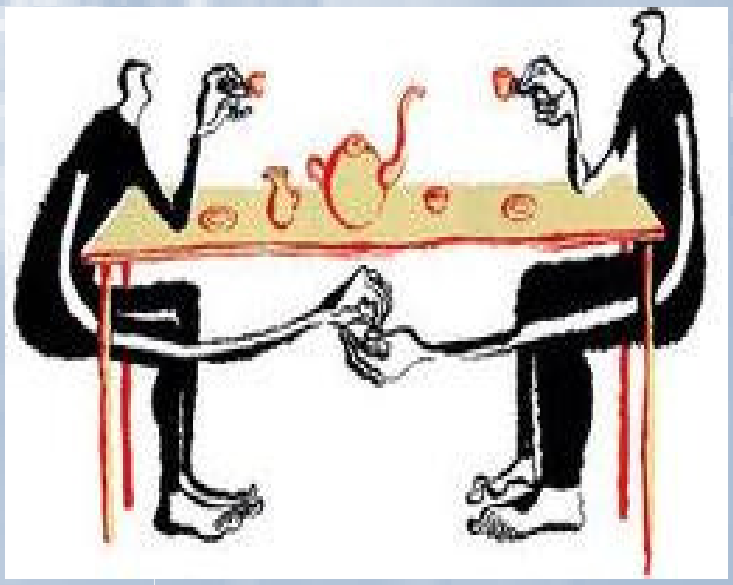
The Republic of Uganda

The Inspectorate of Government

THE THIRD ANNUAL REPORT ON TRACKING CORRUPTION TRENDS IN UGANDA: USING THE DATA TRACKING MECHANISM



DECEMBER 2012

Acknowledgements

This report was prepared by the Economic Policy Research Centre (EPRC), which is the Data Tracking Mechanism (DTM) Manager on behalf of the Inspectorate of Government. The centre ensured the success and institutionalization of the report. The report is part of the DTM initiative which was developed in 2009 to address a growing concern about the lack of credible tools and methods to track corruption in Uganda.

The report provides data to citizens, policy makers and the Government of Uganda about activities occurring in Uganda which support or detract from the fight against corruption. The report will further generate credible information for NGO's, media, businesses and development partners amongst other stakeholders about the state of corruption and effectiveness of reform efforts in Uganda.

This third report was scrutinized by a team of Peer reviewers who were contracted with support from Department for International Development (DFID). The Peer Reviewers were tasked to ensure that the DTM process is characterized by rigour, transparency, and high standards that would earn it credibility with the Government of Uganda (GoU) on one hand and relevant stakeholders within society, including development partners, on the other.

The Inspectorate of Government is greatly indebted to the EPRC, the Peer Reviewers, Ministries, Departments & Government Agencies and persons who assisted in the compilation of the report. Special thanks go to the team of researchers who meticulously collected and compiled information for the report.

The Inspectorate of Government would also like to acknowledge the contribution of the World Bank through the Governance Partnership Facility and the UK Government through DFID office for the technical and financial support provided in the development of the DTM and in the production of the first, second and third annual reports on tracking corruption in Uganda.

Inspectorate of Government

December 2012

Foreword

Corruption is increasingly being seen as a threat to human existence to the extent that some commentators have called for it to be recognized as a 'crime against humanity.' It has also been recognized as the main obstacle to the realization of good governance, sustainable development and achievement of the Millennium Development Goals. Ultimately, it has serious effects on the social, economic and cultural well-being of societies.

In the fight against corruption in Uganda, Anti-Corruption agencies use various measures which can be broadly categorized as coercive, conciliatory and preventive. Although enforcement through coercive means tends to attract more public attention, the preventive as well as conciliatory measures are of crucial importance to enable the realization of maximum benefits from anti-corruption programs.

The Inspectorate of Government (IG) is aware of the challenge that exists in determining where Uganda stands in fighting corruption and whether prevalence is increasing or decreasing. The DTM was designed to provide reliable data to enable monitoring and tracking of corruption in Uganda on an annual basis. The tool may ultimately be the basis for assessment of performance of Government Ministries, Departments and Agencies in enforcing policies and laws to fight corruption.

Anti-corruption agencies cannot succeed in their efforts if they are left to fight corruption on their own. The IG therefore seeks collaboration with all stakeholders in order to strengthen its efforts and competence in demanding for performance and accountability from all government ministries departments and agencies.

The demand for the fulfillment and enforcement of the rights of citizens is a well-established strategy in the fight against corruption. The IG therefore plans to engage representatives of civil society, who are the key stakeholders in the fight against corruption, in its efforts to achieve its ultimate goal of ensuring "Zero Tolerance to Corruption." It is therefore our hope that civil society organization will find the information in the DTM report useful in their work.

The DTM report provides data to citizens about what is occurring in Uganda which supports or detracts from the fight against corruption. It further generates information for the various stakeholders particularly for NGO's, the media and development partners about the state of corruption as well as the effectiveness of efforts to reform and improve overall governance in Uganda. The report also highlights the impact of corruption in the various sectors explored and should give us all further impetus to fight corruption.

The Inspectorate is committed to effectively carrying out its constitutional mandate through investigation, prosecution, enforcement of the Leadership Code Act, raising public awareness and ensuring administrative justice. We call upon the general public, without which we cannot effectively

receive information about the misdeeds of public officers, to continue supporting our efforts. We also appreciate all the support given to us by the members of the Inter Agency Forum and we invite all other stakeholders to join us in our efforts to foster the elimination of corruption in Uganda.

As we release this 3rd Annual Report on Corruption Trends in Uganda, it is my hope that the relevant authorities and institutions will take the findings and recommendations of this report seriously, have further deliberations about them and help us to improve on the implementation of our strategies for combating corruption.

I thank all the stakeholders who have supported this study.

Irene Mulyagonja Kakooza

INSPECTOR GENERAL OF GOVERNMENT

Abbreviations and Acronyms

BMAU	Budget Monitoring and Accountability Unit
CIID	Criminal Intelligence & Investigation Directorate
DEI	Directorate of Ethics and Integrity
DFID	Department for International Development
DTM	Data Tracking Mechanism
DPP	Director of Public Prosecutions
DSC	District Service Commission
EABI	East African Bribery Index
EC	Electoral Commission
EE	Excess Expenditure
EPRC	Economic Policy Research Centre
FY	Financial Year
GE	Government Effectiveness
GI	Global Integrity
GoU	Government of Uganda
IG	Inspectorate of Government
IGG	Inspector General of Government
JSC	Judicial Service Commission
MDA	Ministry, Departments and Agencies
MDG	Millennium Development Goals
MoFPED	Ministry of Finance, Planning and Economic Development
MoWT	Ministry of Works & Transport
MSI	Media Sustainability Index
NIS	National Integrity Survey
NMS	National Medical Stores
NSDS	National Service Delivery Survey
OA	Outstanding Advances
OAG	Office of the Auditor General
OBI	Open Budget Initiative

PAC	Public Accounts Committee
PDE	Procurement and Disposal Entity
PDU	Procurement and Disposal Unit
PEFA	Public Expenditure and Financial Accountability
PPDA	Public Procurement and Disposal of Public Assets Authority
PPMS	Procurement Performance Measurement System
PPO	Political Parties & Organisations Act
PRDP	Peace Recovery and Development Programme
PSC	Public Service Commission
RAMPS	Rehabilitation and Maintenance Planning System
SAI	Supreme Audit Institution
TI	Transparency International
UBoS	Ugandan Bureau of Statistics
UGX	Uganda Shillings
UIA	Uganda Investment Authority
UNDP	United Nations Development Programme
UNOPC	United Nations Office on Drugs & Crime
UNPS	Uganda National Panel Survey
UNRA	Uganda National Roads Authority
UPF	Uganda Police Force
VA	Voice of Accountability
VFM	Value for Money
WGI	World Governance Indicators

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EXECUTIVE SUMMARY

Background

This is the third Annual Report on Corruption Trends using the Data Tracking Mechanism. The first and second reports were launched on 15th November 2010 and 2011, respectively. The launch of the third report coincided with the observance of the UN International Anti-Corruption day which was commemorated on 10th December 2012 under the theme **"Act Against Corruption Today"**. In the three studies, corruption was defined as "abuse of office for private gain". Corruption was limited to its manifestations, which include bribery, financial leakages, conflict of interest, embezzlement, false accounting, fraud, influence peddling, nepotism, theft of public funds or theft of public assets[1].

The Data Tracking Mechanism

The DTM was launched in 2009 in Uganda to address a growing concern about the lack of credible tools and methods to track corruption. The initiative aimed at developing a tool to monitor corruption trends in the country on an annual basis. The first report included 71 indicators that had been identified to track corruption and the first study that was conducted in 2010 provided a baseline for tracking progress over time. The data were sourced from Uganda and from international organisations that collect and analyse data about Uganda.

Data Collection for the Third DTM Report

Much progress has been made to address challenges in data collection by Anti-Corruption entities. However, significant problems still remain. The IG will in the coming year, seek to enhance monitoring of the data collection process by individual agencies and bring increased scrutiny to bear on implementation of recommendations made in DTM reports. These recommendations need to be based on well researched and accurate data. Indeed, one of the key objectives of the DTM is to serve as a catalyst for reforms; but the reforms need a platform where they can be articulated, monitored and followed up. Hopefully the DTM has so far provided that platform.

Summary and Recommendations

1. Doing Business: The third DTM Report has shown that doing business in Uganda is still associated with many procedures and red tape; and very little has changed over time. This means that Uganda does not compete favorably as a business destination. Lengthy and numerous procedures continue to offer public servants plenty of opportunities to request and/or accept bribes to expedite processes or give favor. In response, the Uganda Investment Authority (UIA) has established a one-stop facilitation service at its headquarters in Kampala. At this facility, every investor's first point of contact for business registration with the Uganda Registration Services Bureau, is available. The other line agencies with officials based at the UIA include the Uganda Revenue Authority for tax advice and registration issues; the Directorate of Citizenship and Immigration Control for work permits and residency advice; and the Land Office[2]. According to the Office of the Prime Minister the process of registering property was

[1] It is important to note that the Anti-Corruption Act, 2009 has many more offences that are understood to constitute corruption but which have not been considered here.

[2] http://www.ugandainvest.go.ug

computerised and all relevant documents are accessible online.[3] These are welcome developments because they address parts of the the first recommendation on Doing Business in the second DTM Report. However, other procedures involved in doing business need to be addressed as well.

Recommendation 1: Uganda needs to do more to reduce the number of procedures of: starting a business, securing a construction permit, registering a property, making tax payments, enforcing contracts, securing a driver's license, obtaining an educational certificate, securing a land title, and connection of utilities.

2. Public Financial Management: Excess expenditure and arrears have both increased between 2009/10 and 2010/11 showing that excess expenditure and arrears as a percentage of the total budget continue to be a significant problem in public financial management. More excess expenditure means that the expenditures made outside the funds permitted by Parliament are increasing while more arrears mean that government is not paying its overdue debts. Increasing excess expenditure and increasing arrears could be indications of worsening corruption; however, these two findings primarily serve as red flags. It is a worrisome development, but more detailed analysis is needed to show the connections between corruption and excess expenditure on one hand and corruption and arrears on the other in the Ugandan context.

Recommendation 2: The Inspectorate of Government together with MOFPED and OAG should work with the DTM initiative to carry out an analysis of how excess expenditure and arrears in public financial management could be related to corruption in Uganda.

3. The Audit Cycle

3 (a) Access to information on audit and public participation: Uganda has performed very poorly on *"the extent to which data on actual outcomes (as reflected in the year-end report) have been audited"*, with a consistent OBI score of 0 since 2006. Secondly, Uganda has performed poorly on the OBI assessment on *"the extent to which the supreme audit institution (i.e. the Office of the Auditor General (OAG)) releases to the public audits of extra budgetary funds"*, where Uganda received an OBI score of 33 since 2008, which is poor. These two assessments suggest that the OAG needs to give more attention to these aspects of the audit cycle. The low scores imply that the OAG needs more resources to exercise its mandate; and that the OAG needs to improve channels of communication with the public on audits of extra budgetary funds.

3. (b) The relationship between the Legislature and the Executive in the audit cycle: The Public Expenditure and Financial Accountability (PEFA) assessment suggests there has been some improvement in the relationship between the Legislature and the Executive in the audit cycle. One dimension assessed by PEFA relates to *"the issuance of recommended actions by the legislature and implementation by the executive".* In this area, Uganda's performance first dropped from a C to a D rating between 2005 and 2008, but then it improved to a B rating in 2012. The improvement can be attributed to the recent debates and recommendations by Uganda's Parliament in the last three years.

[3] This is in progress but yet to take effect. On 7th December 2012, the Ministry of Lands announced the closure of the Land Registries in Kampala, Masaka, Mukono and Mbarara for one month. The closure would facilitate completion and activation of the computerized system of land registration.

For example in 2011/2012, some Cabinet Ministers suspected to have caused financial loss to government stepped aside or resigned as a result of the recommendations from the Legislature. This is an indication that Parliament's role of oversight is becoming more effective which, if maitained, will lead to a decrease in the levels of corruption in public office.

3. (c) Treasury Memoranda: A Treasury Memorandum is an important part of the audit cycle and is essential in terms of keeping track of the willingness of the Executive to implement audit recommendations. The last executive response to Parliament was a Treasury Memorandum which was issued in January 2012 covering financial years from 2004/05. The DTM welcomes the issuance of this Treasury Memorandum and hopes that it will be issued annually and become a well established deliverable within the Government audit cycle.

The findings on the audit cycle suggest that Uganda needs to attend to some areas of poor performance and to see to it that, where performance is commendable, the improvements are sustained.

Recommendation 3: Within the audit cycle, Uganda has made some improvements in a number of areas. In order to sustain these gains, the country should consider taking the following actions:

- **Improve the comprehensiveness of the in-year reports, mid-year reviews and the end-year reports;**
- **Reports on legislative (i.e. parliamentary) hearings on the budget should be easily made available to the public; and**
- **The Parliament and the Office of the Auditor General should provide more comprehensive oversight not only when the budget is being approved but also during the period of budget execution as well.**

4. Procurement Performance: The results in this report show that open bidding has improved when measured by value of contracts but it is lagging behind on percentage of contracts. Microprocurements are by far the largest in number and least transparent category of contracts, which increases the potential for corruption, even though each microprocurement is of relatively small amount. Secondly, the results also show that for some time now Uganda has been facing severe problems of project implementation after the bidding process is completed. A large proportion of projects are not completed on time, many exceed their original cost, and a large percentage of them are classified as high risk. These problems may not all be corruption-related but many tend to result from acts of corruption.

With regard to the rehabilitation and maintenance of roads at district level, the same procurement problems mentioned by the OAG in 2010 through a value for money audit that was reported in the 2011 DTM Report have again been reported here. These problems include lack of transparency in the procurement process, lack of compliance with the PPDA Act and Regulations, and manipulation of the bidding process. In response to the recommendations made last year on procurement in Local Government, the PPDA has stated as follows: *"PPDA has reviewed the VFM Audit Report on procurement in Local Governments, and is addressing the problems relating to procurement planning and making procurements according to the plan by carrying out compliance checks and audits".* The laxity in these areas is a strong indicator that self-interest by officers in PDUs exists in the implementation of their

mandate. The DTM will be monitoring these developments over the course of the next year. In the light of persistent problems in procurement, DTM recomends as follows:

Recommendation 4: PPDA should ensure that all PDUs follow the Act and its Regulations. PPDA should also ensure that all PDEs and PDUs in Central and Local Governments strengthen contract management of projects to cut down on wastage of funds and improve value for money.

5. Bribery and Absenteeism: The indicators on bribery in Education, Health, the Water sector as well as in obtaining permits, in the Police, and in the Judiciary, remained persistently high between 2008 and 2012 indicating that bribery remains entrenched in Uganda society. Furthermore, abesenteeism remains a major problem among both teachers and health workers, a major problem that has a direct impact on the day-to-day lives of average citizens throughout Uganda. The recent 2010/11 data from the UNPS reveals that teacher absenteeism at government primary schools remains high at 19% though there has been a slight improvement since 2009/10 when absenteeism rate was 21%. The data suggests that approximately one in five government primary classrooms experience teacher absenteeism, indicating that in these schools teachers work for less time than contracted, but with little or no repercussions on their earnings. Also, this form of quiet corruption (absenteeism) is widespread in the health-care sector in Uganda. Health worker absenteeism is highest at Health Centre (HC) III facilities and has gone up from 46.2% in 2009/10 to 51.0% in 2010/11. Generally, at HC II and HC III, the Western Region has the highest level of health work absenteeism followed by the Northern Region. Reasons for health worker absenteeism range from having more than one job, to workers attending trainings and to being away on maternity leave, among others. These lower level health centres are meant to provide medical services to ordinary citizens yet this can only happen if the health workers are present to attend to their needs. It is therefore not surprising that Uganda is finding it difficult to meet most of its health-related Millennium Development Goals (MDGs). The DTM thus recommends as follows:

Recommendation 5: The DTM should work with a number of sectors to probe the reasons why they have persistently high bribery indicators and include the findings in the 4th DTM report. Secondly, on absenteeism, the Ministry of Education and Sports and the Ministry of Health should coordinate and strengthen the government wide effort to tackle absenteeism in schools and health facilities. These efforts should sensitize and involve the community in monitoring the presence of teachers in schools and of health workers in hospitals and clinics. The communities should take part in making decisions regarding the remedies to take in order to eliminate absenteeism in government schools, hospitals, and health clinics.

6. Implementation of Anti-corruption measures with focus on functional areas of government and enforcement: Evidence contained in this Report suggests that Uganda's implementation gap is narrowing, having been 54 in 2008 and went down to 47 in 2011; this is still very large. All the specific issues discussed on trends in this report ultimately highlight the problem of implementation of Uganda's laws. The DTM initiative was the first opportunity in Uganda to bring the concept of an implementation gap to the discussion table and to inquire as to what its many causes may be. The Inspectorate of Government took the concept seriously and began to advocate for ways in which the gap could be narrowed, including but not limited to strengthening the Judicial Service Commission (JSC) and establishing the Anti-Corruption Court, as well as strengthening the Inspectorate itself in order to position it to play a more effective role in fighting corruption. The road to eliminating the

implementation gap is long but a good start has been made through current efforts and the DTM platform will ensure that efforts are sustained and improved.

Recommendation 6: The Inspectorate of Government together with all agencies involved in anti-corruption efforts should work out a strategy to address the wide implementation gap between the laws on the books and the fight against corruption in Uganda.

7. Political Financing and Conflict of Interest: One functional area of Government contributing to a very big implementation gap is the characteristic of weak political financing disclosure in elections in Uganda. Global Integrity (GI) reports a number of indicators related to the financing of political parties and campaigns as well as on conflict of interest. Data from GI in 2011 demonstrated that political financing is still marked by inadequate regulations and low levels of transparency. On the extent to which citizens can access records related to the financing of political parties and those of individual candidates, Uganda has scored zero consistently since 2009. The same score was given by GI for the effectiveness of the regulations governing political financing of individual candidates during the same period. The situation gives room for political leaders to engage in corrupt practices including expenditure of government resources in the exercise. The 2nd DTM Report made a recommendation regarding the strengthening of the law related to political financing disclosure and in response, the Ministry of Justice and Constitutional Affairs indicated that the issue requires a legal remedy for which much time is needed for consultations.

Secondly, GI indicators on conflict of interest have been deteriorating over time. For example, on the effectiveness of regulations governing conflict of interest by the Executive branch, the score given by GI was 72 in 2009 and it fell to a weak 59 in 2011. Similarly, the score for the effectiveness of regulations governing conflict of interest by the national level judiciary declined from a weak 68 in 2009 to a very weak 50 rating in 2011. This gives room to both the executive and judiciary to manipulate processes in their own favour or associates yet conflict of interest is a crime named by the Anti-corruption Act. We make the following recommendation:

Recommendation 7: Uganda should strengthen the law relating to political financing disclosure. Furthermore, the country should study the legal provisions relating to conflict of interest by the Executive as well as the judiciary and strengthen them.

8. Media and Journalism: In general, Uganda has maintained a free press which has published stories on corruption. The GI indicator on non-encouragement by government or media owners of self-censorship went up from 50 in 2009 to 75 in 2011. Furthermore, the score for the extent to which there is prior government restraint on publishing corruption-related stories has kept at 75 since 2009. This means, among other things, that the media and journalists are not restrained from publishing any kind of story on corruption because of fear of reprisal by the government or the media owners. However, the scores on media and journalism also show that there is still room for improvement.

Recommendation 8: Government and media houses should restrain themselves from encouraging self-sensorship of corruption-related stories; furthermore, the Government and media houses should keep up and improve on the already good record of letting the media and journalists publish corruption-related stories without any hindrance. The media and journalists should ensure that they

report credible and accurate stories on corruption which would boost their reputation and the quality of public information.

9. Anti-Corruption Enforcement: Closing the implementation gap on corruption will need to go hand in hand with strengthening anti-corruption strategies and enforcement in Uganda. This will involve the efforts from the OAG and from the Legislature to improve anti-corruption measures within the audit cycle (see Recommendation 3 above). Other measures include: Strengthening the Anti-Corruption Court and the Inspectorate of Government as well as the DPP and the Police CIID, recovery of ill-gotten wealth and protection of whistleblowers. Bolstering investigative capacities at the IG, DPP and Police CIID was mentioned by DTM in 2011 as a critical issue, and still, this area shows signs that it needs further improvement. More specifically for this DTM report, issues of coordination, data management and increased resources allocation are partinent.

Recommendation 9: **The Inspectorate of Government should work with all anti-corruption agencies including the Anti-Corruption Court, DPP and the Police CIID to work out a short-to-medium term strategy to improve data collection and to strengthen investigative capacity. The Ministry of Finance should ensure that resources going to anti-corruption efforts in Uganda are increased.**

CHAPTER 1: INTRODUCTION AND STRUCTURE OF THE REPORT

The Data Tracking Mechanism (DTM) initiative was launched in 2009 and is now in its third year of reporting. The purpose of the DTM is to collect high quality data to provide clear, empirical evidence on the trends in corruption and anti-corruption efforts in Uganda. By doing so, the DTM provides clear information to policy makers who can then tailor reforms to curb the various types of corruption identified. In addition, the DTM specifically requires clear and effective data collection by the government itself; and in doing so, the DTM provides a valuable tool for enhancing the ability of relevant government agencies to monitor their own performance and to report their performance to the public.

