



**INSPECTORATE OF GOVERNMENT**

**POLICY STATEMENT PRESENTATION**

**TO**

**THE LEGAL AND PARLIAMENTARY AFFAIRS  
COMMITTEE OF PARLIAMENT**

**VOTE 103**

**FY 2019/20**

**By**

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**THE HONORABLE CHAIRPERSON AND HON. MEMBERS,**

**PARLIAMENTARY AND LEGAL AFFAIRS COMMITTEE**

**1. Introduction:**

The Inspectorate of Government (IG), Vote 103 is an office provided for by Chapters 13 and 14 of the Constitution of the Republic of Uganda. The IG is also governed by the Inspectorate of Government Act of 2002 which spells out its functions, responsibilities and jurisdiction.

The mandate of the IG as stipulated under Article 225 of the Constitution is; to promote and foster strict adherence to the rule of law and principles of natural justice in administration, to eliminate and foster the elimination of corruption, abuse of authority and public office, to promote fair, efficient and good governance in public offices, to supervise the enforcement of the Leadership Code Act, to investigate any act, omission, advice, decision or recommendation by a public officer or any other authority to which this article applies, taken, made, given or done in exercise of administrative functions, and to stimulate public awareness about the values of constitutionalism in general.

The Vision of the Inspectorate of Government is ***“A responsive and accountable public sector”*** and its Mission is ***“promote good governance, accountability and the rule of law in public office”***.

In order to legalize its vision and mission indicated above, the Inspectorate of Government is guided by the following 5 strategic objectives:

- i. Improve efficiency and effectiveness in preventing, detecting, investigating and eliminating corruption all public offices of Uganda;
- ii. Leverage the ombudsman role to embed adherence to the rule of law, efficiency, natural justice and good governance in public administration;
- iii. Strengthen the enforcement of the Leadership Code of Conduct in all public offices;

- iv. Strengthen organizational capacity to build an efficient performance driven culture for all employees of IG;
- v. Enhance public awareness about good governance and strengthen strategic partnerships with the youth, women and PWDs across state and non-state institutions.

## 2. IG Budgetary Performance up to March 2019

### a. Direct Budget Support Performance

**Table 1: Approved budget, release and expenditure**

Budget Items		Approved Budget	Released	Spent	% Released	% Spent
Recurrent	Wage	21.169	15.877	15.733	75.00%	99.09%
	Non-Wage	18.044	15.212	14.549	84.31%	95.64%
<b>Sub-Total</b>		<b>39.213</b>	<b>31.089</b>	<b>30.282</b>	<b>79.28%</b>	<b>97.40%</b>
Development	GoU	13.593	11.513	0.784	84.70%	6.81%
	External Financing	0.000	0.000	0.000	0.00%	0.00%
<b>Sub-Total</b>		<b>13.593</b>	<b>11.513</b>	<b>0.784</b>	<b>84.70%</b>	<b>6.81%</b>
<b>Total</b>		<b>52.807</b>	<b>42.602</b>	<b>31.066</b>	<b>81.99%</b>	<b>52.11%</b>

The total budget approved for IG in the current FY 2018/19 was UGX 52.807 Billion. By the end of the March 2019 UGX 42.602 Billion (82%) of the annual budget had been released and UGX 31.066 Billion (52.11%) had been spent. The unspent balance of UGX 10.729 Billion is earmarked to start construction of the IG Head Office Building.

**b. Off Budget Support Performance**

**Table 2: Financial Performance of Off-Budget Support UGX Billion by March 2019**

<b>Item</b>	<b>Annual Budget</b>	<b>Released</b>	<b>Spent</b>	<b>Balance</b>	<b>% Spent</b>
DANIDA	3.549	3.347	2.304	1.043	68.8%
NUSAF 3	6.660	3.062	2.545	0.517	83.1%
DRDIP	1.471	1.471	0.185	1.286	12.6%
UNDP	0.135	0.050	0.000	0.05	0.0%
RPLRP	0.331	0.331	0.048	0.283	14.5%
EU- JAR Support	3.521	2.456	0.404	2.052	16.4%
<b>Total</b>	<b>15.667</b>	<b>10.717</b>	<b>5.486</b>	<b>5.231</b>	<b>51.2%</b>

