, "All power belongs to the people who shall exercise it in accordance with this Constitution." It is the people who suffer most when corruption becomes part of the political culture and undermines the ability of the people to access goods and services they are entitled to. It is therefore recommended that Uganda Debt Network and other CSOs initiate, support and mobilize financial, technical and human resources for a countrywide campaign of actions to build the capacity of the people to exercise their constitutional mandate both now and in the future. While it is recognized that campaigns of this nature are tedious and require immense resources and high level of mobilization and organization, the effort should start small and will most certainly grow as it gains momentum.

- **Strengthen collaboration between media and Civil Society**

The media has been at the forefront of fighting corruption by highlighting cases of corruption in public office and following up with investigations of reports of corruption. However, the support of the Civil Society in the media's fight against corruption is lacking or *ad hoc*. Yet, the media, with its vast network of information sources is a primary source of support for the Civil Society in the fight against corruption. Collaboration can be through information sharing, joint

actions and other related areas of mutual concern. The media would be a very strong ally in providing wide publicity to the country-wide campaign if or when it is organized and launched.

- **Engage strategically with political leaders in the fight against corruption**

Political leaders have influence on the way public resources are mobilized, allocated and spent. They are therefore an important element in the fight against corruption. The mandate of Parliament as an oversight governance institution is provided for in the Constitution of Uganda, 1995. It is therefore recommended that Civil Society Organizations should engage strategically with political leaders, both within and outside the ruling party, in and outside Parliament to ensure that governance best practices are adhered to by all public officers. Civil Society Organizations would, however, need to tread with caution since many political leaders, either for personal or other reasons, often have multiple loyalties that prevent them from espousing principled alliances and collaborative strategies.

ANNEXES

Annex 1: List of Documentary Resources

1. Government of Uganda (2004), The National Strategy to fight corruption and rebuild ethics and integrity in public office, 2004 – 2007.
2. Barkhan Joel D et al (2004), The Political Economy of Uganda- The Art of Managing a Donor Financed Neo-Patrimonial State (mimeo), Final Draft Paper
3. Uganda: The Fight Against Corruption, A case study on the prevalence of corruption in Uganda commissioned by the Royal Netherlands Embassy Briefing Paper, 2003
4. USAID (2003) Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies, Technical Paper Series.
5. Sahr Pundeh, Political Will in fighting corruption in UNDP (2002) Corruption and Integrity Improvement Innovations in Developing Countries, New York, USA. Jacob Svensson (2000), The Cost of Doing Business: Firm's Experience with Corruption in Uganda, World Bank: Africa Region Working Paper Series No. 6
6. Blundo G et al (2006), Everyday Corruption and the State: Citizens and Public Officials in Africa, London. Zed Books.
7. Transparency International (2004) Global Corruption Report 2004. London. Pluto Press.
8. Inspectorate of Government (2003), Final Report, Second National Integrity Survey.
9. Uganda Debt Network (2000), Dossier: Corruption in Uganda
10. Challenges and Chance in Uganda, Seminar Papers presented at the Woodrow Wilson International Centre for Scholars, Africa Programme, June 2005
11. Reinikka R and Jakob Svensson(2001) Explaining the Leakage of Public Funds. The World Bank, Policy Research Working Paper 2709.
12. Transparency International Uganda (2005), The Impact of Political Corruption in Resource Allocation and Service Delivery in Local Government in Uganda.
13. Elias Isaac (undated), The Impact of corruption on the Media, The Case of Angola and DRC, Open Society Initiative in Southern Africa (OSI-SA).

CSO Reports

1. Uganda Debt Network (2011), Public procurement in Uganda: Challenges and Opportunities

Official Government Reports

Inspectorate of Government

1. Annual Reports (various years)
2. IGG (2013). Report on the Alleged Corruption and Abuse of Process in the Procurement for the Construction of the Karuma Hydropower project.
3. IGG (2011) Second Annual Report on the Corruption Trends in Uganda: Using Data Tracking Mechanism.
4. IGG (2011) Report on Alleged Mismanagement at the Micro-finance Support Centre Ltd
5. IGG (2010) First Annual Report on the Corruption Trends in Uganda: Using Data Tracking Mechanism.
6. IGG (2007), Report of on Investigations into the Alleged Mismanagement of the Lad Registry in the Ministry of Water, Lands and Environment/.
7. IGG (2006) Report of the Investigation of the Electricity Regulatory Authority on the Notification of Award and License for the 50MW Thermal Generation Plant to Jacobenson Elektro AS, 3006
8. IGG (2006) Report of the Investigations on the Procurement of the Vendor for the National Population Data Bank and Identification Solution, Executive Summary.
9. IGG (2006) Report of the Alleged Mismanagement of GAVI Funds
10. Inspectorate of Government (2002) Report of the Investigations of Massive Misappropriation of Funds and Other Forms of Corruption at the Electoral Commission