1.1 Structure

This third report of the Data Tracking Mechanism is organized in a manner designed to provide easy access to information on trends in corruption in Uganda and trends in governmental efforts related to addressing corruption. As a result, the range of data incorporated into this report was broad and required careful organization and analysis in order to present a coherent and understandable overview.

To achieve this, the report has been divided into six primary sections. These sections are: 1) Indicators on Different Themes of Governance 2) Indicators on Functional Areas of Government, 3) Indicators on Sectoral Areas of Government, 4) Indicators on the Business Environment in Uganda, 5) Indicators related to Anti-Corruption Enforcement functions, and 6) Aggregated Corruption Indicators on Uganda. The organization of data could be made in countless ways, but these groupings have been developed through extensive consultations and reflect a broadly understood division of the types of corruption and governmental efforts to curb corruption. A description of each of these sections appears below and can serve as a quick reference guide for readers to understand the various elements of the report.

1.2 Indicators on Different Themes of Governance

The themes of governance included in the DTM report are political governance (including elections) and the media. This type of governance is loosely characterized by its political character, either directly through its relationship with elections, or through direct means by which politicians and the government are held accountable by the public, civil society, and the press. The overarching theme, then, is the transparency with which political activities are undertaken and the ability of the press to freely report on these activities. There are, of course, many other areas of governance, but for the purposes of this report, the DTM indicators have been grouped together to highlight these specific issues in a single section. The source of data for this section comes from Global Integrity (GI).

1.3 Indicators on Functional areas of Government

This chapter focuses on the budgeting, auditing, procurement functions of government and parliamentary oversight; the fiscal foundation of all government activities. Although corruption can infiltrate countless areas of government, the control of finances is one of the most critical issues for any government intent on curbing the possibility of corruption in the public sector. Placing careful controls

in the various processes of government that deal with the allocation and flow of money is an important element in the fight against corruption, while a lack of controls can leave vast amounts of money vulnerable to misuse.

Data related to these processes was collected from the Government of Uganda, the Open Budget Initiative (OBI), and Public Expenditures and Financial Accountability (PEFA) assessments. Although the data sources in this chapter are varied and use different methodologies for data collection, their inclusion in one chapter is justified on the grounds that each source supplies one, or a set, of indicators that are tracked over time to assess trends.

1.4 Indicators on Bribery and on Absenteeism in Sectoral Areas of Government

This section looks at corruption tendencies in targeted sectors in Uganda related to service delivery and law enforcement. These sectors affect a large proportion of the Ugandan population and were deemed particularly important at the time of development of the DTM in 2009. The sectors which were included in the DTM were chosen because they supplied consistent and frequent data on corruption. The DTM does not attempt to track corruption trends in every sector across the government, but instead focuses on the following six areas: Health Services, Education, Water, Doing Business, Obtaining Documents/Permits, the Police, and the Judiciary. These sectors were selected on the basis of being areas where the citizens interact directly with the service providers including schools, health clinics, police, judiciary etc. The main focus in this report has been more on petty corruption than on areas where grand corruption occurs.

The indicators that were included come from two very different types of sources and provide complementary findings. The first set of indicators (which come from Afrobarometer, the East African Bribery Index, and Transparency International) focus on the prevalence of bribery in these sectors, in an attempt to measure the pervasiveness of a particularly pernicious form of corruption that has traditionally affected a large proportion of Ugandan society. The bribery indicators cover all six sectors listed above. The second set of indicators comes from the Uganda Bureau of Statistics Community Survey data which includes information on absenteeism in the education and health sectors. The data on absenteeism are collected through a nationally representative survey of institutions in the community in Uganda, which include primary schools and health centres.

1.5 Indicators on the Business Environment in Uganda

This section sheds light on the interaction between government and the private sector and the opportunities for corruption presented by this intersection of private industry and government. A well-known source of information about this issue is the *Doing Business Project*. *Doing Business* sheds light on the number of interactions between enterprises and the government. As it relates to corruption, *Doing Business* focuses on each point of contact between the entrepreneur and a bureaucrat, recognizing that each contact is an opportunity for a bribe to exchange hands.

1.6 Indicators related to Anti-Corruption Enforcement functions

The second to last section, which focuses on disaggregated indicators, examines indicators related to anti-corruption enforcement. The goal is to analyse progress (or lack thereof) in the institutional mechanisms designed to combat and reduce corruption in Uganda. The DTM looks at several different sources of information about anti-corruption enforcement in Uganda – the Inspectorate of Government, the Directorate of Public Prosecutions, the Public Service Commission, the Health Service Commission, the Education Service Commission, the District Service Commissions, the Police –Criminal Intelligence & Investigation Directorate as well as the Anti-Corruption Division of the High Court. These data sources are all coming directly from national Ugandan institutions. This fits clearly with the overall objective of the DTM, which is to foster increasing capacity within the government of Uganda to monitor its own mechanisms and capabilities to further enhance its ability to identify opportunities for reform and to execute effective reforms. Unlike for the last reports, this year, the DTM did not collect data from the Judicial Service Commission because the data sources from the JSC had not been updated due to absence of the Commission. However, the Judicial Service Commission has now been fully constituted and data from the commission will be handled in the next reporting period.

1.7 Aggregated Corruption Indicators on Uganda

The last section of the report will provide an overview of the overall state of corruption and governance in Uganda, based on data that takes a broad view of types of corruption in Uganda. The data comes from the Global Integrity Index, the World Governance Indicators, the Mo Ibrahim Index, and from the Media Sustainability Index. These various indicators provide an excellent cross section of aggregated data sources.

1.8 Summary

This chapter has provided a summary of the various sections of the DTM Report and has given an account of the different sources of data that were used in the calculation of DTM indicators reported in this report.

CHAPTER 2: SUMMARY OF CORRUPTION TRENDS IN UGANDA

This chapter gives a summary of corruption trends as given by selected indicators of DTM. But before discussing these trends, the chapter makes reference to the dialogue that has taken place between the Inspectorate of Government and Ministries, Departments and Agencies (MDAs). In the last DTM report a number of recommendations were made to various institutions. The IG, with the support of the DTM Manager, contacted relevant MDAs to determine what action, if any, had resulted from last year's recommendations. A summary of the recommendations and related government agencies' responses is included in Annex VI.

2.1 Corruption Trends

Using the available data, the DTM has provided an analysis of corruption trends from selected indicators. In general the trends in the majority of indicators were consistent in showing that few gains had been made in the fight against corruption in Uganda.

The findings from the trend analysis are summarized below.

2.1.1 Doing Business

The indicators relating to ease of doing business in Uganda show some slight improvements, e.g.

a) The number of procedures to start a business remained at 18 between 2004 and 2010 and then dropped to 16 and 15 in 2011 and 2012 respectively, showing a slight improvement.
b) The number of procedures for dealing with construction permits remained at 16 until 2009 and then rose to 18 in 2010 but dropped to 15 in 2011 and remained at the same level in 2012.
c) The number of procedures associated with registering a property remained constant at 13 from 2006 to 2010 but have finally dropped by one, to 12 procedures in 2012. Likewise the number of tax payments reduced from 32 in 2011 to 31 in 2012.
d) The number of procedures for enforcing contracts has remained at 38 since 2004.

The above trends show that doing business in Uganda is associated with many procedures and red tape and very little has changed over time. This means that Uganda does not compete favourably as a business destination. The lengthy procedures still give the public servants implementing these procedures an opportunity to extract bribes and also business persons continue to part with money in order to expedite processes.

2.1.2 Public Financial Management

The Auditor General conducted annual assessments of public financial management in Uganda using a sample of MDAs. The trends depicted in the annual audits are as follows:

a) The excess expenditure as a percentage of the budget increased from 0.3% in 2009/10 to 1.5% in 2010/11.
b) Outstanding advances as percentage of the budget decreased from 0.32% in 2009/10 to 0.24% in 2010/11.

c) Arrears as a percentage of the annual budget increased from 2.5% in 2009/10 to 7.0% in 2010/11.

The three cases above indicate that excess expenditure and arrears have both increased between 2009/10 and 2010/11 showing that excess expenditure and arrears as a percentage of the total budget continue to be a significant problem in public financial management. More excess expenditure means that the expenditures made outside the funds permitted by Parliament are increasing while more arrears mean that government is not paying its overdue debts. Increasing excess expenditure and increasing arrears could be indications of worsening corruption, however, they remain red flags only. They also challenge the government to remain within the confines set by the national budget and official expenditure ceilings.

2.1.3 Budget Transparency

a) To the question: Has the executive established practical and accessible mechanisms to identify the public's perspectives on budget priorities, Uganda received a very poor rating of 33. This shows that not enough has been done by the executive to establish effective mechanisms to engage the majority of the population in making an input into the budget. Some of the mechanisms in place include the National Budget Consultative Workshops and the involvement of Sector Working Groups, but these are accessible to opinion leaders and groups such as civil society organizations but not to the majority of Ugandans. At the moment, no law exists for the executive to engage with the public in setting budget priorities.

b) On the extent to which in-year reports are released to the public and provide relevant budgetary comparisons Uganda has received an improved score from 0 in 2010 to 67 in 2012. The reports produced during the year are supposed to compare actual revenue collections with original estimates or with actual collection for the previous year; and the score of 67 in 2012 shows that Uganda has made improvements in this area.

c) Similarly, on the extent to which the year-end report explains the difference between enacted levels and expenditure outcomes, the country has got an improved score from 33 in 2010 to 100 in 2012. The reports are meant to explain to the public any differences that occur between the approved budget and the actual outcomes of expenditure, because significant differences in these levels can raise questions and point to possible corruption. Uganda received a score of 100 in 2010, which was a very good performance on this assessment.

d) Although Uganda has made good progress on budgetary transparency, some of the recommendations needed for sustaining the trend are:
    - Uganda should improve the comprehensiveness of the in-year reports, mid-year reviews and the end-year reports;
    - Reports on legislative hearings on the budget should be easily made available to the public; and

- The legislature and the Office of the Auditor General should provide more comprehensive oversight not only when the budget is being approved but also during the budget execution period.

2.1.4 Access to information on audit and public participation

a) On the extent to which data on actual outcomes (as reflected in the year-end report) have been audited, Uganda has performed dismally with a consistent score of 0 since 2006. The assessment determines how well Uganda is auditing programme and project outcomes that are described in year-end reports. The low score is likely to be the result of the OAG concentrating on auditing projects and programmes that are outside of those mentioned in year-end reports. The year-end reports are produced by the executive and their effectiveness in terms of budget transparency has been assessed as poor until this year when OBI gave a score of 100 from a dismal 33 in 2010 (see last section on budget transparency). This suggests that since the executive has begun to take year-end reports seriously, the OAG will follow suit and audit outcomes mentioned in year-end reports.
b) On the percentage of annual expenditure that has been audited and reports released to the public, Uganda has persistently scored an average rating of 67.
c) However, on the extent to which the supreme audit institution releases to the public audits of extra budgetary funds, Uganda has received a constant poor score rating of 33 since 2008. This is an area where the OAG needs to do more.

2.1.5 Procurement Performance

From PPDA data:

a) The number of sampled contracts subject to open competition by (number) has been declining from 4.1% in 2009/10 to 3.2% in 2010/11 and recently to 2.4 % in 2011/12.
b) The percentage of contracts with complete procurement records increased from 16% in 2009/10 to 26.7% in 2010/11 only to fall back to 18.0% in 2011/12.
c) The percentage of contracts that are completed on time has been on the decline from 57% in 2009/10 to 47.9% in 2010/11 and to 29.4% in 2011/12.
d) The percentage of contracts that are implemented within the original cost declined from 50.5% in 2009/10 to 47.0% in 2010/11 and receded to 0.7% in 2011/12.
e) The percentage of audited contracts that are classified high risk has declined from 43.3% in 2009/10 and 2010/11 to 24.8% in 2011/12.

The results on procurement show that Uganda is facing severe problems of project implementation. A large proportion of projects are not completed on time, many exceed their original cost and nearly 25 percent in 2012 were classified as high risk. These problems may not all be corruption-related but many tend to result from acts of corruption such as project owners insisting on payment from a contractor before work begins. When this happens, the contractor has to do work of poor quality or he has to ask for a revision of the cost.

2.1.6 Political Financing

a) The score for the effectiveness of the regulations governing the political financing of parties has consistently been weak over the years with a 2009 score of 13 and a 2011 score of 17.
b) The effectiveness of the regulations governing the political financing of individual candidates has consistently been very weak with a zero score in 2009 and 20111.
c) On the extent to which citizens can access records related to the financing of political parties, and those of individual candidates, Uganda's score has consistently been zero
d) The effectiveness of regulations governing conflicts of interest by the executive branch has deteriorated from a moderate rating (score of 72) in 2009 to a weak rating in 2011 (score of 59).
e) The effectiveness of regulations governing conflict of interest by the national level judiciary declined from a weak rating (score of 68) to a very weak rating in 2011 (score of 50).

Uganda has performed very poorly on regulating political financing. The DTM Report of 2011 recommended that the law related to political financing disclosure be strengthened. Other areas that deserve more attention in fighting corruption are regulations that govern conflict of interest by the executive branch of government and the judiciary.

2.1.7 Media and Journalism

a) Government or media owners do not encourage self-censorship of corruption stories - Uganda's score improved from 50 in 2009 to a moderate score of 75 in 2011.
b) The extent to which there is prior government restraint (pre-publication censoring) on publishing corruption-related stories-Uganda has maintained a moderate score of 75 since 2009.

In general, Uganda has maintained a free press when it comes to publishing stories related to corruption.

2.1.8 Bribery

According to Afrobarometer ratings:

a) The percentage of respondents who had to pay a bribe, give a gift, or do a favor to government officials to get water or sanitation services dropped from 23% in 2008 to 16% in 2012.
b) Percentage of respondents who had to pay a bribe, give a gift, or do a favour to government officials to get a document or a permit dropped from 24% in 2008 to 19% in 2012.
c) Percentage of respondents who had to pay a bribe, give a gift, or do a favour to government officials to avoid a problem with the police dropped from 24% in 2008 to 22% in 2012.

The above percentages remained high between 2008 and 2012 indicating that bribery is getting entrenched in Uganda society.

2.1.9 Anti- Corruption Enforcement

a) The percentage of corruption cases that required more than 12 months to be resolved at the Anti-Corruption Court has been on the rise since 2009, having increased from 5.0% in 2010 to 8.5% in 2011; this can be attributed to the increase in the number of cases handled by the court.

b) Approximately 1 in 3 cases resulted into a conviction at the Anti-Corruption Court in 2011.
c) On administrative cases, the percentage of cases handled in 2011 that resulted into dismissals were 34.6%, 50%, 70% and 28.5% at the Public Service Commission, Education Service Commission, District Service Commissions and at the Health Service Commission, respectively.

2.1.10 World Governance Indicators

The World Governance Indicators showed that Uganda did not significantly change its rankings in the fight against corruption between 2006 and 2011. Specifically,

a) On Voice and Accountability, Uganda ranks in the 30th percentile implying that 30 percent of the countries were worse off than Uganda while 70% were better.
b) Regarding government effectiveness, Uganda ranks in the 37th percentile in 2012 compared to last year's ranking of 34.
c) On control of corruption, Uganda remained in the 20th percentile position and this ranking has not changed since 2002.

2.1.11 Free Speech-Media sustainability index

The indicator for free speech in Uganda rose from 2.26 in 2009 to 2.27 in 2010. A rating between 2 and 3 implies that Uganda has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. However more time may be needed to ensure that the change is robust and enduring.

2.1.12 Mo Ibrahim Index of African Governance

The 2011 Mo Ibrahim Index reflects at best a constant rating with declines recorded under prosecution of public officers and transparency and corruption in rural areas. Scores of other indicators are summarized below;

a) On transparency and corruption in the public sector- the Mo Ibrahim index remained at 46.4 in 2010 and 2011
b) Accountability of public officials - Uganda's index on this indicator has remained constant at 33 in 2008/9, 2010 and 2011
c) Corruption in government and public officials - the index remained constant at 40 in 2008/9, 2010 and 2011.
d) Prosecution of public officers - The index on prosecution for abuse of office declined from 71.4 in 2010 to 57.1 in 2011.
e) On Corruption and bureaucracy the index remained constant at 28.6 during 2008/09, 2010 and 2011.
f) Transparency and corruption in rural areas - Uganda's index moved upwards from 66.8 in 2000/1 to 72.6 in 208/9 only to experience a decline to 66.6 in 2010 and subsequently to 60.5 in 2011.

CHAPTER 3: IGG'S ASSESSMENT OF RECENT DEVELOPMENTS IN ANTI-CORRUPTION EFFORTS IN UGANDA

Corruption causes distortions of great magnitude in the Ugandan economy. It hinders development because public resources end up benefiting individuals rather than communities. Misappropriation of public funds undermines good governance and social economic development and compromises the quality of work thus increasing the cost of service delivery.

The IG Report (January-June 2012[4]) notes that corruption in Uganda as observed in complaints to the Inspectorate is still rampant. Within the public service the vice that was most complained about was abuse of office and it stood at 15% of all complaints received. Embezzlement of public funds ranked third representing 5.2% of complaints made. Corruption, which is understood to include various offences described by the Anti-Corruption Act,[5] stood at only 5.2% of complaints received by the IG. These statistics do not say much about the trends of corruption in Uganda, but given the hue and cry from the general public, the prevalence of corruption is perceived to be on the increase.

There are concerns that the area of procurement is most vulnerable to abuse by public officers. An Integrity Survey carried out by the Public Procurement and Disposal of Assets Authority[6] found that 69.8% of service providers surveyed agreed that corruption influenced procurement. Acknowledgement of the presence of corruption was assented to by up to 81.1% of the service providers. Local government was viewed by most of the service providers as having more prevalent cases of corruption (68.6%) compared to central government. These findings hold true from observations made by the IG in the implementation of its mandate.

This trend in the incidence of corruption in Uganda is worrying especially because the bulk of resources expended by government go into procurement of goods and services for the public good. Government spending on procurement in Uganda is estimated to be 55% of the National Budget. This is equivalent to UGX 6,000 billion or US$ 2.4 billion of this financial year's budget. An integrity survey carried out in 2006 found that up to 9.4% of total contract values were identified as being paid by way of corrupt payments in procurements both at the local and central government levels. That would amount to about UGX 56.4 billion, an enormous amount of resources to lose to corruption.

What is most alarming it that corruption in the public sector, which is mostly through procurement malpractice has been taken to a highly sophisticated level. Public officers have been found to abuse the computerized system of payments to defraud government and causing loss of large amounts of funds meant for the delivery of services and infrastructure. The Integrated Financial Management System is now perceived

[4] In press
[5] S. 2 Anti-Corruption Act
[6] The 2nd Procurement Integrity Survey, PPDA, 2010

as an instrument that has failed to protect public funds from the schemes of public officers who know the loopholes in it all too well.[7]

Unfortunately, given that the use of Information Technology in this area is relatively new in most government ministries, departments and agencies, this type of fraud is sophisticated and it takes a long time to detect it. As a result huge financial losses can be and have been sustained. It now behooves the Ministry of finance and Economic Development to put measures in place that will ensure that the system is not abused by errant pubic officers.

It is also the trend that embezzled public funds are invested in real property. This is an area that is not well regulated because land registration continues to be a challenge with many of the complaints at the Inspectorate relating to frauds that have been perpetrated because of an inefficient land registration system. Procedures for registration are still complicated and the access to records is slow because certificates of title are still issued and kept manually. Tracing of the movement of property from one person to another is therefore still a big challenge.

It also appears to be the trend that public officers who have been implicated in corruption involving the loss of huge amounts of money tend to leave no trace because they register property in names other than their own. This area of public administration needs to be strengthened in order to make corruption an unprofitable venture. The tracking and seizing of the proceeds of corruption will ensure that this is achieved but that also requires strengthening of the law to enable seizure of such proceeds. The provisions now present in Part IV of the Anti-Corruption Act limit the scope of assets that can be seized.

The reporting of officers suspected of engaging in corrupt practices also still leaves a lot to be desired. It is the trend that members of the public do not come out to report suspicious economic activities by public officers, such as investments in large tracts of land and multistoried buildings, until the officers are apprehended by anti-corruption agencies. And when complaints are made they are made in a multiplicity of forums. This sometimes causes delay in investigations and redress because it is thought to be good practice for only one office to be engaged in the processing of a particular complaint.

There is need for coordinated efforts by both the public and the anti-corruption agencies to address the problem of “forum shopping”. This has sometimes resulted in parallel investigations which are a waste of scarce resources that could have been expended on other cases.

Success in the fight against corruption requires cooperation and collaboration between all stakeholders including government institutions, civil society, the media and every Ugandan. Public officers should be ethical and professional. They should be responsible for their actions and avoid engaging in acts that may lead them into corrupt tendencies. Members of the public need to report cases of corruption to the relevant authorities. There is need to deprive the corrupt from benefitting or enjoying the proceeds of corruption.

[7] According to the Special Report of the Auditor General on financial Impropriety in the Office of the Prime Minister there is a major weakness in running EFT files on the BBS before receiving confirmatory e-mails from Treasury so that fraudulent transfers can be undertaken through EFT files.

CHAPTER 4: METHODOLOGY

This is the third Annual Report on corruption trends in Uganda using the Data Tracking Mechanism (DTM). The first report was launched on 15 November 2010 and the second one on 15 November 2011. Over the course of these three years, the EPRC has served in the role of "DTM Manager," responsible for collecting and analyzing the data for each of the indicators included in the Mechanism.

In all these studies corruption was defined as "abuse of office for private gain." Corruption manifests itself as bribery, financial leakages, conflict of interest, embezzlement, false accounting, fraud, influence peddling, nepotism, theft of public funds, or theft of public assets.

4.1 The Data Tracking Mechanism

The DTM was launched in 2009 to address a growing concern about the lack of credible tools and methods to track corruption. The initiative aimed to develop a tool, the DTM, to monitor corruption trends in Uganda on an annual basis. The 2010 study provided a baseline for tracking progress over time and comprised 71 DTM indicators which are used to track corruption and anti-corruption effort.

4.2 Data Collection

The initial choice of the 71 indicators was agreed to in a workshop on 7 April 2010 in Kampala. The basis for the choice of indicators is that they should be used for generating credible information about the state of corruption and anti-corruption efforts. The DTM should monitor reforms and illuminate weaknesses in public functions which allow corruption to persist. The criteria for the choice of indicators are described in the 2010 DTM Report[8].