A total of UGX 15.667 Billion was provided to the IG as off-budget support for investigations, prosecutions, verifications of leader’s declarations, ombudsman activities, Strengthening Transparency, Accountability and Anti-corruption activities, recovery of illicitly acquired wealth and court awards and public education. By end of March 2019 UGX 10.717 Billion (68.4%) of the annual budget had been released and UGX 5.486 Billion (51.2%) was spent. The unspent balance of UGX 5.231 Billion is a result of the late release of UGX 2.052 Billion under Justice Sector and Accountability Reform Contract and UGX 1.043 Billion from DANIDA.

### 3. Budgetary Provisions for FY 2019/20

#### a. Direct Budget Support for FY 2019/20

**Table 3: Direct Budget Support.**

Budget Classification	Budget Category	Budget Outlays UGX Billions			
		2018/19	2019/20	2020/21	2021/22
Recurrent	Wage	21.170	21.170	22.23	23.34
	Non-Wage	18.041	19.041	21.90	26.28
<b>Sub-total</b>		<b>39.211</b>	<b>40.211</b>	<b>44.13</b>	<b>49.62</b>
Development	GoU	13.593	13.593	16.31	16.31
	External Financing	00.000	00.000	0.00	0.00
<b>Sub-total</b>		<b>13.593</b>	<b>13.593</b>	<b>16.31</b>	<b>16.31</b>
<b>Grand Total</b>		<b>52.804</b>	<b>53.804</b>	<b>60.44</b>	<b>65.93</b>

The Inspectorate of Government direct budgetary provision is as follows: UGX 52.80 Billion in FY 2018/19; UGX 53.804 in FY 2019/20, UGX 60.44 Billion in FY 2020/21 and UGX 65.93 Billion in FY 2021/22.

In the following FY 2019/20, the IG was provided with additional funding of UGX 1 Billion for Non-Wage. This was allocated to: Fuel, Lubricants and Oils, Maintenance of Vehicles and facilitation of the 16 Regional Offices to carry out investigations.

In addition to the above, the IG receives off budget support to complement Government of Uganda Funding. Details are provided in the table below:

**b. Off Budget Support for FY 2019/20**

**Table 4: Off Budget Support to the IG**

Budget Classification	Budget Outlays UG Billions			
	2018/19	2019/20	2020/21	2021/22
DANIDA	3.5	3.5	3.5	3.5
NUSAF 3	3.7	3.7	3.7	0.0
DRDIP	0.925	0.0	0.0	0.0
UNDP	0.130	0.130	0.130	0.0
RPLRP	0.222	0.222	0.222	0.0
EU- JAR Support	3.521	3.521	3.521	3.521
<b>Total</b>	<b>11.998</b>	<b>11.073</b>	<b>11.073</b>	<b>7.021</b>

The above off budget support is implemented under the following projects:

- i. The Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE) funded by DANIDA.
- ii. Strengthening Transparency, Accountability and Anti-Corruption (STAAC) in (i) Northern Uganda Social Action Fund 3 (NUSAF 3), (ii) Regional Pastoral Livelihood Resilience Project and (iii) Development Response to Displacement Impact Project. All the three are supported by World Bank.
- iii. The Justice and Accountability Reform (JAR) Sector Reform Contract funded by the European Union (EU).
- iv. Institution Effectiveness Programme funded by United Nations Development Programme (UNDP).

Furthermore the IG receives Technical Assistance under the two projects below:

- i. Strengthening Uganda's Anti-Corruption Response (SUGAR) funded by Government of UK (DFID).
- ii. Strengthening External Audit Programme funded by GIZ.