Parliament of Uganda

1. Parliament of Uganda (2012) Report of the Public Accounts Committee on the Government Compensation of Dura Cement limited of 2009/2010,
2. Parliament of the Republic of Uganda (2012), Report of the Committee of Defense and Internal Affairs on the Inquiry into the Performance of Equipment for the National Security Information System (NSIS) /The National ID Project.
3. Uganda Parliament (undated version) Report of the Public Accounts Committee on Government Compensations.
4. Resolution of Parliament in Respect of Regularization of the oil sector and other matter thereto 11 October 2011
5. Parliament of Uganda (2010), Parliamentary Public Accounts Committee (PACT) Report on the Auditor General's Special Investigations Report on CHOGM 2007.

6. Parliament of Uganda (2008), NSSF Final Report of the Standing Committee on Commissions, Statutory Authorities and State Enterprises on NSSF Purchase of Land in Temangalo.
7. Parliament of Uganda (2002) Report of the Select Committee of Parliament on Election Violence in Uganda.

Auditor General

1. OAG (2012) Special Investigations Report on the Allegations of Financial Impropriety in the Office of the Prime Minister
2. OAG (2011), Value for Money Audit in procurement Systems in Local Governments: A Case Study of 8 Districts.

PPDA

1. PPDA (undated) The Second Public Procurement Survey
2. PPDA (2006) the First Public Procurement Survey
3. Reports of Investigations (various years)
4. Audit Reports (various years)

Special Reports

1. The Judicial Commission Inquiry Report into the Mismanagement of the Global Fund (2006)

Legal Documents

1. The Whistle Blowers Act 2010
2. Anti-Corruption Act 2009
3. The Audit Act 2005
4. The Leadership Code Act 2002
5. The Inspectorate of Government Act 2000
6. T The Constitution of the Republic of Uganda 1995

Newspapers

The Daily/Sunday Monitor at www.monitor.co.ug

The New/Sunday Vision at www.newvision.co.ug

The Observer at www.observer.ug

The Independent Magazine at www.theindependent.co.ug

Uganda Radio Network at urn.

Annex 2: List of Tables

Table 1: Uganda's Ranking on the TI Corruption Perception Index (CPI)

Year	Ranking	Position	CP1 Score
2000	80/90	10	2.2
2001	88/91	3	2.3
2002	93/102	9	1.9
2003	113/133	17	2.2
2004	105/146	41	2.6
2005	125/159	34	2.5
2006	105/163	53	2.7
2007	111/178	57	2.8
2008	126/180	54	2.6
2009	130/180	50	2.5
2010	127/178	51	2.5
2011	143/182	39	2.4
2012	130/174	44	2.5

Source: Transparency international Annual CPI 2000 - 2012

Table 2: Most Corrupt Government Institutions in Uganda

Position	Institution	Least Honest institution (Rating by %)	
		2003 (%)	2008 (%)
1.	Traffic Police	83.3	75.5
2.	District Contracts Committees	78.8	56.5
3.	Electoral Commission	78.1	-
4.	Kampala City Council	-	74.4
5.	Uganda Revenue Authority	71.1	41.4
6.	Ministry of Defense	77.4	-
7.	Privatization Unit	67.1	39.7
8.	Police (including traffic police)	66.7	80.7
9.	UMEME	-	64.6
10.	Lands Office	-	62.6
11.	Immigration Department	59.9	37.0
12.	City/Municipal/Town Councils	-	57.2
13.	Courts	54.4	49.4

14.	Public Service Pensions	-	52.9
15.	NSSF	53.7	27.4
16.	Public Health Units	-	48.1
17.	Parliament	-	47.8
18.	District Service Commission	-	47.6
19.	District Councils	47.1	36.5
20.	State House/Office of the President	45.3	-
21.	Ministry of Health	41.5	48.1
22.	Directorate of Public Prosecutions (DPP)	39.6	-
23.	Administrator General's office	39.6	24.7
24.	Local Government LCI	-	39.4
25.	Local Government LCIII	-	36.5
26.	IGG's office	39.2	-
27.	National Environment Management Authority (NEMA)	33.3	