The EPRC in the capacity of the DTM Manager collected and analyzed data associated with the indicators for the first, second and now the third report. Some of the data was from local sources including the Uganda Bureau of Statistics, the Office of the Auditor General, the IG, the Budget Monitoring and Accountability Unit, the Procurement Performance Measurement System, the Uganda Police Force, DPP, the Anti-Corruption Court and selected district service commissions. The other data was sourced from international organizations including Global Integrity, the Open Budget Initiative, and Transparency International. However, during the preparation of the third report, gaps in the data were manifested as a result of sources that do not collect data annually, such as the National Integrity Survey and the National Service Delivery Survey, whose surveys are performed every four years. On the other hand, starting in 2011, the Uganda National Panel Survey presented the DTM with the opportunity of obtaining annual data in the area of absenteeism and drug stock outs which should enable the DTM to track trends consistently for the next five years.

[8] Inspectorate of Government (2010) "First Annual Report on Corruption Trends in Uganda: Using the Data Tracking Mechanism", Kampala, Uganda.

4.3 Use of Current and New Data

Some of the international and regional indicators utilized by the DTM are associated with data collections which are conducted every 2 or more years. This lack of *annual* data collection limits the ability of the DTM to provide annual updates of anti-corruption progress across all DTM indicators. While the DTM is trying to improve the frequency of collection, and expand the number of quality data sources, it is forced to accept the limitations of data available for this project.

Due to the variation of frequency associated with the collection of data for DTM indicators, this report focuses on *current* and *new data* – that which has been reported and become available over the last year. In situations where new data was not available for a given indicator, that indicator and related previous data were not included in this report. This is most apparent in the areas of the National Service Delivery Survey and the National Integrity Survey, neither of which has been undertaken since the first annual report. In this report, the bribery indicators from Transparency International were replaced by the East African Bribery Index since Transparency International has not updated its data since the first DTM report. The Open Budget Initiative data used at the time of writing this report is still in preliminary form and was sourced from the OBI Uganda partner (Uganda Debt Network).

4.4 Data Quality

A significant effort has been made to secure high quality data for this report; however, in certain areas, the data collected for the Third Annual Report on Corruption varied in quality. While the international data and the data from some local sources (like the office of the auditor General and PPDA) are of high quality - reflected in the consistency, accuracy, and frequency, the data collected from some of the Ugandan Anti-Corruption Agencies still evidences problems of inconsistency and inaccuracy. Poor data quality among some Anti-Corruption Agencies is explained by weak internal standards and processes related to data collection and management at these agencies.

While the DTM Technical Support Committee (comprised of members selected from the IG and the EPRC) has undertaken an initiative to work collaboratively with the Anti-Corruption Agencies to obtain standardized, high quality data by developing a template to support a standardized data reporting process with the aim of improving our understanding of anti-corruption efforts government-wide, the tool has often been ignored by a few of the Anti-Corruption Agencies due to the specific way in which they format their data. We recognize that this improvement will be a process and will require time to make a notable difference in data quality. We also recognize that internal process re-engineering will be a critical complement for accomplishing this goal. Indeed, improving government anti-corruption data remains an important objective of the DTM project, and its success will be a significant contribution to the fight against corruption. This success will be dependent, in part, on a steady transition from development partner support to sustained ownership of the process by the Government of Uganda, including financing of the DTM, a commitment to steadily improving data quality, and a commitment to building the capacity of all actors involved in the DTM.

CHAPTER 5: LEGISLATIVE FRAMEWORK FOR ANTI-CORRUPTION IN UGANDA

The core of Uganda's legal framework against corruption is composed of the following legislation: the Constitution of Uganda 1995, the Inspectorate of Government Act 2002, the Leadership Code Act 2002 (LCA), the Public Finance and Accountability Act 2003 (PFAA), the Public Procurement and Disposal of Public Assets Act 2003, National Audit Act 2008, the Anti-Corruption Act 2009 and the Whistleblowers Protection Act 2010. Article 17 (i) of the Constitution makes it the duty of every citizen of Uganda to combat corruption and the misuse or wastage of public funds.

The Government of Uganda has set up institutions to fight corruption and they include: the Inspectorate of Government, Directorate of Public Prosecutions, Office of the Auditor General, Criminal Intelligence and Investigation Directorate of the Uganda Police, Public Procurement and Disposal of Public Assets Authority, Directorate of Ethics and Integrity and Public Accounts Committee of Parliament.

In July 2009, the Anti-Corruption Act was enacted to provide for the effectual prevention of corruption in both the public and private sectors, to repeal and replace the Prevention of Corruption Act, to consequentially amend the Penal Code Act and to provide for other related matters. According to the Anti-Corruption Act, persons found guilty of corruption-related offences may face up to 10 years in prison and various levels of fines are provided for different offenses in the Act to be levied in addition to or instead of imprisonment. The Anti–Corruption Division of the High Court was established as a special division to try corruption cases expeditiously. This initiative has hastened the conclusion of corruption cases and has dramatically improved the completion and conviction rates for corruption-related cases.

The Leadership Code Act 2002 provides for a minimum standard of behavior and conduct for leaders; it requires all specified leaders to declare their incomes, assets and liabilities to the Inspector General of Government. The Code prohibits conduct that is likely to compromise the honesty, impartiality and integrity of leaders and which leads to corruption in public affairs. The Code imposes penalties on leaders who breach the Code. The absence of the Leadership Code Tribunal has undermined the enforcement of the Leadership Code Act. This is because the IG cannot implement decisions against leaders who are found in breach of the Leadership Code Act in the absence of the Tribunal. The IG has therefore resorted to enforcing the Anti-Corruption Act to hold leaders accountable for breaches of the Code.

The Code of Conduct and Ethics for Uganda Public Service 2008 was published by the Ministry of Public Service. The Code lists the standards of behavior for public officers. Under the Code, bribery is defined as any gratification with a value equal to UGX20,000 or above that is given to a public officer by anyone with the intention to influence any current or future decisions in favor of that person, or which involves conflict of interest.

The Whistleblowers Protection Act was passed in March 2010 to provide for the procedures by which individuals in both the private and public sector may in the public interest disclose information that relate to irregular, illegal or corrupt practices and to provide for the protection against victimization of persons who make disclosures and provide for related matters. Another important piece of anti-corruption legislation, the Anti-Money Laundering Bill remains pending debate in Parliament. Once the law is enacted it will harmonize the Ugandan law with the laws of Kenya, Tanzania, Burundi and Rwanda, which are the five countries making up the East African Community.

The Government of Uganda adopted the National Anti-Corruption Strategy (NACS) 2009-2013, which was designed to make a significant impact on building the quality of accountability and reducing the levels of corruption in the country. It focuses on people, systems, and organizations and on building a culture where integrity is valued and corruption is rejected. It seeks to support national development that will for the future be able to sustain a better quality of life for people; a strong competitive economy, and an effective and efficient public service. The government has declared a policy of zero tolerance towards corruption and several other anti-corruption strategy policy documents.

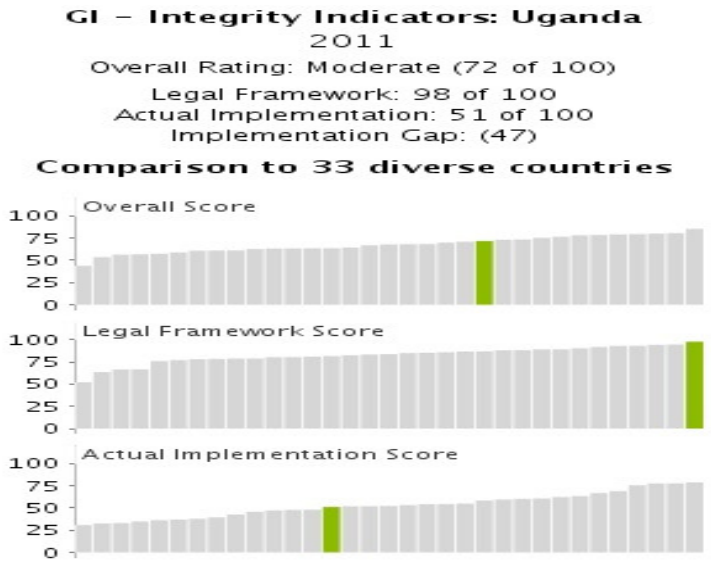
Uganda signed and ratified two anti-corruption conventions, namely; the United Nations Convention against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption (AUCPCC). Uganda signed both the UNCAC and AUCPCC on 12th December 2003. It ratified the UNCAC on 9th September 2004 and the AU Convention on 29th October 2004.

For the IG to fully fulfill its mandate it is recommended that the Leadership Code (Amendment) Bill be approved by Cabinet and passed by Parliament. This will enable the establishment of the Leadership Tribunal for efficient enforcement of the Code.

5.1 The Implementation Gap

Despite the country's impressive list of legislation against corruption, Uganda's efforts to fight corruption have remained very weak. In 2007, Global Integrity introduced a metric called the 'implementation gap' to capture the gap between a country's anti-corruption laws "on the books" and the actual enforcement of those same laws. Uganda's implementation gap of 47 is one of the largest implementation gaps among countries that were covered in the Global Integrity Report 2011 (see the figure below). A key finding from this report indicates that aid dependent countries "are often times adept at engineering laws and institutions to meet foreign donor requirements despite their failure to deliver for ordinary citizens." This appears to be true for Uganda.

Figure 1: Uganda's Implementation gap



Source: Global Integrity, 2011

Uganda has shown some improvement in trying to close the implementation gap. Uganda's current implementation gap of 47 is the lowest since 2008 and is the same as the 2007 score. A seven point reduction in the implementation gap from 54 in 2009 to 47 in 2011 is an indication that Uganda is starting to 'walk the talk' as far as implementation of laws is concerned. Some of the reasons for the improvement are given in Chapter 11.

CHAPTER 6: INDICATORS ON DIFFERENT THEMES OF GOVERNANCE

This section reviews data associated with key thematic areas in governance. It focuses on political financing for elections, and the media. This type of governance is typified by its political character, either through its relationship with elections, or through the means by which politicians and the government are held accountable by the public, civil society, and the press. A lack of transparency in political financing of elections, combined with a suppression of access to information and the rights of the media can offer warning signs about potential areas where corruption may flourish.

Other areas of governance that focus on public sector management (i.e. budgeting, auditing and procurement), service sectors (i.e. education, health, the police), and formal oversight institutions (formal anti-corruption efforts and statistics from the IG, corruption cases investigated by the police, etc.), are addressed in subsequent chapters. The analysis below is based upon data collected by Global Integrity.

6.1 Political Financing

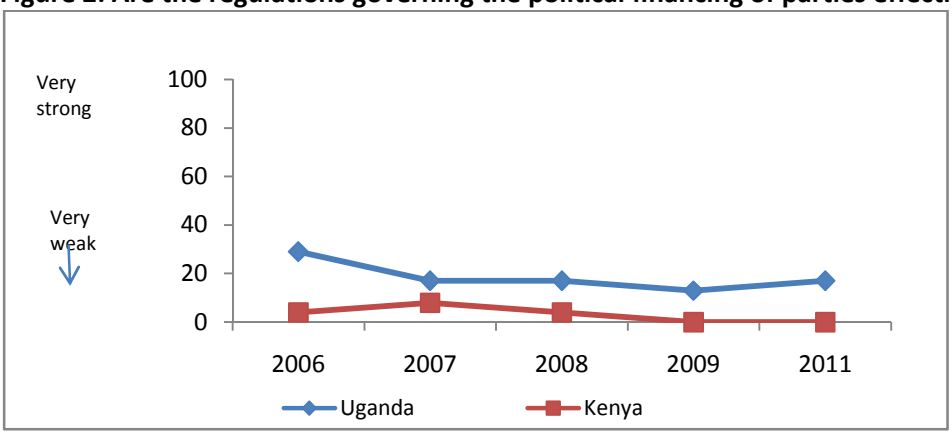
Political financing and conflict of interest can influence the administration of public monies. Poor regulations and practices in these areas can result in abuse of public office for private gain.

Global Integrity includes a number of indicators related to the financing of political parties and campaigns, as well as conflict of interest policies and practices. The 2011 Global Integrity data demonstrated that political financing in Uganda is still marked by inadequate regulation and low levels of transparency. While Uganda has been commended for having regulations in many aspects, the area of political financing is an exception. Uganda's performance on the effectiveness of the regulations governing political financing of political parties and individual candidates has consistently been very weak since 2006. The indicators below assess the performance of Uganda as it relates to these important aspects of public accountability.

6.1.1 Regulations on political financing of parties and individual candidates

There are a number of indicators suggesting that the regulations around financing of political parties and individuals are very weak. One of them is the Global Integrity indicator assessing "the effectiveness of the regulations governing the political financing of parties". This assessment reviews the actual limits on: (i) individual and corporate donations to political parties, (ii) total party expenditures, (iii) the willingness of an agency which monitors the financing of political parties to independently initiate investigations and to impose penalties on offenders and, (iv) the audit of political parties. The assessment reflects a very weak rating for Uganda.

Figure 2: Are the regulations governing the political financing of parties effective?



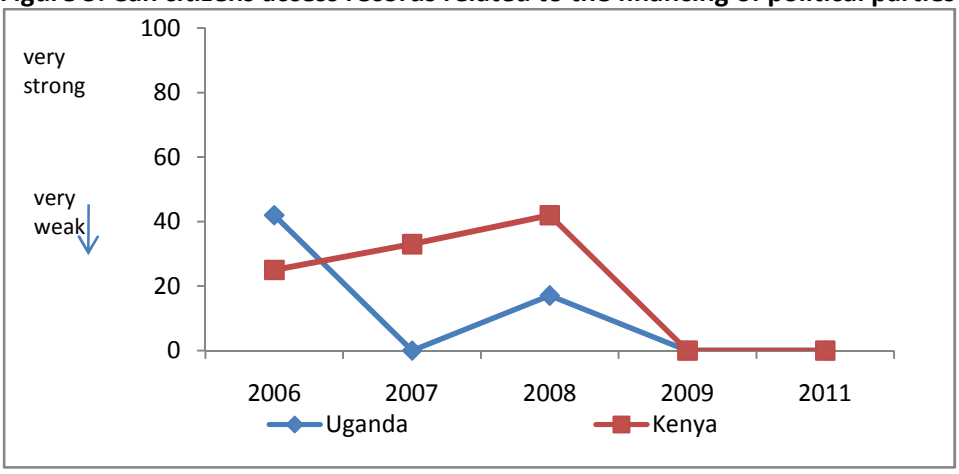
Source: Global Integrity 2006-2011

A similar assessment is conducted evaluating the "effectiveness of the regulations governing the political financing of individual candidates". The performance for Uganda reflects a consistent downward trend, with the rating for 2009 and 2011 being the lowest possible at zero. In practice, the finances of individual candidates' campaigns are never audited, issues of existing limits are routinely bypassed or willfully ignored, and most of the individual contributions to a particular political candidate are made outside of the formal limitation system; there is generally no enforcement of sanctions for violations. In fact, the most common complaint is from opposition parties which worry that the ruling party uses government funds to finance its individual and party campaigns, a claim the ruling party refutes.

6.1.2 Access to records on financing of political parties and individual candidates

Another Global Integrity Indicator evaluates "the extent to which citizens can access records related to the financing of political parties". This indicator reviews the extent to which (i) political parties disclose data relating to financial support and expenditures within a reasonable time period, (ii) citizens can access the financial records of political parties within a reasonable time period, and (iii) citizens can access the financial records of political parties at a reasonable cost. In this area, Uganda's performance has been more volatile, yet all within the rating category of "very weak." Since 2009, Uganda has been scoring the lowest possible rating in this area. While laws on disclosure of donations for political parties and individuals exist (Political parties Act 2005, section 9, and Presidential elections Act, section 22(6)), enforcement has been generally weak and has therefore allowed political parties and individual candidates to rarely disclose or publish data on their financial support and expenditure.

Figure 3: Can citizens access records related to the financing of political parties?



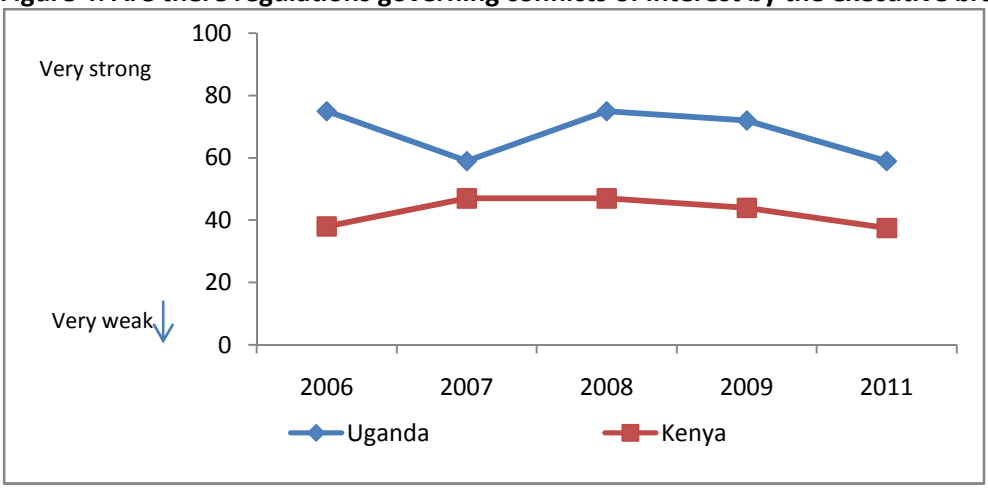
Source: Global Integrity 2006-2011

Uganda has a rather strong legislative framework around fighting corruption as can be seen in Chapter 5. However, political financing of parties and individual candidates in Uganda seems to be an area where regulations are still weak and where there is room for improvement. This leaves room for politicians that have access to public resources to employ them during the elections and public officers that have access to such resources prior to participating in political activities to engage in corrupt practices before they leave office in order to secure funding for political campaigns for elections. The likelihood of public officers engaging in corrupt practices in order to secure funds for a favoured candidate is also possible within this framework.

6.1.3 Regulations covering conflict of interest

Global Integrity assesses the effectiveness of regulations governing conflict of interest by the executive branch. This assessment includes a determination as to whether (i) the regulations restricting post-government private sector employment for heads of state and government and ministers are effective, (ii) the regulations governing gifts and hospitality offered to members of the executive branch are effective, and (iii) the executive branch asset disclosures (defined here as ministers and above) are audited. Uganda has fluctuated between a “moderate” and “weak” rating, and in 2011 had a “weak” rating in this area.

Figure 4: Are there regulations governing conflicts of interest by the executive branch?

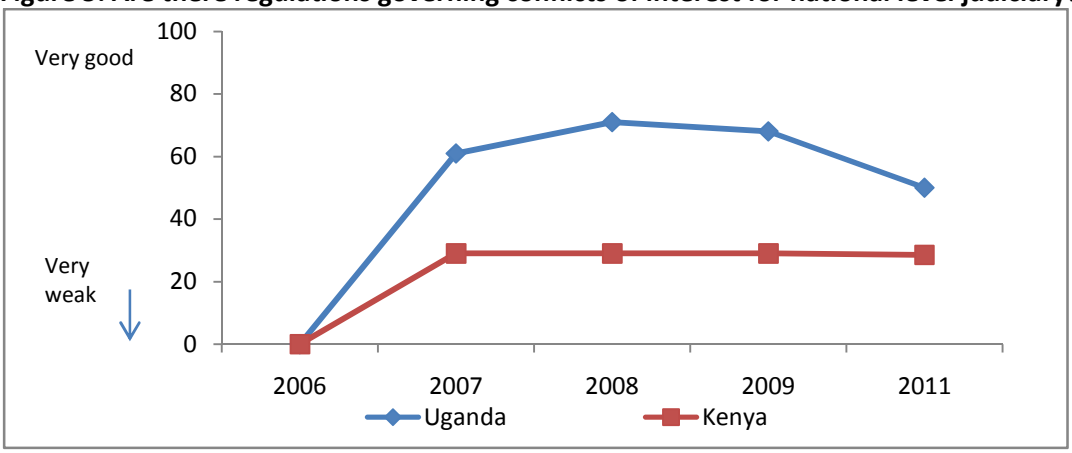


Source: Global Integrity 2006-2011

While Uganda scored highly on the legal framework, its performance on implementation of the laws was generally weak. This is consistent with much of Uganda's legal framework which, generally, is solid. This indicates that there is legal space for action but that there is a significant lack of will to pursue actual enforcement of the law. For example, although the law (The Leadership Code Act 2002) requires members of the executive to disclose their assets, these are rarely audited (and often are only done when a complaint has been filed against a leader). In its July-December 2012 report to Parliament, the IG cited numerous obstacles to enforcement, including the complexity of verification, poor or no record keeping by leaders, non–registration of assets upon transfer to new owners, and failure to update registries in the different government departments. While some obstacles are technical and require further capacity within the auditing body, others represent systematic deficiencies in government agencies (such as those responsible for maintaining up-to-date registries).

Lastly, Global Integrity assesses the effectiveness of regulations governing conflict of interest for the national-level judiciary. Similar to the rating above, Uganda's performance has been on a downward trend since 2008, having moved from a moderate performance in 2008 to a 'weak' rating in 2009 and 'very weak' rating in 2011.

Figure 5: Are there regulations governing conflicts of interest for national level judiciary?



Global Integrity 2006-2011

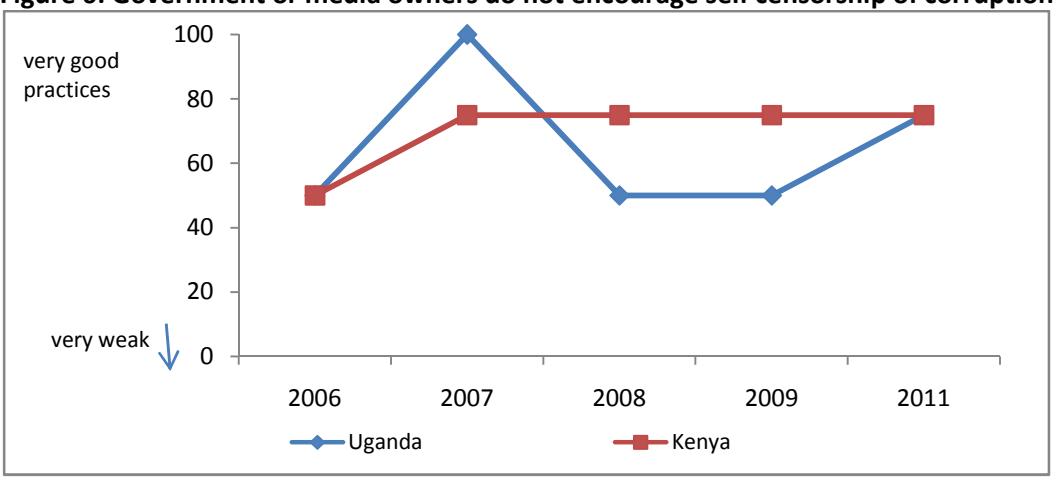
Insufficient regulations governing conflict of interest in the executive and national level judiciary create room for corrupt tendencies to thrive. A decline in the score for these two indicators is a red flag that calls for government action in this area.