### **c. Planned Output for Implementation in FY 2019/20**

In the forthcoming FY 2019/20, the IG will use the budgetary provisions above to produce the outputs listed below:

- i. ***Investigating and prosecuting cases of grand/high profile/syndicated and other corruption, establishing and implementing an improved complaints management system which will enhance the IG capacity to efficiently and effectively investigate and prosecute corruption cases and strengthening mechanisms to detect and prevent corruption in an equitable manner.***

The above initiative will be achieved through: (i) Investigating 12 high profile and 683 other corruption complaints in Local and Central Governments; (ii) Prosecuting 50 corruption cases 12 of which will be high profile in nature; (iii) Recovering at least 50% of funds recommended for recovery during investigations, (iv) conducting specialised training and (vii) Following-up all (100%) recommendations made.

- ii. ***Investigating maladministration and injustice in public office, enhancing the capacity of MDALGs to identify and resolve underlying drivers of complaints at source and using the systems approach to proactively identify and address high risk areas in governance.***

This will be achieved through carrying out 8 systemic interventions; supporting/reactivating 10 MDALGs setup or reactivate internal inspectorates to resolve ombudsman complaints at source, resolving 30% of ombudsman complaints using Alternative Dispute Resolutions (ADR), conducting 150 ombudsman investigations and following up on 75% of the recommendations.



- iii. ***Increasing compliance with Leadership Code Act by improving capacity to verify declarations, increase capacity to investigate and prosecute breaches of the Code and rolling out E-system (IG-ODS) for declarations.*** Under this the IG will focus on verifying 300 declarations submitted by leaders and investigate 25 cases of breaches of the Leadership Code Act.
- iv. ***Strengthen IG's brand and its public education, training and awareness interventions to enlist public support for preventing and combating corruption.*** This will be done through conducting 24 sensitization programmes, establishing 24 partnerships/collaboration networks, increasing cooperation with 4 other Institutions and 4 Non State Actors and enhancing participation of the citizens in combating corruption through implementation of the IG Citizen Engagement Framework.
- v. ***Increase Monitoring and Inspection of development programmes by undertaking continuous Monitoring/inspection of major Government Development Programmes such as NUSAF, PRDP, and the Youth Livelihood Fund.***

This will be done through training at least 10,000 community members, providing mentorship to the trained groups to ensure 50% functionality rate, resolve 80% of the project implementation grievances within 3 month of registration, inspect 2240 development projects and ensure that at least 75% of the project funds are accounted for timely.

- vi. ***Strengthen Internal Capacity to build an Ethical & Performance Driven Culture in IG*** by conducting team building events, mentorship sessions and supervision and management trainings as well implementing the new IG staff appraisal system.

- vii. ***Strengthen organizational effectiveness and efficiency*** by aligning strategy, resources, processes and infrastructure through implementing the recommendations of Organizational Development Assessment, participatory planning, budgeting and prioritizing resources towards the achievement of the IG mandate.

#### **4. Emerging Issues**

- a. Mainstreaming Transparency, Accountability and Anti-Corruption in Development Programmes.** The Inspectorate of Government implemented this programme which involved facilitating greater participation of citizens under NUSAF 2. This led to increased transparency, accountability, and timely implementation, reduced wastages, less abuse of public resources and improved service delivery. The successes registered in NUSAF 2 resulted in a high demand for use of this approach by both government and development partners. As a result it was incorporated in the design of NUSAF 3 and rolled out to the GoU Youth Livelihood Project and other development projects namely USMID, DRDIP and PRLRP. In addition, the OPM in FY 2017/18 made a resolution to rollout TAAC to all government programmes. The IG is therefore requesting Parliament to support the mainstreaming of TAAC in all development programmes.
- b. Implementation of Organizational Development Assessment Recommendations.** Last financial year the IG concluded an ODA exercise which was carried out to make the Institution more effective, efficient, and responsive. The major recommendations to be approved by both the IG Board and Management are (i) a new structure and its salary, (ii) performance management framework and (iii) competence framework. The new structure proposes an increase in staffing from the current 426 to 537 employees and corresponding wage increase from UGX 21.170 Billion to UGX 40.403 Billion. The IG intends to

implement the new structure in a phased manner in the next 3 financial years. However, funding has not been secured for the first phase to the tune of UGX 10 Billion.