Source: Inspectorate of Government: National Integrity Survey 2003 & 2008

Table 3: Table showing the Most Corrupt Institutions by the East Africa Bribe Payers Survey

Rank	Institution	Score 2011
1	Police	80.8%
2	Uganda Revenue Authority	64.8%
3	Judiciary	59.1%
4	Ministry of Lands	55.0%
5	Local Authorities	54.1%
6	Mulago Hospital	51.6%
7.	Uganda Public Service*	44.1%
8	UMEME	42.0%
9	Other Ministries	41.7%
10	Other Government institutions	35.9%
11	Public hospitals	35.7%
12	Prisons Department	32.5%
13	Microfinance institutions	31.5%
14	Government Administration***	28.1%
15	National Social Security Fund (NSSF)	26.9%
16	Other Government bodies (not specified elsewhere specified)	
17	Private Sector	22.3%
18	NGOs (Non-government Organisations)	21.2%

19.	Department of Defense	20.3%
20	Public Schools	17.2%
21	Colleges	16.2%
22	Cooperatives/Saccos/Associations	12.2%
23	Private universities	11.7

*This index was undertaken long before the Pension Scandals in public Service or the OPM financial scandals.

** Government Administration includes Parliament, departments such as State House/Office of the President) etc.

Table 4: List of Payments by Electoral Commission Officials (Duplicated payments are in bold)

Voucher Date	Voucher no.	Cheque No.	Amount shs.	Payee
25.4.00	S110	E003263385	11,792,750	CAO Bugiri
25.4.00	S136`	E003263405	11,792,750	CAO Bugiri
25.4.00	S117	E003263392	33,128,000	CAO Mbale
25.4.00	S144	E003263507	33,128,000	CAO Mbale
25.4.00	S109	E003263384	36,511,500	CAO Iganga
25.4.00	S146	E003263509	36,511,500	CAO Iganga
25.4.00	S98	E003263373	23,472,400	CAO Mubende
25.4.00	S147	E003263510	23,472,400	CAO Mubende
25.4.00	S102	E003263377	28,426,450	CAO Bushenyi
25.4.00	S134	E003263499	28,426,450	CAO Bushenyi
25.4.00	S106	E003263381	46,899,350	CAO Mpigi
25.4.00	S126	E003263401	46,899,350	CAO Mpigi
25.4.00	S119	E003263394	41,309,000	CAO Mukono
25.4.00	S122	E003263397	41,309,000	CAO Mukono
25.4.00	S136	E003263501	16,786,200	CAO Rakai
25.4.00	S113	E003263388	16,786,200	CAO Rakai***
22.9.00	S566	E003287866	16,786,200	CAO Rakai
		Total	238,321,650	

*** It was noted that Cheque No. EE9963388 was misplaced and replaced by Cheque No. E00328766 for even amount.

Table 5: List of MOH Staff who banked Global Fund money on their personal accounts

Name of PMU staff	Position	Total Amount received	Comments
Mary Musoke	Management Accountant	231,491,780	<ul style="list-style-type: none"> She banked most of the GF money on her personal bank account Submitted accountability for shs. 300,000/= for 30 litres of fuel to travel to JOKAS Hotel, Bweyogerere near Kampala She paid per diem allowances to staff who reside in Kampala area the venue of the workshop. She also paid for staff meals on top of per diem.
Nancy Opiokello	Financial Accountant	73,520,800	<ul style="list-style-type: none"> Most of the money was banked on her personal account There was no accountability for these payments.
Dr. A. Gamba-Osiga	PMU Public Sector Coordinator	99,447,547	<ul style="list-style-type: none"> Accountabilities were incomplete Allowances given to officers and participants at workshops were beyond GOU rates
Ms. Eva Magambo	Private Sector Coordinator	81,923,400	<ul style="list-style-type: none"> She availed no accountabilities at all for the advances she received to do GF activities. She should submit her accountabilities for audit buy the Auditor General otherwise she should refund to the Project all the GF money she took.
Mr. Paul Kizza	PMU Implementation Specialist	46,760,133	<ul style="list-style-type: none"> He availed no accountability at all for the GF money advances that he received. He should submit accountabilities for all the GF funds he received otherwise he should refund that money.
Ms. Paula Turyahikayo	PMU Assistant Public Sector Coordinator	105,544,050	<ul style="list-style-type: none"> She submitted accountabilities; some of which appeared fraudulent Allowances paid to PMU staff were not within the approved GOU rates. Out of shs. 24,593,650/=, 1,600,000 was paid as hardship allowance to PMU staff.