6.2 Media and Journalism

6.2.1 Censorship of Corruption-related journalism

Censorship on corruption-related journalism or harassment of journalist can be seen as suppression of access to information and free media. If the media and journalist are not free to report on issues of corruption, a free debate on the issue of corruption is restrained and information related to corruption is not available to the public. In this way the media is hindered in its key role of holding the Government and decision makers accountable. Global Integrity assesses two elements to determine if media are able to report on corruption. The first one looks at "whether the government or media owners/distribution groups encourage self-censorship of corruption-related stories." Uganda's score of 75 can be interpreted to mean that there is some degree of self-censorship by government and media owners. Global Integrity found that Uganda's rating in this area has fluctuated over time. While it was very strong in 2007 (less self censorship), it dropped substantially to merit a "very weak" rating in both 2008 and 2009, but recorded a moderate rating recently in 2011.

Figure 6: Government or media owners do not encourage self censorship of corruption stories



Source: Global Integrity 2006-2011

The second element in this area assessed by Global Integrity is "the extent to which there is prior government restraint (pre-publication censoring) on publishing corruption-related stories". Similar to the factor above, Uganda's rating has fluctuated over the last few years, dropping to its lowest of "very weak" in 2008 and has stabilized at a moderate score of 75 since 2009. Generally, in practice, there is no prior government restraint (pre-publication censoring) on publishing corruption-related stories in Uganda.

6.2.2 Safety of Journalists Investigating Corruption

Global Integrity also assesses "the extent to which reporters are safe when investigating and reporting on corruption". In evaluating whether journalists investigating corruption were imprisoned during the previous year, Global Integrity found a poor record for Uganda, noting that imprisonments took place in 2006-2009 save for 2011 where no imprisonments were registered.

Table 1: Imprisonment of Journalists Investigating Corruption in the Past Year[9]

Country	2006	2007	2008	2009	2010	2011
Uganda		✓	✓	✓		
Kenya	✓			✓		
Tanzania					✓	
Rwanda						
Burundi						

Source: Global Integrity 2006-2011

[9] Please note: Gray box indicates no data available.

The second indicator reviewed by Global Integrity in this section relates to "the extent to which journalists investigating and reporting on corruption are physically harmed." Uganda's performance looks substantially stronger in this area, reflecting no physical harm to journalists during the six assessment years.

Table 2: Physical harm to journalists investigating corruption in the past year

Country	2006	2007	2008	2009	2010	2011
Uganda						
Kenya	✓	✓		✓		
Tanzania					✓	
Rwanda						
Burundi						

Source: Global Integrity 2006-2011

The final indicator relates to "the killing of journalists who are investigating and reporting on corruption". Uganda's record in this regard is consistently good.

The indicators related to the safety of journalists investigating corruption cases vary from weak performance to moderate. However, there is still room for improvements in order to keep an upward trend in this area. One of the factors affecting the area is the issue of self-censorship, as the Government has improved on the area of harassment of journalists.

The media both print and broadcast, are good avenues for reaching the general public on issues of constitutionalism, exposing corruption and providing information on the crusade against corruption. An improvement in this area is a welcome development as the majority of people are likely to be educated about corrupt tendencies and possible ways to curb them thereby encouraging their involvement.

CHAPTER 7: INDICATORS ON FUNCTIONAL AREAS OF GOVERNMENT

This chapter focuses on the budgeting, auditing, and procurement functions of government; the fiscal foundation of all government activities. Although corruption can infiltrate countless areas of government, the control of finances is one of the most critical issues for any government intent on curbing the practice and impact of corruption. Placing careful controls in the various processes of government that deal with the allocation and flow of money is a very important element in the fight against corruption, while a lack of controls can leave vast amounts of money vulnerable to misuse.

Indeed, good performance in these functional areas limits the opportunities for corruption, while poor performance creates large gaps for corruption to take hold and persist. Some of the most important functions affecting corruption relate to financial management activities. For example, auditing can identify activities, programs, and institutions which are not properly accounting for funds. Lateness of payments on government debts can also be detected through auditing. Proper budgeting and procurement, as well as Parliamentary scrutiny of audit reports, also play an important role in ensuring that public funds are spent and managed appropriately.

The section below looks at performance trends related to four functional areas in the Government of Uganda – auditing, budgeting, Parliamentary oversight of audits, and procurement. Data related to performance associated with these processes was collected from the Government of Uganda, the Open Budget Initiative, as well as from Public Expenditures and Financial Accountability ("PEFA") assessments.

7.1 Budget transparency

Increasing access to information can help prevent and detect corruption since a knowledgeable and informed citizenry decreases opportunities for the misuse of funds. If the public has accurate and timely information on the budget and how public funds have been spent, they will be in a better position to hold their leaders and public servants to account. The Open Budget Initiative evaluates the quantity and type of information available to the public in a country's budget documents[10]. In addition, it assesses opportunities for public participation in the budget process and the ability of key oversight institutions of government to hold the executive accountable. The quality of available budget information and citizen involvement in the budget process impact the ability of citizens to hold government accountable for its management of the public's money. Indeed, the DTM includes four budget-related indicators from the Open Budget Initiative which relate to prevention and detection of corruption in Uganda[11].

[10] There has been some criticism of the OBI data source for being too supply driven and not linked enough with corruption. This aspect, together with similar ones, on data sources will be the subject of a thorough review by EPRC in 2013.

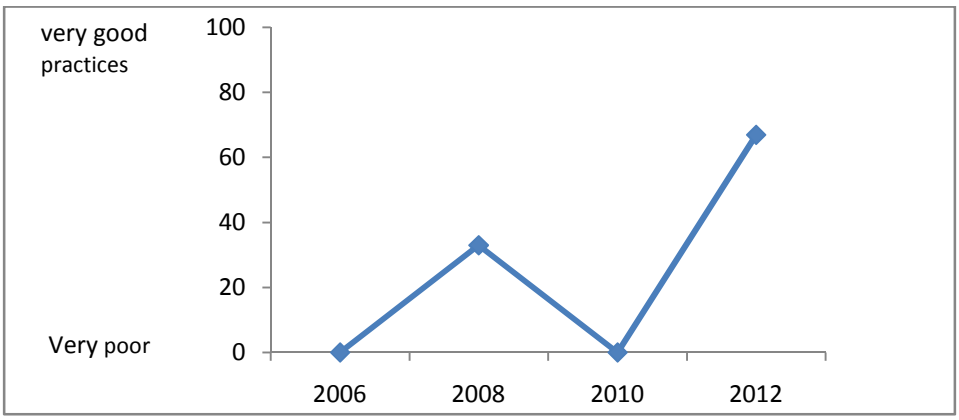
[11] Comparable data for Kenya, Tanzania, Burundi and Rwanda are not provided for 2012 as only preliminary scores for Uganda could be accessed.

(i) The first OBI indicator included in the DTM is: *Has the executive established practical and accessible mechanisms to identify the public's perspective on budget priorities*[12]?

The indicator in this area shows that Uganda's performance rating is poor[13]. While the executive has established some mechanisms to identify the public's perspective on budget priorities, these mechanisms are not effective or practical or are not practically accessible to majority of the public. Some of the mechanisms in Uganda include the Local budget conferences, national Budget consultative workshops, and Sector Working groups among others; however in most of these forums, limited representation spanning a particular section of the population such as civil society and opinion leaders is included. It should also, however, be noted that no law exists for the executive to engage with the public on setting budget priorities.

(ii) The second OBI indicator included in the DTM measures *"the extent to which in-year reports released to the public compare actual year-to-date revenue collections with either the original estimate for that period (based on the enacted budget) or the same period for the previous year"*. Examples of in year reports are monthly, quarterly and semiannual reports. The data indicates that in 2006 Uganda received a zero ("very poor") rating, improved in 2008 to 33 (weak), and receded again in 2010. However, in 2012 Uganda has improved in this aspect to deserve a good practices score.

Figure 7: Extent to which in-year reports are released to the public and provide relevant budgetary comparisons



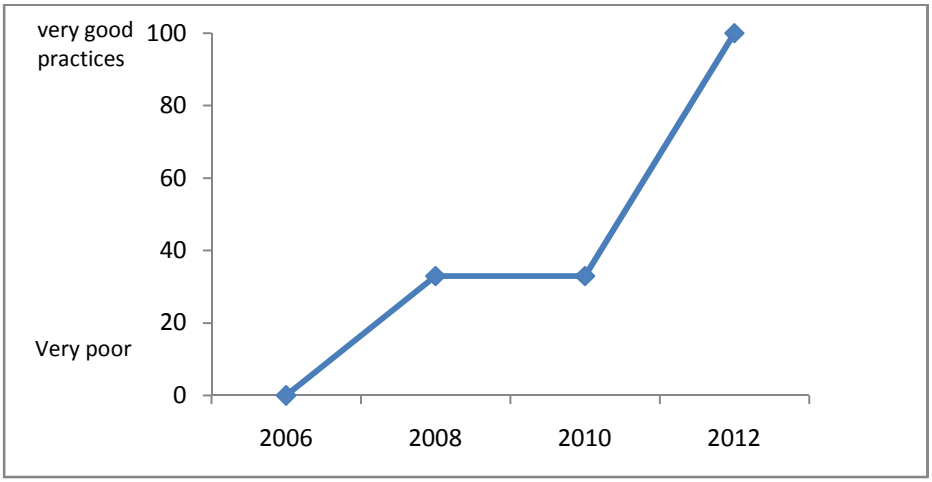
Open Budget Initiative 2006-2012

[12] For this indicator, there is no historical data as the indicator was changed by OBI

[13] The indicator has been modified in the 2012 questionnaire; a comparison (trend analysis) cannot be made to scores that originated from the old indicator. The old indicator stated: The extent to which the executive holds consultations with the public in determining its priorities

(iii) The third OBI indicator included in the DTM assesses *"the extent to which the year-end report explains the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures"*. This assessment addresses the importance of providing to the public an explanation of the difference between the enacted levels and actual outcomes for expenditures. Significant differences in these levels raise questions, and can signal corruption. The data on this indicator indicates that since 2006, Uganda has shown improvement from "very poor" in 2006 to "poor" practices in 2008 as well as in 2010 and recently to very good practices in 2012.

Figure 8: Extent to which the year-end report explains difference between enacted levels and expenditure outcomes



Source: Open Budget Initiative 2006-2012

(iv) The final indicator used in the DTM's public sector management section is similar to the previous one, but the focus is on revenues. This indicator assesses *"the extent to which the year-end report explains the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues"*. Similar to the indicator above, this assessment addresses the importance of providing to the public and the other branches of government an explanation of the difference between enacted levels and actual outcomes for revenues. Significant differences in these levels can be a sign of corruption. The data on this factor indicates that Uganda's performance in this area has improved since 2006, and currently merits a "very good practices" rating.

The overall state of budget transparency in Uganda has improved with a substantial level of budget information being provided in the different budget documents. However, Uganda should continue to improve the comprehensiveness of the In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report, release reports on the legislative hearings on the budget; and enable the legislature and SAI to provide more comprehensive oversight not only when the budget is being approved but also during the

budget preparation and execution periods. Experience shows that the quality of available budget information and citizen involvement in the budget process impact the ability of citizens to hold government accountable for its management of the public's money. A knowledgeable and informed citizenry decreases opportunities for misuse of funds and supports the detection of corruption. We thus urge CSOs and the general public to utilize the wealth of information that is provided in the different budget documents to hold the government accountable and subsequently improve governance, reduce corruption and curb poverty.

7.2 Audit

The Supreme Audit Institution (SAI), which in Uganda is the Office of the Auditor General, oversees the management of public finances. Traditionally, the role of the Supreme Audit Institution has been seen as promoting public sector transparency and accountability within a wider climate of good governance. Many commentators therefore assign the role of Supreme Audit Institutions in fighting corruption to be primarily an indirect one, centering on prevention and detection of corruption. However, it is important to note that some Supreme Audit Institutions have taken on a more active role in fighting corruption. Successful approaches include identifying and publicizing areas of corruption risk, working closely with other institutions as well as publicizing the recommendations of audit reports more widely. Below is a set of indicators assessing recent audit performance in Uganda.

As an independent external auditor of Government, the role of the Auditor General in Uganda is to provide an independent oversight of government operations through financial and other management audits. The objective of the audits conducted by the Auditor General is to:

- Determine whether public funds were spent efficiently, effectively, and in accordance with applicable laws
- Evaluate internal controls and help improve governance in Government and in public sector agencies
- Undertake investigations to assess whether illegal or improper activities were occurring
- Determine whether public sector agencies were in compliance with applicable laws and regulations, rules and procedures; and,
- Give assistance to Parliament and the Public Accounts Committee in support of their oversight and decision-making responsibilities.

7.2.1 Audit Opinions

Article 163 of the Constitution of the Republic of Uganda and Sections 13 and 19 of the National Audit Act, 2008 require the Auditor General to audit and express an opinion on the statements based on the audits. An audit involves performing audit procedures to obtain evidence about the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. The procedures selected depend on the Auditor's judgment including the assessment of risks of material misstatement of financial statements whether due to fraud or error. In making those

risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures. Furthermore, based on the findings, the Auditor General expresses his opinion on the effectiveness of the entity's internal control. Qualified, Disclaimer and Adverse opinions imply that there were misstatements in the entities' financial statements and could indicate financial mismanagement and possible red flags for corruption to thrive.
The section below gives an overview of Auditor Generals opinions on audits undertaken at the MDAs and Local governments in different years.

Definitions

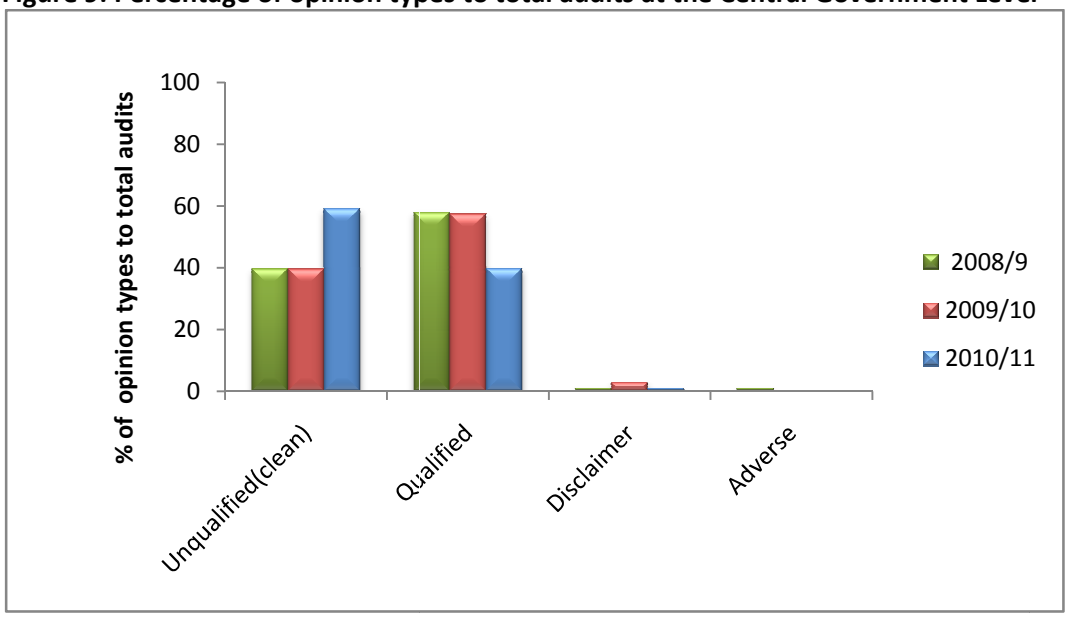
Disclaimer opinion means an opinion issued by the Auditor General whereby the financial statements contain material misstatements based on limitations on scope of the audit work to the extent that there is uncertainty on the fairness and truthfulness of the financial statements and therefore an audit opinion cannot be given because of the gravity of the uncertainty.

Qualified "except for" opinion refers to the audit opinion issued by the Auditor General whereby the material misstatements or errors are not pervasive and "except for" these misstatements or errors being adjusted for the rest of the financial statements fairly present in all material respects the financial position of the entity

Unqualified opinion refers to the audit opinion issued by the Auditor General whereby the financial statements contained no material misstatements or errors.

Adverse opinion means an opinion issued by the Auditor General whereby the financial statements contain material misstatements or errors and there is disagreement with management to the extent that it is concluded that the financial statements do not represent a fair presentation of the financial position of the entity as at the financial year end.

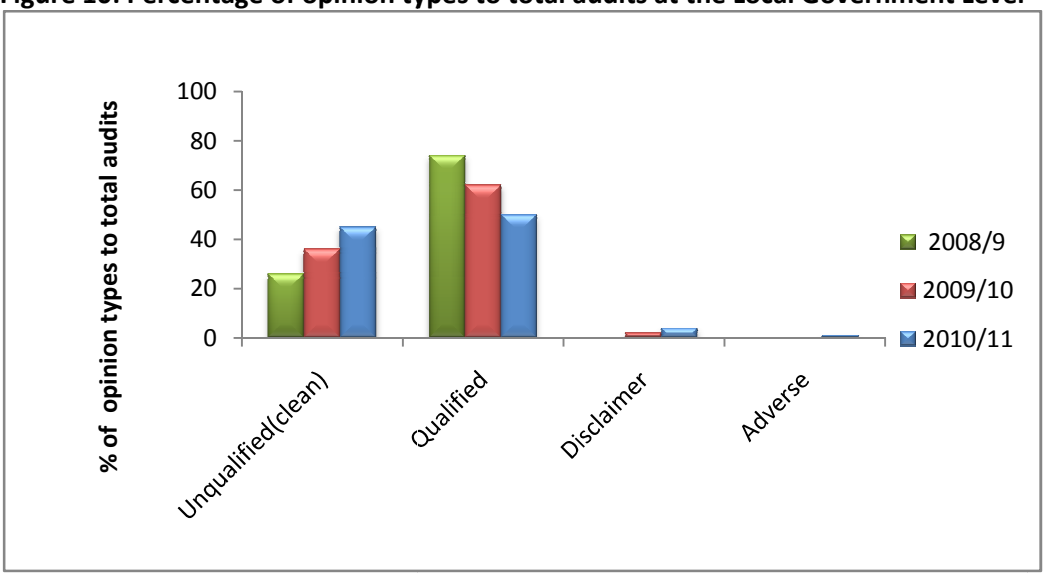
Figure 9: Percentage of opinion types to total audits at the Central Government Level



Source: Auditor General's Report, 2011

From Figure 9 above it is noted that unqualified opinions increased from 39.7% in 2008/2009 to 59.2% in 2010/2011 financial year, while qualified opinions decreased from 58.0% in 2008/2009 to 39.8% which a welcome development.

Figure 10: Percentage of opinion types to total audits at the Local Government Level



Source: Auditor General's Report, 2011

From Figure 10 above it is noted that unqualified opinions increased from 26% in 2008/2009 to 45% in 2010/2011 financial year, while qualified opinions decreased from 74% in 2008/2009 to 50% in 2010/2011.

7.2.2 Excess Expenditures, Outstanding Advances and Arrears

In 2010/11, the data related to excess expenditures, outstanding advances and arrears showed that excess expenditure and arrears continued to be a significant problem in the government having substantially risen in 2010/11. However, improvements were made regarding outstanding advances, and this is a welcome development.

The Auditor General conducted audits of Ministries, Departments and Agencies (MDAs) of Uganda and during these audits, the Auditor General collected and reported on governmental arrears, outstanding advances, and excess expenditures, as these are signs of financial management weaknesses. These types are defined as follows:

- Expenditures made in excess of those funds appropriated by Parliament are called excess expenditure
- Funds which remained unaccounted for without supporting justification are known as outstanding advances; and
- Unpaid and overdue debts of the government are called arrears.

This year's DTM report has adopted for presentation the above indicators as percentages of the approved budget for the specific financial years.

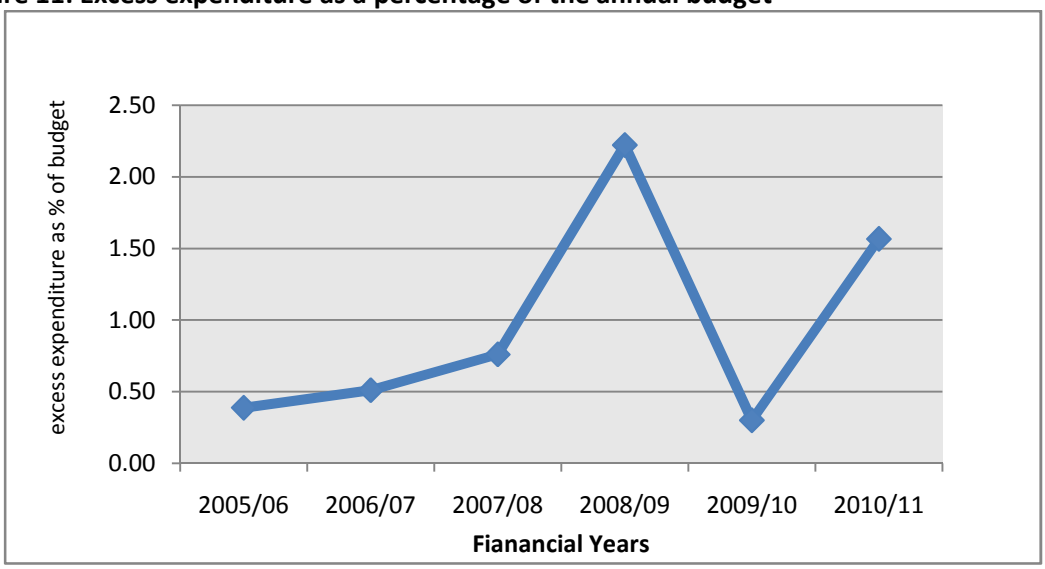
While none of these indicators denote corruption per se, poor performance in these areas; (i) Violates public financial management rules, and (ii) Creates substantial opportunity for corruption. High levels of arrears, outstanding advances, or excess expenditures may well be a sign of financial leakages, embezzlement, false accounting, fraud, influence peddling, theft of public funds or assets, and other manifestations of corruption. Strong financial management practices serve to both prevent and detect corruption. Below is a brief description of each of these critical areas of public financial management. (The analysis is based upon data from the Auditor General's reports whose summary appears in Annex III.)