- c.** The current asset recovery laws are inadequate in addressing asset recovery because they lack legal provisions on civil asset recovery; they lack specific procedure to follow on recovery of proceeds of crime, and there's no specific provision or time frame within which to pay or realise the illicitly acquired assets among others. The IG is working with Directorate of Ethics and Integrity (DEI) to prepare a bill upon which the proposed proceeds of crime law shall be based. The IG therefore requests Parliament to support this initiative and the proposed bill.
- d.** The Leadership Code Act 2002 **(in Section 4 thereof)** as amended removed the requirement by leaders to declare wealth of their spouses and children/dependants. Thus, illicitly acquired assets can be conveniently registered in the names of spouses, children or dependants of the leaders without question. Furthermore, some important breaches were removed although the penalties corresponding to those breaches were left in the law. The major breaches set out in Section 4(7) and (8) of the Principal Act were removed. In addition the Tribunal's powers under the Act with regard to disciplinary actions against leaders who have breached the Code are limited to making recommendations to authorized persons. This means enforcement of disciplinary sanctions against leaders who have breached the Code will depend on the willingness and cooperation of other agencies. These inconsistencies will render the enforcement of the Leadership Code by the IG problematic.

## 5. The IG Un-funded Priorities for FY 2019/20

- i. **UGX 2.5 Billion for Scaling up Transparency Accountability and Anti-Corruption in GoU Projects.** Under NUSAF 2, the Inspectorate of Government successfully implemented the Transparency, Accountability Anti-Corruption (TAAC) component of the project. The participation of the IG contributed to enhancing the role of the citizens on enforcing rights, roles and obligations in the project. Furthermore, misuse of project resources, fraud and corruption reduced leading to improved service delivery and accountability of funds to 99%. This model was then rolled out in NUSAF 2 and other projects namely Youth Livelihood Project, Development Response to Displacement Impact Project and Regional Postural Livelihood Resilience Project. Given the results attained using this approach in NUSAF 3, the IG requests for additional funding of UGX 2.5 Billion to introduce this model in GoU development projects.
- ii. **Operational Funds UGX 2.30 Billion:** In the last three financial years, the Non-Wage Recurrent budget allocation to the Inspectorate of Government has reduced by UGX 1.677 Billion. This is from UGX 19.721 Billion in FY 2017/18 to UGX 18.041 Billion in the current FY 2018/19 and enhanced by UGX 1 Billion in the ensuing financial year to UGX 19.041. However, in the same period fixed costs which constitute over 85% of the non-wage recurrent budget namely 30% gratuity, 10% NSSF contributions, rent, utilities and investigations have increased to UGX 15.40 Billion. The above two conditions have left the institution with a funding gap for operational expenses of UGX 2.30 Billion for the items listed below: Travel Inland for investigations, prosecutions and enforcement of Leadership Code, Vehicle Maintenance (Tyres, Servicing and Repairs for 109 Motor Vehicles) UGX 0.542 Billion and fuel 0.501 Billion.

**iii. Implementation of Organizational Development Assessment**

**Recommendations.** In the FY 2016/17, the Inspectorate commissioned a consultant to help implement recommendations of Organizational Development Assessment and Strategy (ODA). The purpose of the exercise was to develop systems which will position the IG to better respond and adapt to the changing environment and function more efficiently. This FY 2018/19, the entire process was concluded with formulation of a new performance management framework, Competence Framework and the IG Organizational Structure with new job descriptions. In the ensuing FY 2019/20, the IG will require UGX 10 Billion additional funds for implementation of the first phase of ODA recommendations. This is expected to cover training of staff in new processes and procedures, developing and testing of performance tools meet attendant non wage costs.