			<ul style="list-style-type: none"> • District officials were paid allowances for attending GF activities • Lavish airtime was paid to PMU staff. She paid shs. 1.6 million to PMU staff for airtime for one workshop. • She was reported to have been interfering with the Judicial Commission of Inquiry. • Recommendation 1: The IGG should conduct further examination of Ms. Turyahikayo's accountabilities which appeared fraudulent with view to prosecution of those involved in any criminal act. • Recommendation 2: The DPP in conjunction with the CID should forthwith commence proceedings for the prosecution of Ms. Turyahikayo for, inter alia, interfering with evidence before the judicial commission of inquiry, cover up of criminal conduct, deliberately misleading the Commission's investigations, compromising police investigator, and perjury
Ms. Charlotte Muheki Zikusooka	M&E Specialist	63,180,000	<ul style="list-style-type: none"> • Paid allowances contrary to GOU instructions • Some bills such as hotels bills. Payments for participants which appeared fraudulent • The Commission was not convinced that for the large amounts of GF money taken by her either on her personal bank account or in cash

			<ul style="list-style-type: none"> • Recommendation: The Auditor General should investigate Ms Muheki's accountabilities to establish any fraudulent ineligible and excessive payments with a view to the recovery of appropriate amounts of GF money and prosecution of any person involved in any criminal misconduct.
PArtick Seguya	Internal Auditor	25,585,000	<ul style="list-style-type: none"> • Deposited GF money on his personal bank account a, making it almost impossible to for an independent audit and risking loss or diversion of that money • The Internal Auditor kept this GF money in his personal account for a long time. Out of shs. 12,792,500 he received in April 2005, he returned unused amount of shs. 8million (i.e only at the time of PMU suspension when awkward queries were bound to be asked) • The Commission found lack of internal controls by the very officer charged with the duty to control PMU finances.
James Batuka	PMU Civil Society Coordinator	19,451,000	<ul style="list-style-type: none"> • The Commission was not availed a full report on Mr. Batuka's accountabilities • On 17/02/05 he received (directly from the cashier and not recorded under his name shs. 500,000 as an allowance for evaluating proposals. • Recommendation: a) Mr. Batuka must refund to the Project shs. 500,000/= which he received as an allowance during his official working hours b) The Auditor General should audit Mr. Batuka's accountability to establish their authenticity, veracity and accuracy with a view to the recovery of appropriate amounts of GF money.

Mr. Opondo	Moses	PMU Financial Controller	8,855,000	<ul style="list-style-type: none"> Financial reports for year 2004/2005 were not availed to the commission. There was general lack of financial controls at PMU. Much money is likely to have got lost unnoticed. He made large amounts of GF money as personal cheques or as cash to individuals either to their personal accounts or cash. Recommendation: He should be investigate further for losses of GF money arising from his negligence particular for paying large amounts of GF moneys to individuals; his failure to follow up the accountabilities of sub-recipients and his failure to keep up-to-date register of all the Project's assets.
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Table 6: List of compensations by Government to private companies

No.	Name of Company	Loss of Business	UGS	US\$
1.	Sheila Investments	Loss of business	70,589,528,007	
2.	Yudaya International	Loss of business	63,654,752,244	
3.	Victoria International	Loss of business	2,801,585,133	
4.	First Merchant International Trading Co.	Loss of Business	5,052,231,004	
5.	Rhino Investments	Loss of Business	14,965,569,313	
6.	Dura Cement	Loss of Business		16,000,000
7.	Beachside Development Services	Loss of Business		1,900,000
8.	Basil Engineering	Loss of Business	36,000,000,000	
9.	Xpectrade	Loss of business		\$1,401,662 ZAR 1,980,000
10	Old Taxi Park	Loss of Business	7,200,000	

Source: Report of the Auditor General for FY 2009/2010

UDN Vision: A prosperous Uganda with sustainable, equitable development and a high quality of life of the people.

UDN Mission: To promote and advocate for pro-poor policies and full participation of poor and marginalized people in influencing poverty-focused policies, demand for their rights and monitor service delivery to ensure prudent, accountable and transparent resource generation and utilization.



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