7.2.3 Excess expenditure

Excess expenditures (EEs) are expenditures which are made in excess of those funds appropriated by Parliament. Excess expenditures are a red flag for corruption, although their association with actual corruption is hard to determine. Excess expenditures are attributed to weaknesses in controls over budgetary expenditures or to utilization of revenues at source without authority. In some instances, it arises from weaknesses in record keeping and inappropriate application of accounting policies, which result in inconsistencies in amounts disclosed in the GOU Consolidated Financial Statements. Excess expenditure as a percentage of the approved budget increased over the period 2005/6-2008/9 and decreased substantially in 2009/10, yet increasing again in 2010/11. Excess expenditures increased by 396% from UGX 23,310,795,937 in FY 2009/10 to UGX 115,587,710,517 in FY 2010/11. The MDA with the highest level of expenditure in 2010/11 was Uganda National Roads Authority (UNRA). According to the auditor General's report [14] the excess expenditure at UNRA mainly arose out of the claims/certificates that could not be settled because of insufficient funds released to UNRA during the financial year. All the contract agreements between UNRA and the contractors allow the contractors to claim interest on the outstanding amounts after a certain period. Therefore allowing such amounts to remain outstanding for long was likely to attract extra claims for interest by the contractors, leading to nugatory expenditure. It was also observed that the standing certificates further caused an excess expenditure of UGX 102, 059,826,381. The 2008/9 spike in excess expenditure mainly arose from State House. This level of excess expenditures clearly marks an area where the Government needs to take action and where follow ups on Auditor General Reports and recommendations is key.

[14] Annual Report of the Auditor General for The Year Ended 30th June 2011, Volume 2, Central Government

Figure 11: Excess expenditure as a percentage of the annual budget



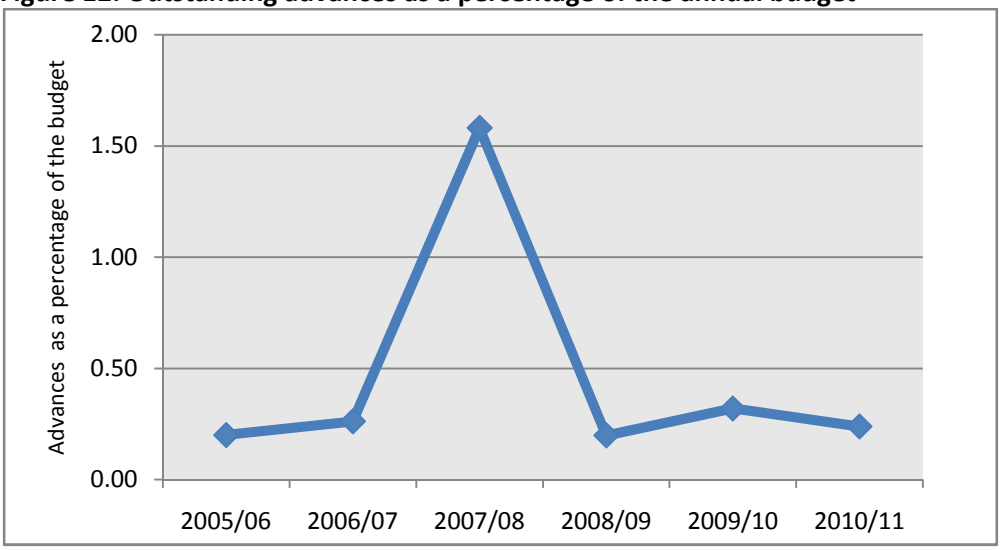
Source: Auditor General's Report, 2011

In general, Figure 11 above shows some remarkable variations in terms of excess expenditure which are red flags in terms of events in certain years which led to a high increase in excess expenditures. Excess expenditures could be the result of lack of proper planning and budgeting but further could indicate red flags in terms of funds that could have been diverted to more sectors with higher corruption risk.

7.2.4 Outstanding Advances

Outstanding advances (OAs) are funds which remain unaccounted for, pertaining to a particular financial year, which lack the supporting justification for their expenditure as of the time of the audit. As a percentage of the budget, the outstanding advances rose dramatically from FY2005/06 to 2007/08, although they dropped off sharply in 2008/09, yet increasing again in FY2009/10 and 2010/11.

Figure 12: Outstanding advances as a percentage of the annual budget

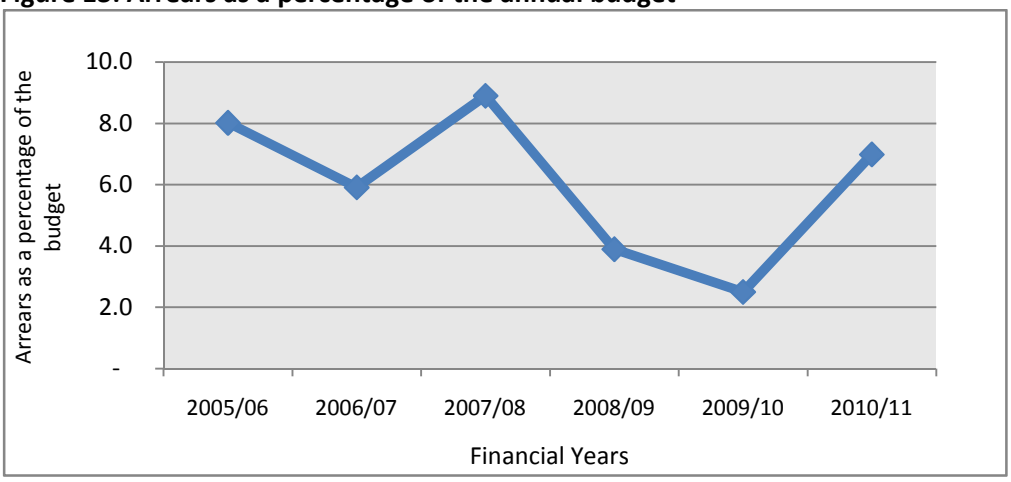


Source: Auditor General's Report, 2011

7.2.5 Arrears

Arrears are unpaid and overdue debts or unfulfilled obligations. An example of these funds could be Government loans to private companies, which in some cases have turned out to be false companies and therefore not repaying their loans; or some arrears could be contracts that the Government has entered into and financing or payment are outstanding. The number of MDAs with arrears increased from 56 in FY 2009/10 to 71 in 2010/11. It should be noted that the percentage dropped substantially during FY2008/09 to 2009/10 only to increase again in 2010/10. In monetary terms, arrears increased from UGX 176,288,688,344 in 2009/10 to UGX 515,346,011,623 in 2010/11 an increase of 192%.

Figure 13: Arrears as a percentage of the annual budget



Source: Auditor General's Report, 2011

The graph on arrears shows a variation with a peak in 2007/08 and the same remark as with the excess expenditures and the advances is pertinent here. For excess expenditures and arrears we see an increase again in 2010/11. This shows a decline in performance in some key Public Finance Management areas and therefore constitutes a possible risk for higher levels of corruption that needs to be addressed by Government of Uganda.

7.2.6 Access to information on audit and public participation

Another issue linked to the issue of citizens' engagement and ability of holding their government to account is the transparency in the audit process and of the full audit cycle. This is monitored through the Open Budget Initiative. The Open Budget Initiative (Initiative) promotes public access to budget information and the adoption of accountable budget systems. Its focus on accountability has given rise to a number of indicators related to the conduct of standard auditing practices. A brief discussion of those indicators, in terms of the performance of Uganda's auditing practices, is given below.

The Open Budget Initiative of 2012 assesses *"the extent to which data on actual outcomes (as reflected in the year-end report) was audited"*. This evaluation determines the degree to which Uganda is auditing program and project outcomes which are described in year-end reports. In reviewing the performance of Uganda in this area, the evaluation indicates that since 2006 Uganda has consistently received a rating of "very poor". The MoFPED Annual Budget Monitoring Report 2010/11 and Annual Budget Performance Report 2010/11 from where the OBI base their score, provide data on selected outputs, output indicators and expenditures for each sector and subsector; but no information is provided on actual outcomes from each sector. However, the Auditor General's reports provide this information in their annual reports. Therefore, the OBI score on this assessment does not seem to be appropriate for OAG.

In addition, the Open Budget Initiative assesses *"the percentage of annual expenditures that has been audited and, except for secret programs, the reports released to the public from two years after the completion of a fiscal year"*. Uganda's performance has consistently been scored as reflecting "good practices."

The assessment also reviews *"the extent to which the Supreme Audit Institution releases to the public audits of extra-budgetary funds".* Extra-budgetary funds generally refer to sets of government transactions that are not included in the annual budget presentation[15]. These transactions or funds may not be subject to the same level of scrutiny or accounting standards as the annual budget. Often they are not subject to annual appropriations.

Pertaining to public release of audits of extra-budgetary funds, Uganda improved its performance from very poor in 2006 to poor in 2008 and has maintained a consistent rating of poor over the 4 year period.

[15] One example of the extra budgetary funds is the social security fund.

Although technically outside the budget, extra-budgetary funds are governmental in nature and thus should be subject to the same audit requirement as other government funds.

Does the SAI maintain formal mechanisms through which the public can participate in the audit process?[16]

The performance rating for Uganda in this area is very poor. Citizen input can be invaluable for identifying leakages, discrepancies, or other irregularities which may be apparent on the local level or outside of the immediate focus of the Auditor General. In other words, citizens can play a valuable role in detecting and preventing corruption. There is strong research which indicates that public announcements and discussion at the local level about audits of infrastructure (such as for hospitals and schools) can have positive effects in combating corruption.

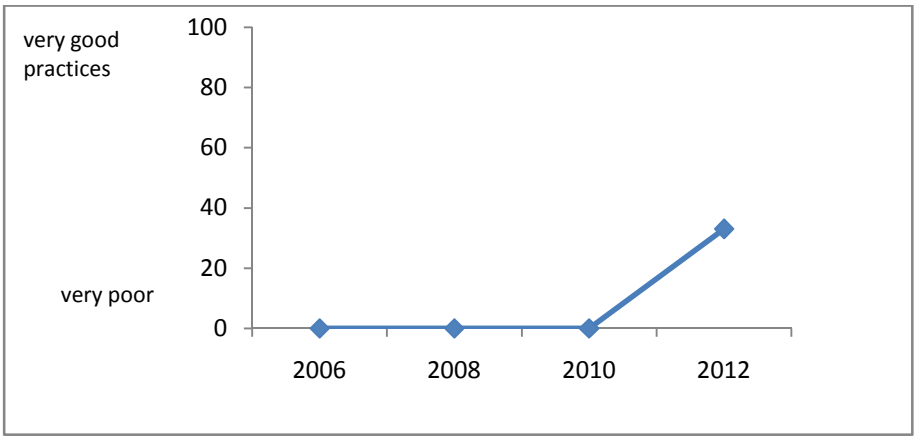
The Office of the Auditor General has an interactive website with a provision for the public to make inquiries. The website also does avail the contacts (emails and telephone numbers) as well as the focal persons in each of its regional offices. Despite having a provision for inquiries on its website, there is no evidence of interaction of this office with the general public.

7.2.7 Actions taken on audit report findings

The Open Budget Initiative also reviews *"the extent to which the the executive makes available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action".* When an audit contains findings reflecting irregularities, weaknesses, or discrepancies, the relevant public institution in the executive is required to take action to remedy the problem. This institution is also obliged to report on the status of its actions so that the Auditor General, the Parliament and the public are assured that the problem will be resolved properly. Problems related to leakages and misuse of funds, which are often linked to corruption, should be addressed openly and formally in this manner. The Open Budget Initiative reflects an improvement for Uganda from "very poor" in 2006 - 2010 to "poor practices" in 2012.

[16] Since the indicator has been modified in the 2012 questionnaire, it is not possible to undertake a trend analysis. This year's score will thus act as a baseline. The old indicator was "Extent to which the supreme audit institution maintains formal mechanisms of communication with the public to receive complaints and suggestions to assist it in determining its audit program (that is, to identify the agencies, programs, or projects) it will audit"

Figure 14: Extent to which the executive makes publicly available information on action taken to address audit findings that require remediation

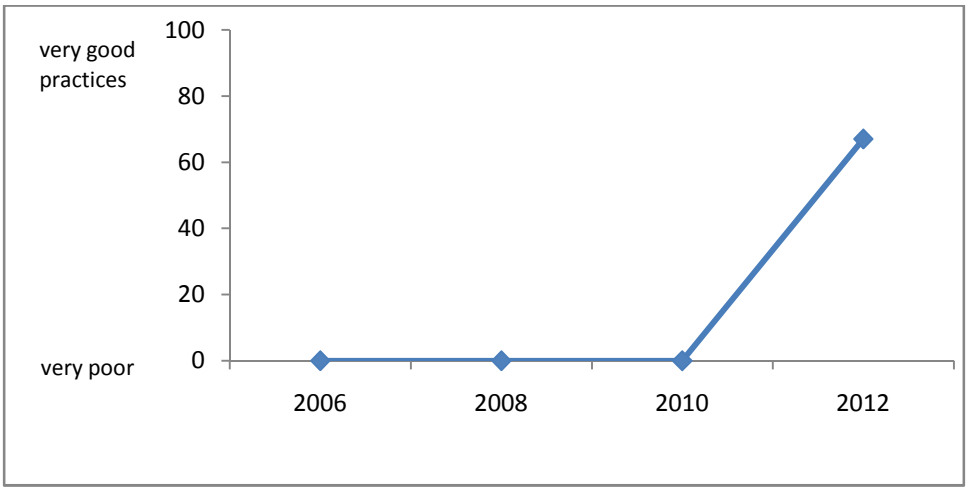


Source: Open Budget Initiative 2006-2012

A final indicator linked to identifying and remedying problems associated with corruption, is *"the extent to which the Supreme Audit Institution or the legislature releases to the public a report that tracks actions taken by the executive to address audit recommendations"*. Audits contain a multitude of recommendations which require remedial action. If the targeted problems are not addressed, the problems will persist; this is particularly a risk of systemic corruption. To ensure that problems are resolved, the executive must implement and report on its remedial actions. However, the Auditor General or legislature is also bound to monitor and report on executive progress with remedial actions, for all recommendations requiring such action. The data for Uganda reflects an improvement from very poor practices over the 2006-2010 period to good practices in 2012.

The Audit Report prepared by the Office of the Auditor General, is discussed with members of the Executive. A formal response is then made by the Executive to the Legislature, informing them on the actions taken on some of the queries raised in the Audit Report. This is produced in a document called *a treasury memorandum*, which is also supposed to be available to the public. Since some of the audit queries discussed with the Legislature may be dropped by the Executive, they may not be reflected in this memorandum. The last Treasury Memorandum was issued in January 2012 after many years, and explains the improvement.

Figure 15: The extent to which the supreme audit institution or the legislature releases to the public a report that monitors executive actions addressing audit recommendations



Source: Open Budget Initiative 2006-2012

The auditing performance of Uganda covers a wide spectrum. In terms of auditing annual expenditures in a timely manner, Uganda's practices appear to be solid, although there is room for improvement. On the other hand, certain areas reflect poor performance and, undoubtedly, increase opportunities for corruption to take hold and continue. These weaknesses include:

- Actions related to the auditing of actual outcomes,
- Maintaining formal mechanisms of communication with the public and report releasing public audits.

These areas merit focus and attention if Uganda wants to take seriously its commitment to fight corruption.

7.2.8 Parliamentary Oversight

Formal oversight institutions, such as the Auditor General and the Legislature (Parliament), play an important role in overseeing the management of public monies and programs. Through means of auditing, holding hearings, issuing reports, and using the budget process to allocate resources, oversight institutions can target misuse of funds and leakages linked to corruption. Depending on their exact role, oversight institutions are well-positioned to prevent, detect, and/or enforce corruption within the Executive.

Legislative scrutiny of external audit reports is a critical part of the process to ensure proper management of public funds. The role of legislative oversight is critical for identifying and publicizing anti-corruption in the Executive. In Uganda, the Parliament is a central actor for ensuring that the Executive is taking aggressive action to prevent and detect corruption, and enforce anti-corruption laws. One important means of asserting its role is by examining external audit reports in a timely manner, holding hearings on serious findings, and issuing recommended actions for executive implementation. In

the Ugandan Parliament, this role is played by the Public Accounts Committee (PAC), and by the Committee on Local Government Accounts (CLGA), the Committee on Commissions, Statutory Authorities and State Enterprises (COSASE) and the Committee on Social Services (CSS).

There is one Public Expenditure and Financial Accountability (PEFA) indicator which addresses this important area of oversight of public financial management: PI-28, legislative scrutiny of external audit report. This performance indicator includes three areas of assessment. The data associated with these three dimensions is provided below for Uganda, followed by a discussion of each indicator.

Table 3: Legislative Scrutiny of External Audit Reports

Assessment Criteria	2005	2008	2012
1) Timeliness of examination of audit reports by the legislature (for reports received within the last three years)	D	D	D
2) Extent of hearings on key findings undertaken by the legislature	C	A	A
3) Issuance of recommended actions by the legislature and implementation by the executive	C	D	B

Source: Performance Indicator28, PEFA 2005, 2008 and 2012

The first assessment criterion relates to *"the timeliness of examination of audit reports by the legislature (for reports received within the last three years)".* This criterion reviews the extent to which the Parliament responds in a timely manner to audit reports. As noted above, the legislature plays an important role to examine audit findings and recommendations and, subsequently, to hold public hearings to educate citizens and monitor executive actions. Uganda scores poorly in this area, consistently receiving a D in both the 2005, 2008 and 2012 PEFA assessments. The 'D' rating implies that the examination of audit reports by the Legislature does not take place or usually takes more than 12 months to complete. The Public Accounts Committee of Parliament (PAC) is currently examining the 2010/11 audit report although it has not covered all the previous audit reports. The intention is to concentrate on the most recent audit reports and not spend too much time on old audit reports (although this is not generally considered good practice). Parliament has not yet debated or approved any of the PAC reports on the Consolidated Accounts in the last three years although it has debated some of the special audit reports. This backlog calls for a capacity assessment of the PAC and its support staff. Possible support to enhance their effectiveness should be considered in order for them to speed up the process.

The second dimension associated with legislative scrutiny of external audit reports is *"the extent of legislative hearings on key findings".* In this regard, Uganda should be commended for its progress. In 2005, Uganda received a rating of C, apparently due to lack of technical capacity. In 2008 and 2012, the Parliament's Public Accounts Committee met all the criteria required for an A rating. An "A" rating

implies that in-depth hearings on key findings take place consistently with responsible officers from all or most audited entities, which receive a qualified opinion or adverse opinion.

The PAC holds in-depth hearings with Accounting Officers on the audit findings on all MDAs. Parliamentary committees have from time to time examined the audit findings and recommendations of special audits that have been carried out by the Auditor General. Some of the special audit reports that were examined include those pertaining to CHOGM and HABA Group[17] of companies. This is a notable improvement of the PAC, and sets a positive precedent for ongoing improvement in the other dimensions of legislative scrutiny and oversight.

The final dimension assessed by PEFA relates to *"the issuance of recommended actions by the legislature and implementation by the executive".* In this area, Uganda's performance dropped from a C in 2005 to a D rating in 2008 and then improved to a B rating in 2012. This rating implies that actions are recommended to the executive, some of which are implemented according to existing evidence. The improvement can be attributed to the recent debates and recommendations by the Legislature in the last three years. For example in 2011/2012, some Cabinet Ministers stepped aside or resigned as a result of the recommendations.

The Treasury Memorandum is an important part of the audit cycle and essential in terms of the keeping track of the Executives willingness and actual implementation of audit recommendations. The last executive response to Parliament was a Treasury Memorandum covering financial years up to 2004/05, which was issued in January 2012.

In summary, there has been recognizable progress in the area of legislative scrutiny of external audit reports. This progress is evidenced by the hearings held by the Public Accounts Committee on key findings in audit reports. In the two most recent PEFA assessments (of 2008 and 2012), Uganda received an overall rating of D+ for its efforts in this area. Issuing of recommended actions for executive implementation has since shown significant progress and to this effect a Treasury Memorandum was issued in January 2012. The Executive should be urged to issue Treasury Memorandums each year and in a timely manner in order to comply with the audit cycle.

[17]Through a group of companies (HABA), Basajjabalaba had leases over three city markets and the Constitution Square. But the leases were signed in a process marked by irregularities that eventually led to the arrest of several city officials and were finally annulled in 2004. When Basajjabalaba lost the markets, he demanded compensation. An official commission initially suggested a Shs68 billion (US34 million) compensation, but the businessman appealed to the President, whose documents suggested payment for more than twice that amount. The chief of the State House legal department said the papers were forgeries by civil servants who sought to inflate the compensation amount. Basajjabalaba, answering questions before Parliament's Public Accounts Committee (PAC), claimed the President had approved the payment.

7.2.9 Value for Money (VFM) Audits: Feeder Roads in Uganda

The issue of value for money relates to the number of diversions of resources identified by the VFM special audits carried out by the OAG, the gains and losses made when resources are diverted from their planned use to the alternative activities, especially when the diversion is due to bad planning or actual corruption.

In the past, some examples of Value for Money (VFM) audits have appeared in the 2010 and 2011 DTM Reports and have shed much light on problems of corruption and governance particularly within the district local governments. For instance, the 2011 DTM Report looked into problems of procurement and of land management at the district level, which revealed the manner in which corruption practices are manifested in service delivery.

In keeping with this tradition, the current DTM Report (2012) has looked at a special VFM audit on rehabilitation and maintenance of feeder roads in five selected districts in 2011[[18]]. The districts that were selected for this purpose are Hoima, Masindi, Kumi, Mukono and Wakiso districts. The main issues relevant for feeder roads policy and for DTM are summarized below.

Despite substantial investment in the feeder roads sector by GOU, the OAG found that the status of feeder roads in the five sampled districts was generally poor. The Government of Uganda had identified rural feeder roads as an area with great potential for eradicating rural mass poverty. As at 2011 the country's feeder road network constituted 22,500 Km of mainly unpaved roads of which up to 60 percent was in extreme bad condition rendering some of it impassable hence affecting the transportation of services and goods to markets. The funding of district feeder roads activities is mainly through the Central Government grants and from various programmes set up specifically to rehabilitate and maintain feeder roads.