**iv. Staff recruitment**

The IG has 24 vacant positions that have to be filled in order to improve efficiency and effectiveness of the Institution. In the forthcoming Financial Year 2019/20 the IG will require an additional UGX 1.095 Billion to carry out the recruitment and promotion process to fill the human resource gaps in a bid to improve performance of the institution.

**6. Supplementary Provisions for FY 2018/19**

The IG received supplementary funds of UGX 1.195 Billion to cater for payment of deficits in rent, 10% NSSF contributions, Fuel, Lubricants and Oils, Vehicle maintenance and activities to commemorate international Anti-Corruption Day in December 2018. Detailed cost breakdown per budget items is provided in table 5 below:

**Table 5: Supplementary Budget per cost items**

<b>No.</b>	<b>Item Description</b>	<b>Amount Provided (Bn)</b>
1	Support to Anti-Corruption Day 2018	0.345
2	10% NSSF Contributions	0.295
3	Allowances	0.166
4	Payment of Rent	0.188
5	Fuel, Lubricants and Oils	0.118
6	Vehicle Maintenance	0.083
<b>7</b>	<b>Total</b>	<b>1.195</b>

## **7. Action Taken on Previous Year's Recommendations by Parliament**

### **Issue 1: Approved NBFPP for FY 2018/19 and the Medium Term Implementation of the Leadership Code Act, as Amended**

Parliament recommended that government provides UGX 3.307 Billion towards the enforcement of the Act. During the FY 2018/19 UGX 2.42 Billion has been provided towards this program under the IG from UGX 2.393 Billion in FY 2017/18. This leaves a gap of UGX 0.88 Billion for the non-wage recurrent activities.

**Recommendation:** The Committee recommended an additional UGX 0.88 Billion be provided to IG – recurrent budget for FY 2018/19 to facilitate the enforcement of the Leadership Code Act.

**Response:** This financial year the Government of Uganda with funding from the European Union started implementing a new programme entitled Justice and Accountability Reform (JAR)-Sector Reform Contract and Inspectorate of Government is one of the beneficiaries. Under this programme a sum of UGX 1.488 Billion was provided for verification of Leader's Declarations and UGX 0.950 Billion (63.3%) has already been released. This support is enabling the institution to verify 300 declarations compared to 65 in previous years representing an increment of 361.5%.

## **Issue 2: Staff Training**

Parliament recommended that UGX 0.646 Billion for training staff to promptly respond to the changing trends in corruption cases. However this hasn't been provided in FY 2018/19 budget estimates.

**Recommendation:** The Committee recommended that UGX 0.646 Billion be provided to the IG non-wage recurrent budget to improve its capacity in fighting corruption.

**Response:** The IG was not allocated additional funding in the current financial year for staff training. However, the institution has continued to offer some specialized training with funding from DANIDA, GIZ, SUGAR, EU and World Bank. It must be observed that this funding is still not sufficient given our training demands.

## **Issue 3: Sophisticated corruption**

The Committee observed that it involves organization and syndicates yet the IG has limited capacity to tackle such cases adequately. This calls for training to equip the staff with specialized skills to tackle the emerging trends of corruption.

**Recommendation:** The Committee recommended an additional UGX 0.646 Billion to enable IG staff acquire specialized skills to tackle corruption effectively.

**Response:** As noted above, there were no additional resources allocated for training in the current and subsequent budget. However, SUGAR project funded by DFID and UPGRADE funded by DANIDA are providing some funding towards equipping our staff with specialized skills. This however is not adequate and therefore the Institution still faces a funding gap as stated above in the unfunded priorities.

**Issue 4:** The Committee observed that IG is mandated to enforce the Leadership Code of Conduct so as to meet its strategic objective 3. However it

was noted that out of the targeted 65 only 10 leader's declarations have been verified. This comes as a result of the continued reduction in the non-wage budget from UGX 19.72 Billion in FY 2016/17 to UGX 18.841 Billion in FY 2017/18.

**Recommendation:** The Committee recommended that IG be provided with adequate resources to expedite the verification of declarations of all leaders in the Country. During the FY 2018/19, this will require an additional UGX 2.66 Billion to enable IG to meet its mandatory obligations and operations.