Each district in Uganda makes a plan for the rehabilitation and maintenance of feeder roads. Every year the District Engineer conducts a situational analysis on the feeder roads inventory to assess the surface condition, bridges and culverts as well as the road shoulders and drainage. The findings of the situation analysis are fed into the Rehabilitation and Maintenance Planning System (RAMPS) software, which makes a quick assessment and then ranks the different roads according to priority intervention scores. The RAMPS further computes estimated costs to be incurred on every road condition making it possible for the district to prioritize and select roads works to be undertaken in a given year. However, the VFM found that not all roads selected for rehabilitation/maintenance had RAMPS recommendation during the period 2008-2011. For example, the Muteme-Mukabara road in Hoima district was rehabilitated at a cost of UGX65.5 million (which was the exact budget set aside for the road) but RAMPS had recommended UGX44.9 million for doing the same works. Other anomalies that were cited include:

[18] Office of the Auditor General (2011) "Annual Report of the Auditor General for the Year Ended 30th June 2011: Volume 5 Value for Money Audit" pp.78-116

rehabilitating fewer kilometers than recommended by RAMPS on the same budget; using machine rehabilitation which tended to be very costly, while RAMPS had recommended routine maintenance.

According to the VFM audit, failure to utilize RAMPS recommendations where these recommendations were made, and failure to prepare RAMPS recommendations altogether, were attributed to "laxity by the respective District Engineers who failed to submit RAMPS recommendations to the District Technical Planning Committee" for consideration. Beginning FY2011/12 the use of RAMPS was abandoned following instructions from the Uganda Road Fund to start preparing District Annual Work Plans using Programming Tables (i.e. MS Excel sheets). However, as it turned out, the management of the Uganda Road Fund explained that it had never issued any instructions to discontinue the RAMPS software; instead Uganda Road Fund had instructed that the results of RAMPS should be reported in the Annual Work Plans using software that was compatible with the Uganda Road Fund system. As a result it had advised districts to use Microsoft Excel (Programming Tables). Moreover, the newly emerging districts had not yet procured RAMPS and the only alternative available to Uganda Road Fund was to advise these new districts to use Programming Tables.

The VFM noted that preparation of roads work plans that were not based on RAMPS would be non-scientific and led to questionable cost estimates for the rehabilitation and maintenance of feeder roads. Furthermore, the use of Programming Tables depended very much on the District Engineer's personal judgment and could lead to non-scientific cost estimates. Therefore, the VFM audit recommended that the Ministry of Works and Transport, which is in charge of feeder roads in the country, should encourage continuous use of scientific methods to determine the cost of rehabilitating and maintaining feeder roads in Uganda.

On the implementation of actual road works, the VFM audit noted that majority of road works (up to 85%) were not implemented within their time schedules. Some of them experienced delays up to 22 months (Kumi had the best record of performing within timelines). Delayed release of funds for feeder road works by Ministry of Finance Planning and Economic Development and Uganda Road Fund; insufficient funding, inadequate capacity of contractors (in terms of human, equipment and financial capacity) to implement the road works, machine breakdowns as well as delays in the procurement process were the main reasons cited for delayed feeder road works. Yet, although delayed road works attracted payment of liquidated damages (i.e. the contractor is supposed to pay 0.5% of the contract price per day up to a maximum of 10% of the contract price) the districts did not recover these monies.

In order to eliminate implementation delays on feeder roads the VFM audit recommended, among other things, that district Contract Committees should critically evaluate the contractors' capacity and previous performance records to ensure that only competent contractors are awarded contracts.

Procurement delays and irregularities were also cited by the VFM audit. Non-compliance with procurement laws, regulations and guidelines were noted and these included: unwillingness on the part of the districts to avail procurement plans to the VFM team for audit; delays by District Engineer to

submit the procurement requisition to the PDU so that the procurement process can start; delays from the Solicitor General in giving clearance for the road works to commence - these were some of the main reasons why procurement was very slow in the selected districts. The VFM audit stated that there was no documentary evidence to show that the selected districts managed contracts in accordance with PPDA regulations. According to the VFM audit, supervision and inspection of feeder road works left much to be desired.

Finally, monitoring and evaluation of road works was also given little attention by districts. The VFM established that all the five sampled districts did not have monitoring and evaluation work plans showing scheduled M&E visits to feeder road works; consequently the quarterly M&E visits to the rehabilitation and maintenance of feeder roads projects were not conducted contrary to what was expected. In response, the districts argued that they conduct multi-sectoral monitoring from where a single report is generated; in other words, there are no specific M&E reports prepared for the rehabilitation and maintenance of feeder roads. The VFM team, however, concluded that this is contrary to the Ministry of Works Scheme for maintenance of district and urban roads guidelines and therefore non-observance of the M&E recommendations in the District would leave defects undetected and lead to shoddy road works.

Shoddy road works are an indicator that monies assigned to works have not been properly utilized; they could have been embezzled by public officers or shared in bribes. It could also be an indicator that procurement processes were corruptly influenced in favour of firms with insufficient technical capacity to carry out the works.

7.3 Procurement

7.3.1 Procurement in Government – the Procurement Performance Measurement System

Public procurement is one of the key areas where the public sector and the private sector interact financially; it is a prime candidate for corrupt activity, cronyism, and favoritism as well as outright bribery. Hence, public procurement has been targeted by various national and international anti-corruption initiatives as an area in need for reform. Corruption in procurement manifests itself in unnecessary projects, substandard work or unnecessarily expensive work; the diversion of resources; and unjustified or unexpected price increases.

Upon review of the recent 2011/12 data from the PPDA, Uganda's performance has made some progress regarding award of contracts based on competitive methods like open bidding. When considering contract value, or the amount of contracts in shillings, open bidding procurements increased by 10% from 80.6% in 2010/11 to 90.2% in 2011/12. Nevertheless, this improvement contrasts with the large number of micro contracts which did not utilize the open bidding process. However, beyond contract awarding, the performance of contract management was dismal. For example only 0.7% of the

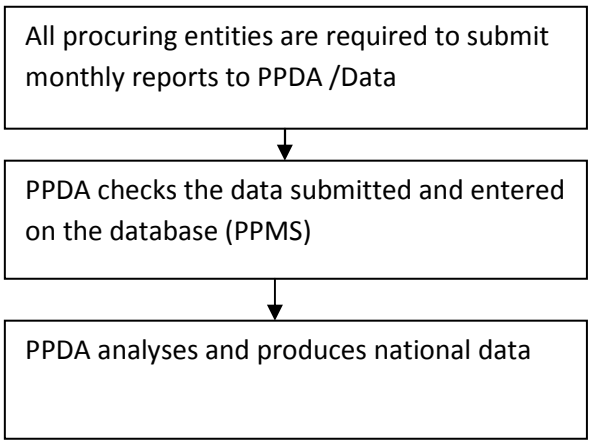
contracts in 2011/12 were implemented within the original planned money value, and only 29.4% of the contracts were completed on time.

Background to PPMS Data: The Government of Uganda's PPMS is a system that measures the performance of government entities in procurement. It measures both the efficiency of procurement and compliance with the established laws and procedures. The PPMS looks at the following types of indicators:

i. Preparation and adherence to procurement plans
ii. Procurement cycle management
iii. Completeness of procurement records
iv. Procedural compliance
v. Extent and quality of implementation of PDE disposal plan.

Each government entity is responsible for data collection about its organization and this data is submitted to PPDA which collects, analyses and generates national data.

Figure 16: Figure showing National Data generation by PPDA



The PPMS has the potential to be a strong source of information for the DTM and may serve as a useful model for collecting other data related to governance and corruption across governmental entities.

In the first annual DTM report two indicators were identified from the Government of Uganda's Procurement Performance Measurement System. These are:

- % of sampled contracts subject to open competition by value and number (all PDEs)
- % of sampled procurements with disclosed evaluation criteria actually applied (all PDEs)

The first indicator relates to the extent to which procurement in Uganda is based upon open competition. Non-competitive methods of procurement are susceptible to corruption because they are less transparent and more discretionary. The second indicator relates to the application of evaluation

criteria as disclosed in the bidding documents. Evaluation criteria are those factors upon which public officials base their procurement decision. Unpublished evaluation criteria or alteration of such criteria contribute to a lack of transparency in the procurement process and, also involve increased subjectivity and discretion. The lack of transparency associated with both of these factors – non-competitive procurement and the lack of publishing evaluation criteria – creates significant opportunities for collusion, bid rigging, bribery and manipulation of records, conflict of interest, influence peddling, fraud, financial leakages, and other forms of corruption.

Upon realizing that the two procurement indicators previously utilized by the DTM in the first two reports were not sufficient to tell the whole story on procurement, other important indicators which may shed more light on corruption in procurement have been added in this years' report and they are:

- % of contracts with complete procurement records
- % of contracts that are completed on time
- % of contracts that are implemented within the original cost
- % of contracts audited that are classified high risk

These indicators focus on procurements involving vendors who supply less than they were contracted for or who take a longer time on the job. In addition, these additional indicators focus on higher risk contracts, and on maintaining proper written records of a given procurement.

A discussion of the data obtained from the PPMS during FY2011/12 is presented below. Definitions of procurement methods and thresholds for central and local government procurements are included in Annex II.

7.3.2 Review of Procurement by Number of Contracts: The percentage of procurements under open competition was 2.4% (or 421 out of 17,813 procurements) in 2011/12 compared to 3.2% (or 209 out of a total number of 6487 procurements) in 2010/11. This reflects a reduction in the percentage number of procurements subjected to open competition. PPDA guidelines[19] specify thresholds for procurement of works, services and supplies. The thresholds apply to each category of procurement: open bidding; restricted bidding; quotation procurement; proposals procurement and micro procurement. Open competitive bidding is required for works contracts over UGX 100 million, supplies contracts over UGX 70 million, and services contracts over UGX 50 million. Formally, any use of non-competitive methods in contracts above the open competitive bidding thresholds must be cleared with PPDA.

[19]The Public Procurement and Disposal of Public Assets Guidelines, 2003

Table 4: Procurement by Number of Contracts (by number)

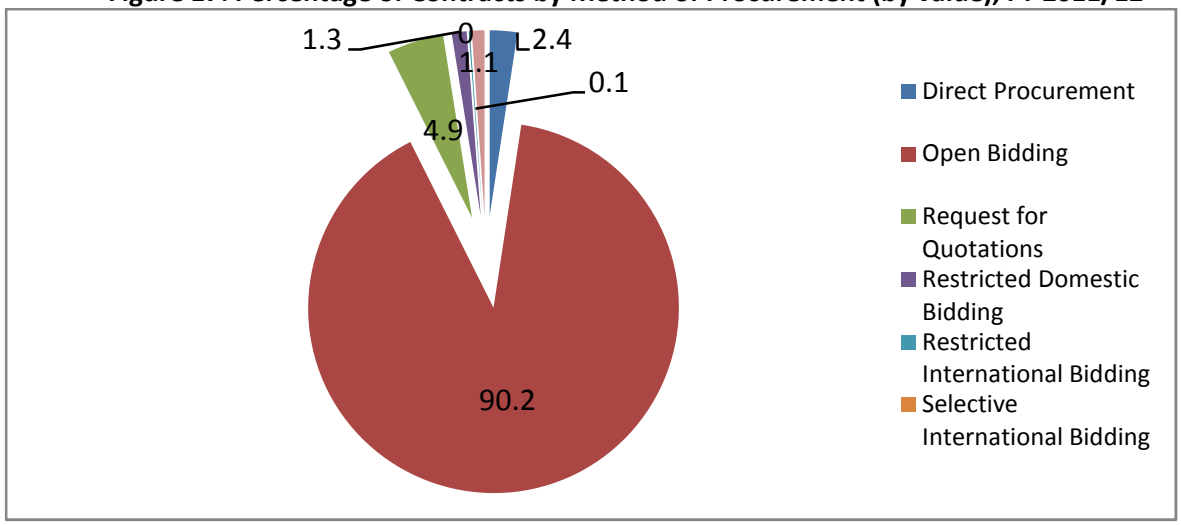
Method of Procurement	Number 2009/10	% 2009/10	Number 2010/11	% 2010/11	Number 2011/12	% 2011/12
Direct Procurement	290	**4.5**	628	**9.7**	657	**3.7**
Open Bidding	268	**4.1**	209	**3.2**	421	**2.4**
Request for Quotations	1,478	**22.8**	1,484	**22.9**	2,776	**15.6**
Restricted Domestic Bidding	91	**1.4**	95	**1.5**	673	**3.8**
Restricted International Bidding	16	**0.25**	16	**0.2**	7	**0.03**
Selective International Bidding	1	**0.02**	3	**0.0**	0	**0.0**
Selective National Bidding	218	**3.37**	132	**2.0**	0	**0.0**
Micro Procurements	4,103	**63.5**	3,920	**60.5**	13,279	**74.0**
Total	6,465	**100**	6,487	**100**	17,813	**100.0**

Source: Procurement Performance Measurement System, PPDA

Over 93% of procurements were undertaken using micro procurement, request for quotation, or direct procurement. By law, micro procurement and direct procurements do not involve competition, which makes these methods particularly susceptible to corruption.

7.3.3 Review of Procurement by Value of Contracts: With regard to amounts involved in procurement, the findings indicate that 90.2% (UGX 1,047,611,082,554) of the total value of contracts in 2011/12 was spent on open bidding which is meant to maximize competition and transparency. This represents a 10% increase compared to 2010/11 when procurements worth 735,936,862,226 (80.6%) were subject to open bidding. This dramatic increase from 65.8% in 2009/10 to over 90% in 2011/12 could be attributed to improved compliance of PDEs with the thresholds of open bidding methods and increased capacity building as well as the auditing of PDEs. The PPDA should be commended for this increase and is encouraged to continue this trend. The value under direct procurement has declined and this is step in the right direction since direct procurements are prone to corruption as they are not required to be undertaken under open bidding by law.

Figure 17: Percentage of Contracts by Method of Procurement (by value), FY 2011/12



Source: Procurement Performance Measurement System, PPDA

Table 5: Trend analysis - Percentage of Contracts by Method of Procurement (by value)

Method of Procurement	Total values 2009/10	(%) 2009/10	Total Values 2010/11	(%) 2010/11	Total Values 2011/12	(%) 2011/12
Direct Procurement	34,397,468,094	**8.42**	70,685,284,710	**7.7**	27,974,723,486	**2.4**
Open Bidding	269,252,146,441	**65.8**	735,936,862,226	**80.6**	1,047,611,082,554	**90.2**
Request for Quotations	34,496,752,132	**8.4**	16,710,752,267	**1.8**	57,381,774,787	**4.9**
Restricted Domestic Bidding	17,647,582,966	**4.3**	9,938,907,190	**1.1**	14,653,413,058	**1.3**
Restricted International Bidding	44,882,152,825	**10.9**	3,667,170,376	**0.4**	1,175,529,483	**0.1**
Selective International Bidding	1,995,000	**0.0**	38,798,400	**0.0**	0	**0.0**
Selective National Bidding	2,690,844,041	**0.6**	24,869,468,665	**2.7**	0	**0.0**
Micro Procurements	5,276,320,242.26	**1.3**	50,825,437,780	**5.6**	12,686,426,408	**1.1**
Total	408,645,261,741	**100**	912,672,681,614	100	1,161,482,949,776	**100.0**

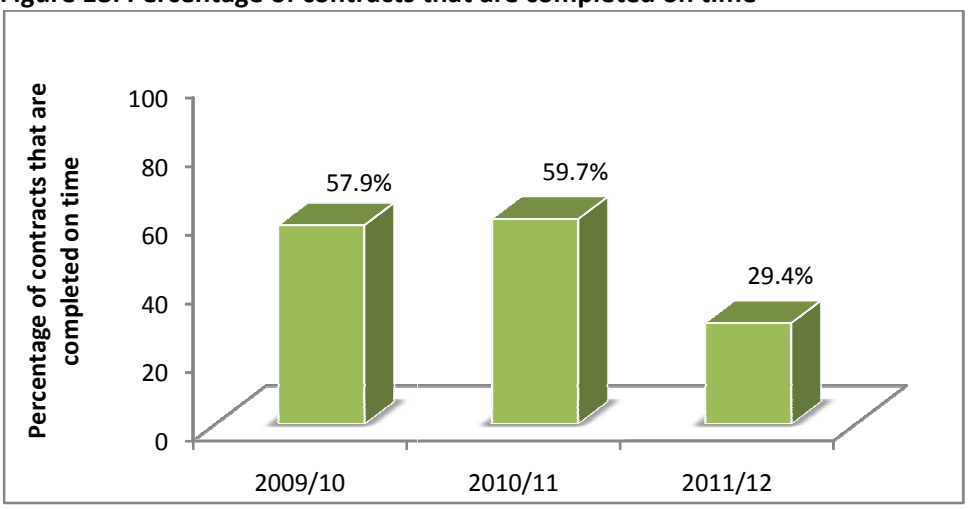
Source: Procurement Performance Measurement System, PPDA

7.3.4 Evaluation Criteria by Number and value of Contracts: The results reveal that the evaluation criteria actually applied (by number) in procurement were disclosed in 99.7% of the cases in 2011/12 compared to 99.9% in 2010/11. By value, 99.9% of the contracts had their criteria disclosed in both 2010/11 and 2011/12.

7.3.5 Review of contracts that are completed on time: The percentage of contracts that are completed on time has been going down over the years with the highest percentage last recorded in 2009/10 at 57.9%. The last financial year (2010/11) saw only 29% of the contracts being completed on time. According to the PPDA newsletter April-June 2012, average time taken to complete procurements has

been on the rise with procurements taking longer than planned, with variances ranging from 47 - 240 days longer than required. One of the greatest challenges currently faced by government is the failure by the respective Departments to appoint contract managers to supervise contracts and ensure that the terms and conditions specified in these contracts are complied with.

Figure 18: Percentage of contracts that are completed on time

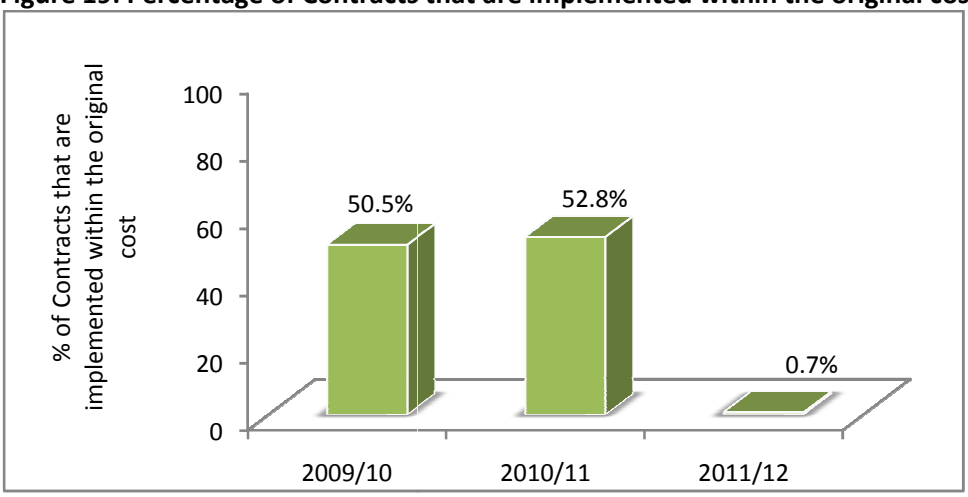


Source: Procurement Performance Measurement System, PPDA

This indicator assesses whether the contracts were implemented in accordance to the planned money value/cost. Almost all contracts in 2011/12 were not implemented within the original cost (less than 1%). Uganda's performance has been on a declining trend from 50.5% in 2009/10 to 47% in 2010/11 to a paltry 0.7% in 2011/12. This is generally as a result of inefficient market surveys done by the PDEs resulting into poor estimates being made by Entities as they plan for these contracts. It should also be noted that 2011/12 was characterized by fluctuating exchange rates and high inflationary rates and this could have affected entities that had entered into contracts with providers finding it difficult to have these contracts executed.

Price increases during execution through change orders reflecting changes in specifications or cost increases may be grounds for corruption. This is a significant red flag of a possible entry point of corruption and calls for integration of risk management into public procurement.

Figure 19: Percentage of Contracts that are implemented within the original cost



Source: Procurement Performance Measurement System, PPDA

The DTM urges PPDA to enforce use of unit costing for all government procurement, against which mis-procurement will occur if reserve prices are not met.

7.3.6 Completeness of Procurement Records: Under this key performance area, the main indicator measured was the completeness of procurement records in a procurement transaction measured against a checklist of 12 documents presented in Table 7. Comparisons reveal that the record that had the lowest compliance was the Contract Implementation Plan. While 26.7% of the contracts had records of contract implementation plan in 2010/11, the number reduced to 17.1% in 2011/12. One key observation is that there is fairly good record keeping from the initiation through the bidding process and up to contract award. Thereafter there is an obvious decline in performance during the contract management stage.

The Ministry of Finance Planning and Economic Development (MoFPED), Inspectorate and Internal Audit Department consolidated report for 2010/11 says that lack of procurement plans as required by the PPDA Act is resulting in emergency procurements, procurement of items which are not required, and procurement that is at higher prices than necessary.

Table 6: Percentage of contracts with complete procurement records for FY09/10, 10/11 and 11/12

Record	2009/10	2010/11	2011/12
Approval of initiation document by Accounting Officer	93.9	93.8	89.8
Approval of solicitation Document	73.1	84.3	85.9
Record of issue of bids	78.8	83.4	84.8
Record of bid receipt/opening	83.0	87.3	84.8
Record of all bids received	85.0	88.6	85.9
Record of approved Evaluation Report	84.0	85.7	86.3
Copy of Contracts Committee award decision	84.9	84.3	85.4
Copy of notice of BEB20 with evidence of its receipt by bidders	56.2	62.9	81.5
Approval by Attorney General/Donor/ Board or other	43.0	61.2	99.6
Contract document and all amendments on file	74.3	84.1	84.8
Contract Implementation Plan	16.0	26.7	17.1
Evidence of contract completion	62.0	54.5	60.2

Source: Procurement Performance Measurement System, PPDA

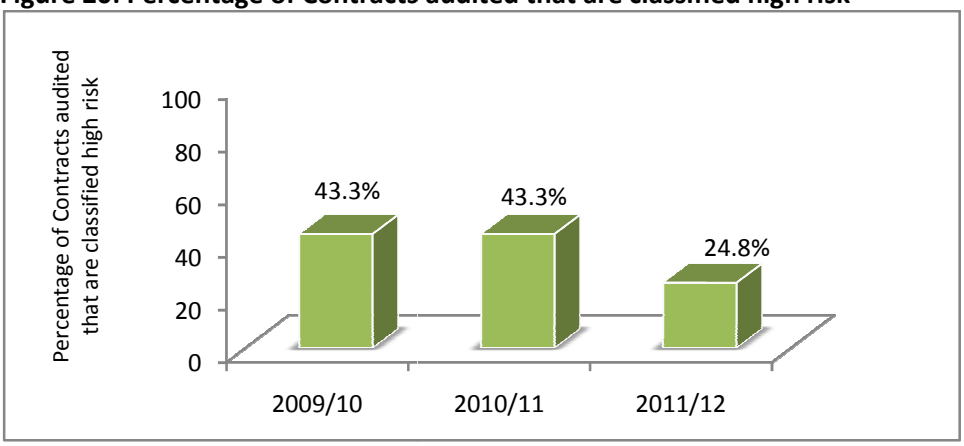
7.3.7 Contracts audited that are classified above moderate risk: High risk cases relate to but are not limited to significant Law and regulatory violations such as;

- Lack of or failure to procure within the approved plan,
- Use of wrong/inappropriate procurement methods,
- Failure to seek Contracts Committee approvals and usurping the powers of the PDU,
- Use of inappropriate evaluation methodologies or failure to conduct evaluation; and
- Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract,
- Falsification of documents, payment for shoddy work or for work not delivered

The percentage of contracts that are classified above moderate risk has declined from 43.3% in 2009/10 and 2010/11 to 24.8% which is a welcome development.

20 BEB stands for Best Evaluated Bidder

Figure 20: Percentage of Contracts audited that are classified high risk



Source: Procurement Performance Measurement System, PPDA

In spite of the above achievement, compliance is still low, as 24.8% of the audited contracts are in the high risk category. The reasons for poor performance include: conducting procurement outside the procurement plan, use of wrong methods of procurement, PDEs not conducting technical evaluations, poor record keeping resulting in no audit trails, lack of effective involvement of the contracts committee, lack of ownership of projects by the Ministries and respective beneficiaries, forgery by bidders of key documents, and poor contract management leading to shoddy work and payment with no evidence of deliverables.

Regulation 259 (1) of the PPDA Regulations 2003, requires the user departments to nominate a member of staff with appropriate skills and experience to be contract manager on any contract procured by the Entity. The contract manager is charged with the responsibility to manage and supervise the contract, ensure compliance with the regulations and keep proper records on contract performance.

However, from the results above, it is evident that most entities do not adhere to this requirement and in some instances there is no documentation being kept on contract performance. This practice has often led to the execution of contracts contrary to the agreed contracts terms, delayed contract implementation and stalemate/abandonment of projects. For example a recent contract audit undertaken by PPDA[21] on the Community Agricultural Infrastructure Improvement Programme (CAIIP) project that was implemented under the Ministry of Local Government revealed that UGX 4,428,425,363 was at risk due to poor contract management. Another bicycle procurement debacle is given below.

[21]PPDA Newsletter, April-June 2012, Issue No.7

Procurement of 70,000 Bicycles for Chairpersons of Parish and Village council

During the financial year ended 30th June 2011, the Ministry of Local Government made a budgetary provision of UGX 13 billion for procurement of 70,000 bicycles for chairpersons of parishes and village councils to strengthen their capacity in monitoring public programmes and mobilizing communities for development. The public invitation for the bids was published under open international bidding in the media.

Following the evaluation process, on 26th November, 2011, a contract (MoLG/supplies/10-11/00014) with M/s AITEL was signed to supply the 70,000 bicycles at a contract price of USD 4,896,500. Subsequently, an irrevocable foreign letter of credit worth USD 4,298,636 was issued to AITEL allowing 40 percent payment (US$1,719,454) on presentation of Bill of Lading, Commercial Invoice, Parking List, Copy of Certificate of origin and copy of insurance. When AITEL's reimbursement claim for the US$1,719,454 (being 40% of the LC value) was honored, it later transpired that the documents for reimbursement were fictitious and fraudulent: the bicycles were never consigned.

Investigations undertaken by the Auditor General's office established the following irregularities in the whole process: the Procurement Process was not conducted in compliance with the PPDA Act and Regulations 2003 and it was found that the MOLG was culpable for noncompliance in the evaluation process, contract award and contract management. This resulted into a financial loss of US$1,719,454 (40% of the Letter of Credit Value to the Government).

Source: Auditor General's report, 2011

CHAPTER 8: INDICATORS ON BRIBERY AND ABSENTEEISM IN SECTORAL AREAS OF GOVERNMENT

This section looks at corruption activity in targeted sectors in Uganda related to service delivery and law enforcement. The idea is to provide an overview of the overall state of corruption and governance in Uganda, based on data that takes a broad view of types of corruption in Uganda. The sectors included here were deemed particularly important at the time of development of the DTM in 2009 and they are sectors that tend to be monitored by multiple organizations, making them prime candidates for inclusion in this report. The DTM does not attempt to track corruption trends in every sector across the government, but instead focuses on the following six areas: Health Services, Education, Water, Obtaining Documents/Permits, the Police, and the Judiciary. These areas are selected on the basis of being areas where the citizens interact directly with the service provider, schools, health clinics, police, judiciary etc. and the main focus will therefore be more on petty corruption than areas where grand corruption occurs.

The indicators that were included come from two very different types of sources and provide complementary findings. The first set of indicators (which come from Afrobarometer, the East African Bribery Index, and Transparency International) focus on the prevalence of bribery in these sectors, in an attempt to measure the pervasiveness of a particularly pernicious form of corruption that has traditionally affected a large proportion of Ugandan society. The bribery indicators cover all six sectors listed above. The second set of indicators comes from the Uganda National Panel Survey (UNPS) data collected by UBoS which includes information on absenteeism in the education and health sectors.

8.1 Indicators on Bribery: A Discussion on Different Data Sources

The bribery data included in the DTM now comes from three different sources: 1) Afrobarometer, 2) The Transparency International (TI) Global Corruption Barometer, and 3) The East African Bribery Index (EABI). At the time of the creation of the DTM, only the Afrobarometer and TI data were included in the Mechanism. However, since the launch of the DTM, TI has not published another round of data on bribery in Uganda, while Afrobarometer updates its data infrequently.

In response to this development, the DTM initiative reviewed other available sources of data on bribery in Uganda and settled upon the EABI as a complementary source of data. Going forward, the DTM will report *all three* sets of data as they are updated. Afrobarometer, TI, and EABI use slightly different methodologies for collecting their data and, as a result, their findings cannot be directly compared. Although general trends may be seen over a number of years, the Afrobarometer, TI, and EABI indexes are reporting slightly different information and are measuring slightly different phenomenon. Due to this variance in the data sources on bribery from last year to this year, this DTM Report will cover historical data for the EABI so that trends based solely on EABI data can be assessed.

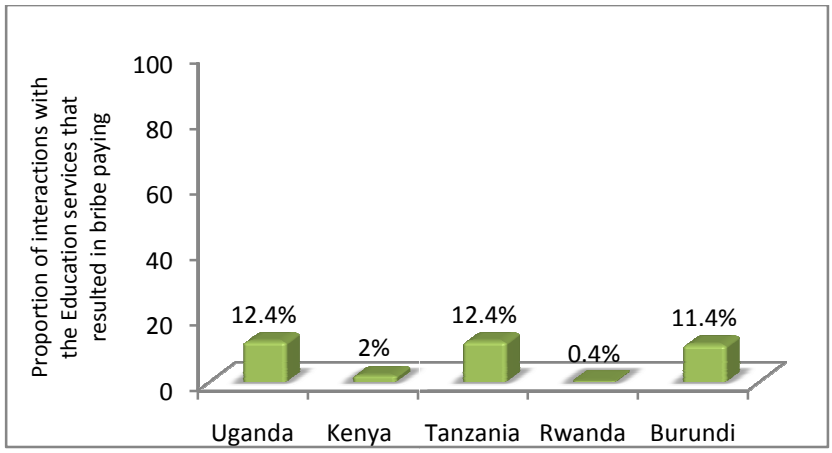
However, in future years, the DTM will report Afrobarometer, TI, and EABI data when they are available. This will facilitate a discussion about the different characteristics of bribery in the sectors covered by providing a broader range of information on bribery in Uganda.

8.2 Bribery and Absenteeism in Education

8.2.1 Prevalence of bribery in the Education services

According to EABI, bribery in education services (primary, secondary, technical/vocational training and universities) continues to present a challenge. In 2012, they report that 12.4% of interactions within the education system resulted in a bribe payment being made during the year. As a note of comparison, this rate is identical to Tanzania, but dramatically higher than either the one of Kenya or Rwanda. (Please note that trends from prior years cannot be reported because EABI changed its methodology in 2012 to assess bribery experiences based on sector groupings, i.e. education, rather than institutional, i.e. public universities, private schools, etc.).

Figure 21: Proportion of interactions with the Education services that resulted in bribe paying in the last 12 months



Source: EABI 2012

Although the bribery rate in education appears to be lower than in other sectors (as will become evident in later sections), it remains a serious problem. Bribery in education is a particularly troublesome issue due to the breadth of society impacted. There tends to be more interaction with the educational system of Uganda than with any of the other sectors discussed in this report, so while the bribery rate may be somewhat lower than with medical service, or the police, or the judiciary, the scope of the problem in education remains enormous.

8.2.2 Teacher Absenteeism in Primary Schools; a Form of "Quiet Corruption"

The recently (November 2012) released findings from the Uganda National Panel Survey 2010/11 (UNPS) community level survey reveal that teacher absenteeism is still a problem in one out of every five government primary school classrooms. The reasons for the absenteeism are many and reflect significant governance problems at the school level. The two national panel surveys reveal that the

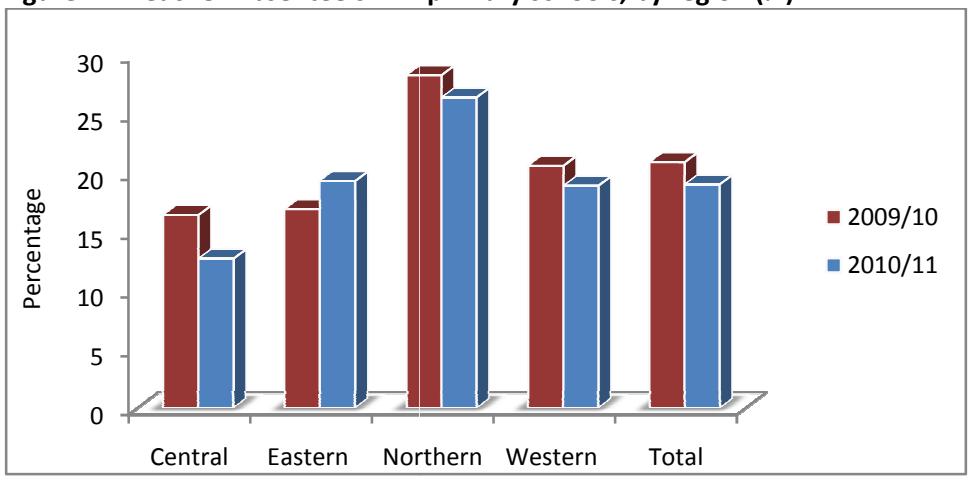
Northern region has the highest level of absenteeism (26.4%) though it is on the decline; however, the level of absenteeism in the eastern region is on the rise (16.9% in 2009/10 to 19.3% in 2010/11). A brief discussion of quiet corruption in the education sector follows.

Quiet corruption is the failure of public servants to deliver goods or services of the government. This type of corruption appears to be just as corrosive as other forms of corruption, and it has long-term consequences for development. Quiet corruption includes observable deviations in behavior, such as absenteeism, but also hard-to-observe deviations from expected conduct, such as a lower level of effort than expected or the deliberate bending of rules for personal advantages (World Bank Report 2010). The report further notes that quiet corruption is present in a large share of health provider-patient and teacher-pupil interactions affecting the poor, who are more vulnerable and more reliant on government services and public systems to satisfy their most basic needs.

The UNPS entails a multi-topic panel household and community survey that is carried out annually. The community module captures information on indicators related to teacher and health worker absenteeism which we discuss in depth below.

The recent 2010/11 data from the UNPS reveals that teacher absenteeism at government primary schools remains high at 19.0% though there has been a slight improvement since 2009/10 when absenteeism was 20.9%. The data suggests that approximately one in five government primary classrooms experience teacher absenteeism, indicating that in these schools teachers work for less time than contracted, but with little or no repercussions on their earnings.

Figure 22: Teacher Absenteeism in primary schools, by region (%)

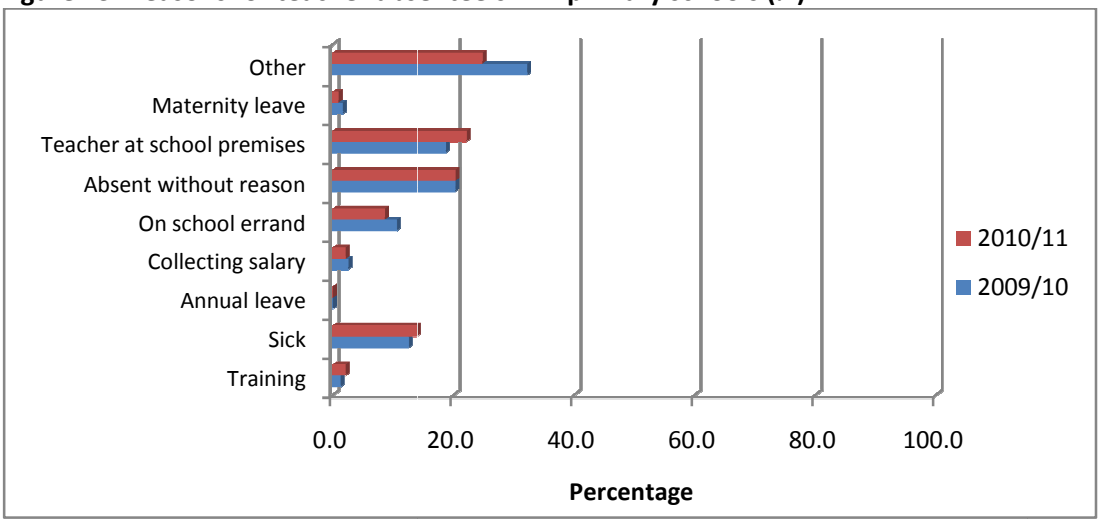


Source: UBoS UNPS findings 2010/11

The chart below looks at the reasons why teachers are absent as reported by school administrators. The percentage of teachers, who were absent without reason, has remained high at 20.3%. Teachers are often absent from the class even though they may be on the school premises; the percentage of such

cases has risen from 18.7% in 2009/10 to 22.1% in 2010/11. Other reasons include collecting salary and participating in school errands, among others. While these may be work-related functions, the duty of the teacher is first and foremost to be in the classroom with pupils, facilitating their learning. The data raises notable issues about primary school governance in these areas, but it also underscores the existence of a form of corrosive quiet corruption in the primary schools.

Figure 23: Reasons for teacher absenteeism in primary schools (%)



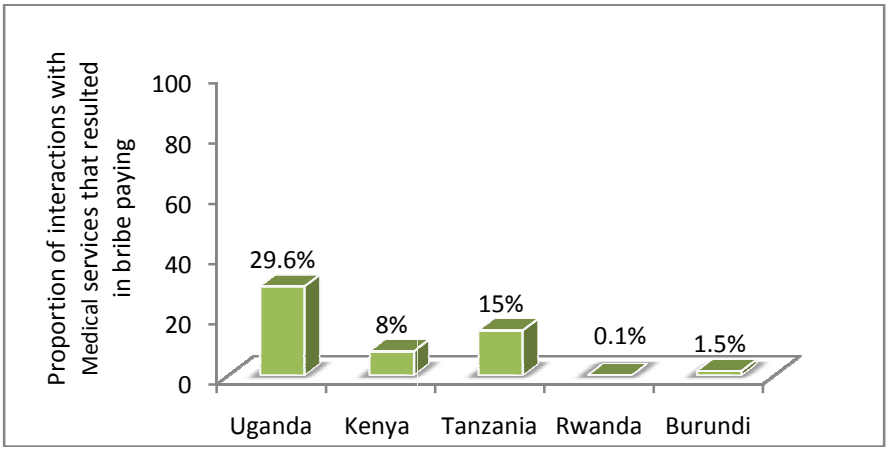
Source: UBoS UNPS findings 2010/11

8.3 Bribery and Absenteeism in Health

8.3.1 Prevalence of Bribery in Medical Services

Like education, health services are widely used by citizens. Having a high rate of bribery introduces inefficiencies, unfairness, discrimination, and unlawfulness in a critical component of the state's responsibility for providing services and care for its population. Uganda's bribery prevalence rate in medical services is more than three times that of Kenya and almost twice that of Tanzania. It is also significantly higher than the bribery rate in education. Rwanda's bribery rate of 0.1% sets a good example to its East African neighbors and suggests that the fight against corruption and bribery in particular, can indeed be won (please note that prior to 2012 the EABI assessed bribery experiences at an institutional level, but starting in 2012 bribery experiences are recorded on the basis of public service sectors, rendering it impossible to assess trends in bribery in medical services over time).

Figure 24: Proportion of interactions with Medical services that resulted in bribe paying in the past 12 months



Source: EABI 2012

8.3.2 Absenteeism in the Health Sector

The 2010/11 Uganda National Panel Survey data indicates that Uganda has significant problems related to health worker absenteeism. In government health centers, approximately one out of every two health workers is absent[22]. A more detailed description of the data is provided below.

As in the education sector, quiet corruption in the health-care sector is widespread in Uganda. Health worker absenteeism is highest at HC III facility levels and has since increased from 46.2% in 2009/10 to 51.0% in 2010/11. Generally, at HC II and HC III, the Western Region has the highest level of health work absenteeism followed by the Northern region.

Table 7: Absenteeism in health centers (%) by region and facility

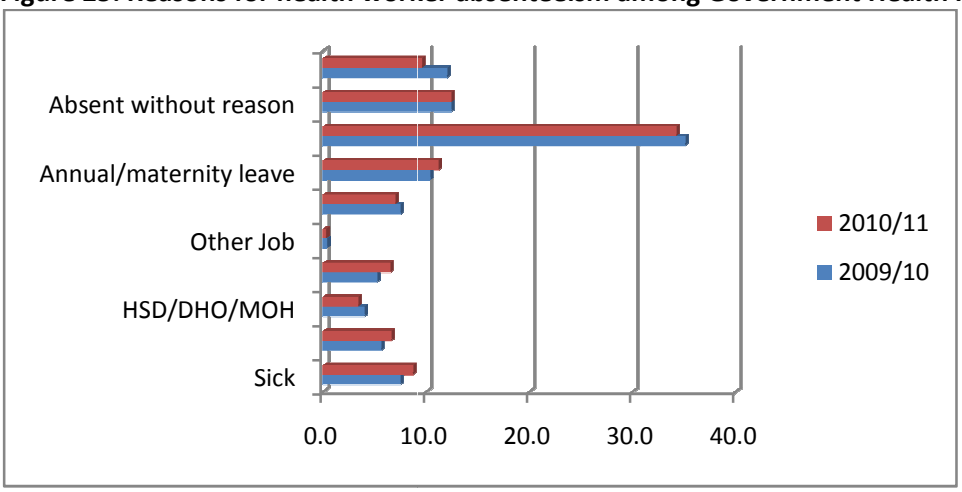
	2009/10		2010/11	
	Absenteeism rate		Absenteeism rate	
	HC II	HC III	HC II	HC III
Central	54.7	35.5	50.8	46.7
Eastern	32.2	48.5	24.4	51.9
Northern	46.5	48.3	48.4	51.0
Western	50.3	50.6	48.8	53.9
Total	***47.5***	***46.2***	***45.0***	***50.9***

Source: UBoS UNPS findings 2010/11

[22] In the 2nd DTM report, health worker absenteeism was captured as reported by the health worker supervisor while this year's report is based on actual spot checks of health worker presence

Reasons for health worker absenteeism range from having more than one job, to absence without reason among others. These lower level health centres are meant to provide services to ordinary citizens yet this can only happen if health workers are present to attend to their needs. It is thus not surprising that Uganda has yet to meet most of its health-related Millennium Development Goals (MDGs)

Figure 25: Reasons for health worker absenteeism among Government Health Providers

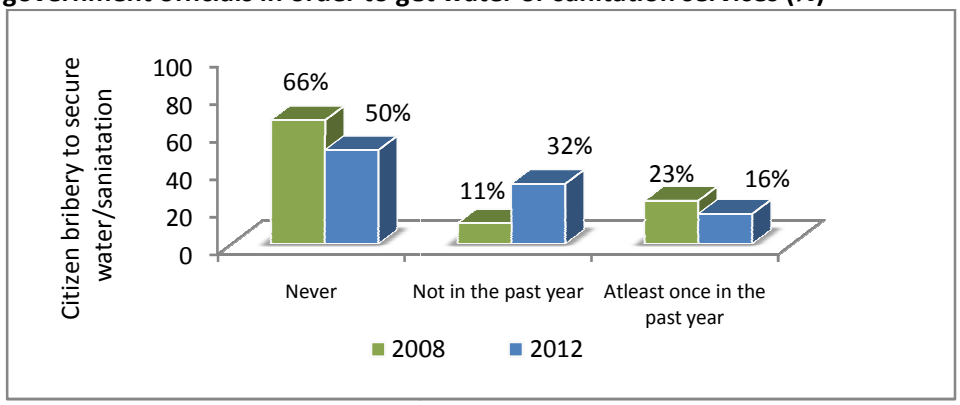


Source: UBoS UNPS findings 2010/11

8.4 Bribery in Water and Sanitation Sector

Neither TI nor EABI monitor bribery in the water or sanitation sectors, and the only data available in this area come from Afrobarometer. As seen in Figures 24 and 25 below, there has been a reduction in the percentage of respondents reporting having paid a bribe to obtain water or sanitation services in the previous year.