**Response:** As indicated under *Issue 1* above, funding was provided under Justice and Accountability Reform (JAR)-Sector Reform Contract.

**Issue 5: Rent and Utilities.** The Committee observed that IG still faces a challenge of rent which is paid in dollars and, the fluctuating dollar rates make it hard to budget sufficiently for rent. IG requires additional UGX 0.471 Billion to meet the rent obligations.

**Recommendation:** The Committee recommended that IG engages the Land Lord and renegotiates the payment mode to avoid rental arrears.

**Response:** In view of the recommendation above, the IG had a series of discussions with the Landlord which translated into revision of the existing agreement. Effective 1<sup>st</sup> April 2019, payment of rent for the head office will be made in Uganda Shillings. Furthermore a supplementary budget of UGX 188 Million was provided to offset the rent arrears.

#### **Issue 6: NSSF Contributions and Gratuity**

The Committee further observed that the IG requires an additional UGX 1.088 Billion to meet its NSSF and gratuity obligations.

**Recommendation:** The Committee recommended that an additional UGX 0.370 Billion for NSSF contributions and UGX 0.718 Billion for Gratuity be provided to IG in FY 2018/19 to meet statutory obligations.



**Response:** In the coming FY 2019/20, the IG was given additional UGX 1 Billion as Non Wage. Part of this was therefore allocated to NSSF and Gratuity. Furthermore, a supplementary allocation of UGX 295 Million was provided in this financial year towards NSSF contributions.

**Issue 7: Vehicle Utilization and Procurement.** The Committee noted that IG has a fleet of 121 vehicles. However IG plans to dispose of 8 vehicles during FY 2017/18 and buy 2 new vehicles in FY 2018/19. This has seen the maintenance cost reduce from UGX 0.333 Billion in FY 2017/18 to UGX 0.307 Billion in FY 2018/19.

**Recommendations:** The Committee commends the IG for planning to dispose of the old vehicles in an effort to reduce the maintenance costs. However, the IG should expedite the procurement of additional vehicles to replace the increasing number of vehicles to be disposed of.

**Response:** In line with the above commitment, the IG disposed of 14 motor vehicles and 4 motorcycles. In addition with support from GoU, SUGAR-TAF, EU and DANIDA the IG procured 1 Station Wagon, 2 Salon Cars and 6 Double Cabin Pick-Ups. Although the new fleet has helped to reduce maintenance costs for the IG, the Institution still needs more vehicles as the new fleet is less than the number that was disposed of. Furthermore, there are still 40 vehicles which are above 10 years that are due for disposal within the existing fleet.

**Issue 8: Gender Compliance.** The Committee observed that IG scored 50% as the minimum requirement to meet the Gender Compliance requirement. However there are gender and equity concerns that remain outstanding in ensuring public accountability and good governance. Such issues surround the rising levels of corruption that have deprived the vulnerable people from access to essential basic services

**Recommendation:** The Committee recommended that IG implements fully the provisions of Article 225 of the 1995 Constitution of the Republic of Uganda. In so doing gender and equity concerns will be addressed in society.

**Response:** In order to address the above issue, the IG sent two officers for a training conducted by Equal Opportunities Commission on formulation of Gender and Equity Responsive Budgeting. While developing the Policy Statement for the ensuing FY 2019/20, the IG worked closely with technical officers from EOC to ensure that the policy statement is gender and equity inclusive and addresses the issues of youth elderly men and women and people with disabilities in Uganda.

#### **8. Update on the proposed construction of the IG Head Office Building.**

In the current FY 2018/19 the IG was allocated UGX 12.5 Billion for construction of the head office premises. This was expected to increase to UGX 33.0 Billion which is the estimated annual cost that will enable completion of the project within three years. However, it was not provided for in the FY 2019/20. In regard to the status of the project, the procurement process for a contractor is still ongoing and is expected to be concluded before end of May 2019.

**FOR GOD AND MY COUNTRY**