Figure 26: The extent to which respondents had to pay a bribe, give a gift, or do a favour to government officials in order to get water or sanitation services (%)



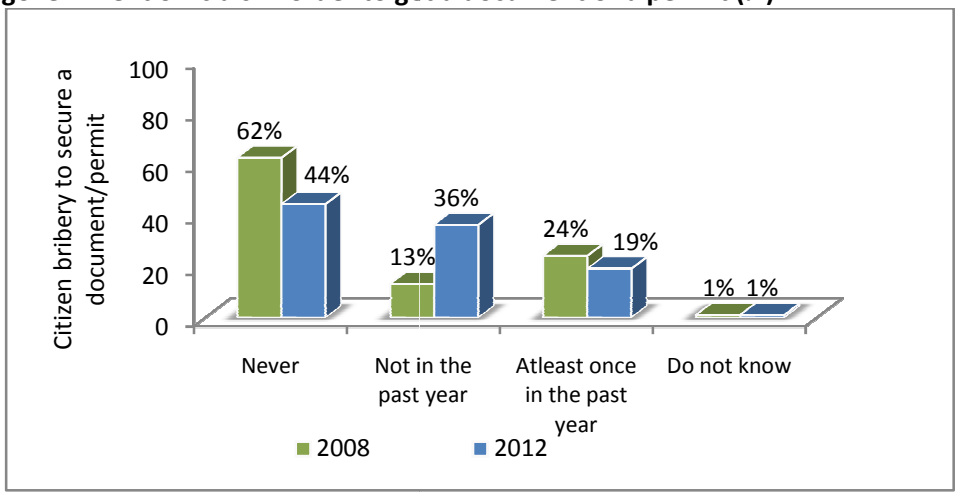
Source: Afrobarometer 2008-2012

The 2012 Afrobarometer data reveals that 1 in 6 citizens had to pay a bribe to secure water or sanitation services. Though this represents a reduction in bribery it still calls for strong leadership from the government's part to establish an environment that does not accept bribery as a normal way of doing business.

8.5 Bribery in Obtaining Documents/Permits

Afrobarometer indicates that 44% of households have never paid bribes to get a document or permit from the government. This is a reduction from the 62% that reported to have never paid bribes to secure a document or permit in 2008, indicating that though a larger percentage (36%) reported to have had no bribery experience in the past year, more people experienced at least one bribery experience since 2008 when the last Afrobarometer survey was undertaken.

Figure 27: The extent to which respondents had to pay a bribe, give a gift, or do a favour to government officials in order to get a document or a permit (%)



Source: Afrobarometer, 2008- 2012

According to the Afrobarometer survey, one out of every 5 citizens seeking a document or permit from the government resorted to bribery or had to pay a bribe in order to secure what they needed.

8.6 Bribery in the Police

The Police have on many occasions been ranked the most corrupt institution in Uganda; however recent data from the EABI has shown a somewhat declining trend. Meanwhile, data from Afrobarometer paints a different picture, suggesting that bribery involving the police is lower than that recorded by EABI, but remaining steady with the data they collected four years ago, in 2008[23].

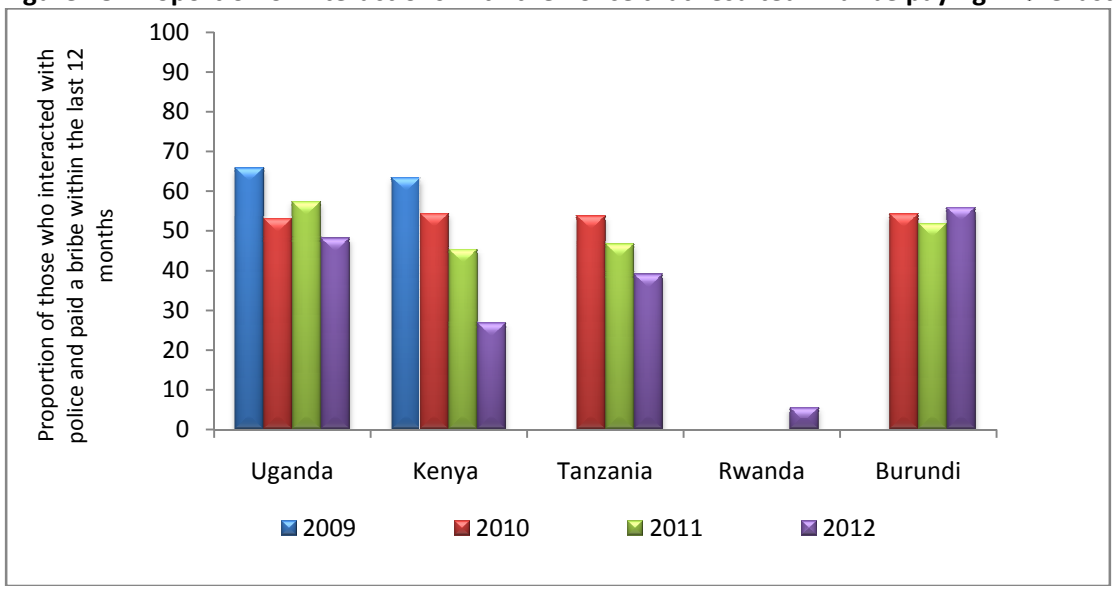
According to EABI, the bribery prevalence in the police sector reduced from 57.4% in 2011 to 48.2% in 2012 -the lowest prevalence rate since 2009. As can be seen in Figure 26, the trend is not direct and

[23] These differences can be attributed to the different methodologies used by EABI and Afrobarometer

consistent the way it is in Kenya and Tanzania, but there appears to be a gradual decline over the past four years according to EABI.

Despite the reduction in prevalence rates, the police are still ranked as the most corrupt sector in Uganda (as measured by bribery incidence) across the sectors by EABI. When the broader data set reported by EABI is examined, it becomes apparent that almost all bribes requested by the police are collected; suggesting affected individuals believe they have no option but to pay the bribe. Although the majority of respondents seem to believe this across all sectors, it is a particularly strong finding among the police. Indeed, the survey found that more than half of the respondents thought bribing was the only way to get a service from the police. The IG Reports[24] to parliament further place police among the top five institutions that were complained against in 2009 and 2011 and bribery was pointed out as one of the offences.

Figure 28: Proportion of interactions with the Police that resulted in bribe paying in the last 12 months

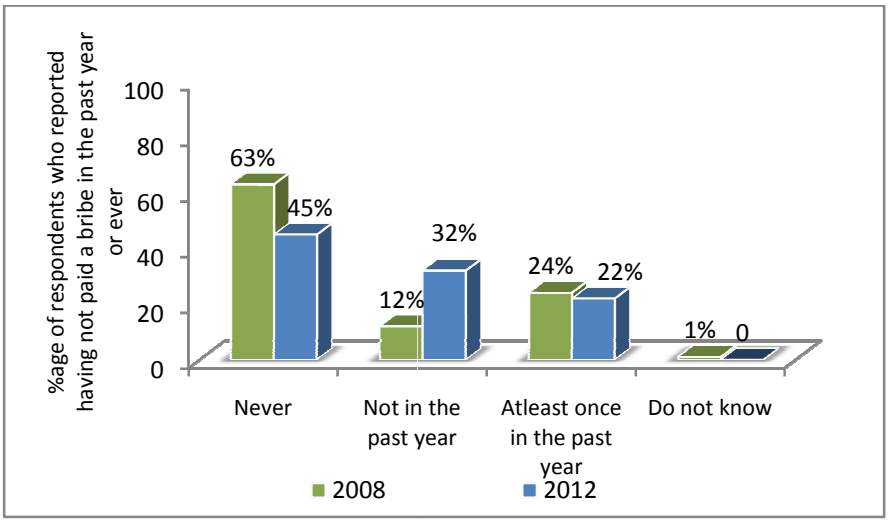


Source: EABI 2009-2012

As seen below, the data reported by Afrobarometer paints a slightly different picture (though, as noted above, one must be very careful when directly comparing results from different surveys). The data related to this type of bribery in Uganda mirrors the data collected by Afrobarometer in 2012, with 45% indicating they have never paid a bribe, and an additional 32% indicating they had not paid a bribe in the previous year.

[24] Inspectorate of Government Report to Parliament Jan-June 2009 and the Inspectorate of Government Report to Parliament July-December 2011

Figure 29: The extent to which households had to pay a bribe, give a gift, or do a favour to government officials in order to avoid a problem with the police (%)

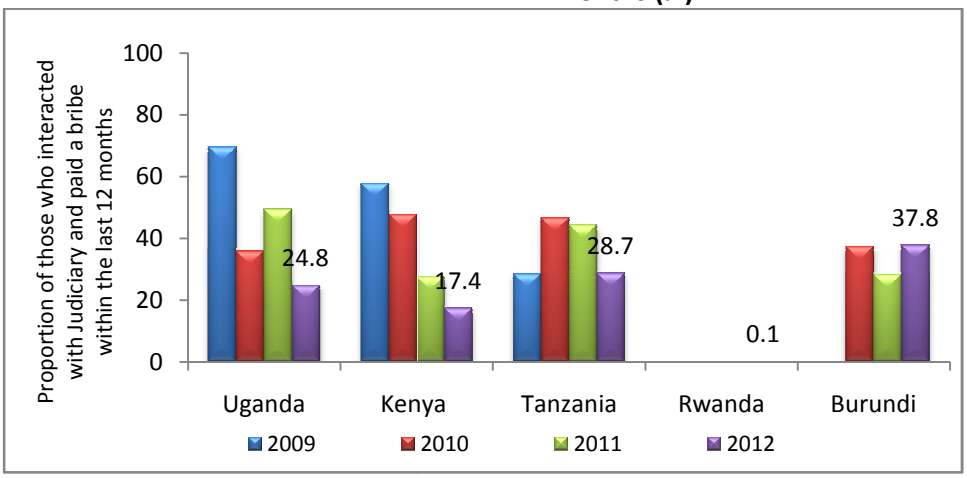


Source: Afrobarometer 2008 - 2012

8.7 Bribery in the Judiciary

Bribery prevalence reduced from 49.4% in 2011 to 24.8% in 2012. According to the Ministry of Justice and Constitutional Affairs, this reduction is due to the professionalization of the Bench, as Grade 2 magistrates are being phased out and replaced by Grade 1 magistrates. Although the reduction in bribery prevalence is a welcome and promising trend, in terms of the average amounts in Uganda shillings paid, the judiciary is still a leading institution. The DTM team has been informed that most court services are paid for and court fees form part of non tax revenue for the Government; and that such court fees are provided for under the court rules. Receipts for such payments are issued and upon judgment these are assessed as costs; and they are nominal fees ranging from UGX1,500 to UGX250,000. Therefore, these payments are not illegal except where litigants offer bribes. The extra and illegal bribes paid to public officers in the judiciary may result in lower access to judicial services and diminished confidence in this important law enforcement institution. When compared with other East African countries, Uganda is presenting an overall improving trend over the past four years and is now largely in line with Kenya and Tanzania, though Rwanda is clearly the leader in this field, reporting a mere 0.1% index of bribery in 2012.

Figure 30: Proportion of those who interacted with Judiciary and paid a bribe within the last 12 months (%)



Source: EABI 2009-2012

8.8 Conclusions on Bribery, Absenteeism and Corruption in Sectors

The data presented in this chapter paints a mixed picture. Broadly speaking, the EABI data shows a gradual reduction in the prevalence of bribery across the sectors they measure (Education, Health, Police, and Judiciary) while the Afrobarometer data suggests a relatively steady trend-line or a modest reduction across the sectors it measures (Water and Sanitation, Documents and Permits, and the Police).

The relative level of bribery reported by these two sources is widely different, suggesting that one should not conclude that one or the other is correct. Instead, the trend they both reveal is likely to be more instructive; a trend that seems unsteady and small may yet still be discernible. This suggests that efforts to combat bribery might be beginning to have a small impact, but also that much more needs to be done to truly address the problem of bribery throughout public service as the number of people that pay a bribe to receive services from the state is still high.

Regardless of whether the bribery rate stands at 50% or 20%, the fact remains that a large number of citizens are being directly harmed by this form of corruption and greater efforts and stronger reform programmes need to be implemented to greatly accelerate what appears to be a modest downward trend in the incidence of bribery. When designing these reform programmes it is important to look at the indicators of red flags of corruption included in the previous chapters of this report. The red lag indicators such as lack of legislation, regulations or enforcement indicate the areas where possible interventions of Government should take place.

Quiet corruption continues to be a serious problem in schools and health facilities. As such we recommend the strengthening of the Government-wide effort to tackle absenteeism in Schools and Health Facilities. The interventions – attendance registers, tool to monitor absenteeism etc- introduced by the Ministry of Public Service and the Ministry of Ethics –manuals on ethics in all institutions-should be strengthened further if this problem of quiet corruption is to be curbed.

CHAPTER 9: BUSINESS ENVIRONMENT

The 2012 Doing Business data which was selected for the DTM reflects a minor effort to improve the business environment and tackle related enterprise corruption. The lack of commitment to address potential avenues for enterprise bribery is evident in the high number of procedures associated with virtually all selected Doing Business indicators for the DTM Initiative.

Businesses are regular users of public goods and services. Enterprises need licenses for starting a business, construction permits to build new offices, and authorizations to register property. The government rests at the center of these interactions, wielding substantial control over the ability of a business to grow and flourish.

Unfortunately, public officials involved in these processes can abuse their power by indicating that the necessary governmental authorizations can only be secured with bribes. This type of bribery evidences itself in a variety of fashions from lengthy, complex, and costly procedures to procurement-related bribery associated with securing government contracts.

A well-known source of information about business interaction with the government is Doing Business. Doing Business sheds light on the nature of interactions between enterprises and the government and can therefore point to some red flags in terms of where corruption can occur. Doing Business focuses on each point of contact between the entrepreneur and a bureaucrat, recognizing that each contact is an opportunity for a bribe to exchange hands.

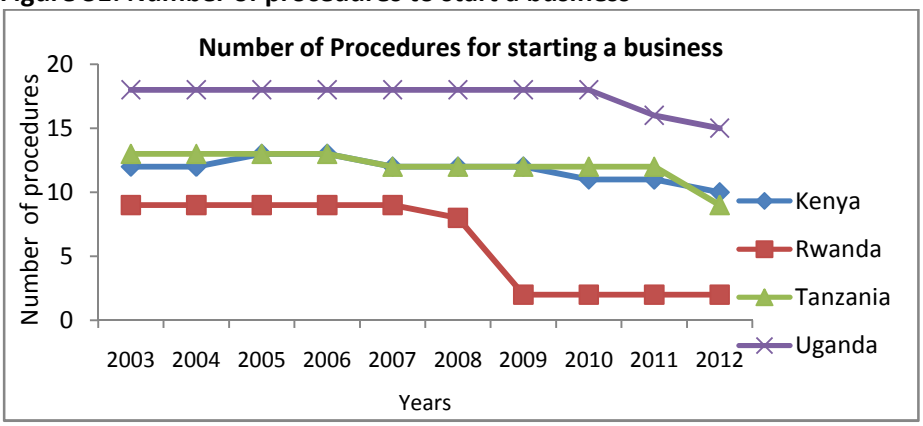
The DTM Doing Business data focuses on five indicators which are rooted in the concept that each contact between an enterprise and the government creates an opportunity for bribery. They are:

i. Number of procedures required to start a business
ii. Number of procedures for dealing with construction permits
iii. Number of procedures associated with registering a property
iv. Number of tax payments per year
v. Number of procedures for enforcing contracts

The first Doing Business indicator assesses *"the number of procedures involved in starting a business"*. While many would agree that government should establish a necessary number of procedures for starting a business, lengthy multi-stage authorizations create perverse incentives for public officials and entrepreneurs. Each procedure may involve its own officials, expanding the possibility of the number of officials who request a bribe. Increased procedures also mean there are more hurdles to be crossed, which in itself slows down the economy and creates disincentives for innovation and entrepreneurialism. Lastly, lengthy multi-stage processes tend to be time-consuming and costly, giving enterprises an incentive to offer a bribe or be willing to pay a bribe simply to limit the cost. In summary, more procedures mean more opportunity for corrupt behavior.

When reviewing the most recent data from 2012, Uganda reduced the number of procedures for starting up a business from 16 to 15 in 2012, although the current pace of reform continues to be exceptionally slow and the number of procedures is still the highest in East Africa. Tanzania showed the highest improvement having reduced the procedures from 12 in 2011 to 9 in 2012. The number of procedures required also stands in stark contrast to Uganda's southern neighbor Rwanda which only has 2 procedures While Rwanda has exhibited enormous ability to reform and change Uganda has maintained a fairly constant number of procedures.

Figure 31: Number of procedures to start a business



Doing Business, 2012

The second Doing Business indicator relates to the *"number of procedures dealing with construction permits"*. Similar to the previous indicator associated with starting a business, numerous procedures for building and construction can become lucrative opportunities to extract bribes. All East African countries have shown improvement by reducing the number of procedures by at least two. In the last three years Uganda increased the number of procedures from 16 in 2009 to 18 in 2010 to 15 in 2011, but the number of procedures required stayed at 15 in 2012.Uganda is on par with the Sub-Saharan average which stands at 15 procedures; however it remains above the average in East Africa.

The third Doing Business indicator relates to *"the number of procedures associated with registering a property"*. The number of procedures had remained constant for years in Uganda, but finally reduced by one in 2012; leaving 12 procedures for registering property. Uganda's number of procedures far exceeds the average for sub-Saharan Africa as well as for OECD countries.

Regarding the *number of procedures for enforcing contracts*, Uganda has maintained 38 procedures in 2012. This is in contrast to Rwanda that has continued to show improvement having reduced its procedures from 24 in 2011 to 23 in 2012. While all East African countries had maintained a relatively constant number of procedures, Rwanda and Uganda showed some improvement having reduced their procedures from 18 to 17 and 32 to 31 respectively over the 2011-2012 periods. Generally, Uganda was ranked 120 out of 185 economies surveyed.

While business registration in Uganda requires 15 procedures and 33 days to do the registration, Rwanda requires 2 procedures and a maximum of 3 days to register a business there. Uganda should adopt best practices around the world like having one stop centres, and online processing for all the procedures.

CHAPTER 10: INDICATORS RELATED TO ANTI-CORRUPTION ENFORCEMENT MEASURES

This section, which focuses on disaggregated indicators, reviews those indicators related to anti-corruption laws enforcement. Uganda has made great efforts in enacting legislation and establishing institutions to fight corruption. For example, by 1970, the Prevention of Corruption Act had been enacted and by 1988 the Inspector General of Government Statute which established the Inspectorate of Government had also been enacted. Other key legislation have similarly been enacted and the include the Inspectorate of Government Act (2002) which repealed the Inspector General of Government Statute (1988), the Leadership Code Act (2002) and, the Anti-Corruption Act (2009) which repealed the Prevention of Corruption Act (1970). However, the implementation of corruption prevention and detection and anti-corruption enforcement has been particularly weak. The indicators in this section relate to anti-corruption enforcement and they include the length of time taken to resolve cases, the outcome of the cases and the amount of monetary recoveries made. The indicators are all important because they provide the public and policy-makers critical information about how effective and efficient the anti-corruption institutions are in the fight against corruption.

We look at several different sources of information about anti-corruption enforcement in Uganda – the Inspectorate of Government, the Office of the Director of Public Prosecutions, the Public Service Commission, the Health Service Commission, the Education Service Commission, the District Service Commissions, and the Uganda Police –Criminal intelligence and Investigation Directorate, as well as the Anti-Corruption Division of the High Court. The varied data sources from these institutions (in terms of classification and sometimes of definition of cases) suggest that DTM should develop a strategy for building partnership with these agencies to get better quality data. A brief discussion of data received from each is given below.

This year (2012) some data has further been obtained from selected District Service Commissions. These Commissions are responsible for administrative corruption cases which occur at the District level. Uganda has a total of 111 Districts and therefore it would not have been cost effective at this time to collect data from all 111 District Service Commissions (DSCs), as such, a sample of 13 DSCs was selected.

Challenges relating to the nature of data were experienced because the required data was very detailed and as such, many of the institutions did not have it available, while some of the institutions were uncomfortable with releasing the detailed information. Moreover, most of the institutions visited have poor record management systems and this made the data collection tedious, which meant that much time was needed trying to reorganize the data. The Commission in Moroto district was not constituted and hence data was not collected from there for the period 2011.

Indeed, the issue of the quality and availability of data is one that needs most attention. There are many other related issues here, one of which may be that the DTM indicators are entirely different from the ones used by the agencies themselves. Therefore, DTM will continue to pursue a strategy for

engaging the core agencies (DPP, Anti-corruption Court, etc.) and forging partnerships with them to obtain data and/or help them track their own data.

10.1 Anti-Corruption Court

Time required for resolving corruption cases: It is crucial to document the time required for (i) investigation, (ii) prosecution, and (iii) adjudication of corruption cases. This type of information provides the public and policy-makers critical information about the effectiveness of government anti-corruption efforts. The indicator below looks at the percentage of completed cases that required more than a year to be resolved at the Anti-Corruption Court.

Percentage of prosecution cases which required more than 12 months to resolve: The Anti-Corruption Court was established in 2009 which explains why there were no case backlogs to be cleared in 2009. The percentage of cases that required more than 12 months to resolve at the Anti-Corruption Court is still low, though it is on the rise (5 percent in 2010 and 8.5 percent in 2011). This can partly be attributed to the increasing number of cases being handled by the Court. The other major reason for the increase is that there is high public confidence and trust in the Court. Government institutions such as URA and private corporations like banks have made special requests to have their cases handled by the Court because of the confidence they have in it. Furthermore, quite often adjournments are sought by prosecuting agencies to sort themselves out and this causes delay. It also means that the originally agreed position to file a case when investigations are complete has not been observed. In terms of total numbers, while there were only 8 cases registered in 2009, the cases increased to 88 in 2010 and to 271 in 2011.

Table 8: Percentage of prosecution cases involving public corruption which resulted in a conviction

Result of case	2009	(%)	2010	(%)	2011	(%)
Conviction	2	33.0	15	38.5	44	31.2
Withdrawal	2	33.0	9	23.1	10	7.1
Dismissed	0	0.0	11	28.2	43	30.5
Acquitted	1	17.0	4	10.3	15	10.6
Closed(Nolle prosequi/administratively)	0	0	0	0	24	17.0
Other (Order delivered)	0	0	0	0	5	3.6
Not stated	1	17.0	0	0	0	0
Total completed	6	100.0	39	100.0	141	100.0
Ongoing cases	2		49		130	
Percentage resolved cases that required more than 12 months	-	0.0	2	5.1	14	8.50

Source: Anti corruption court, 2009-2011

The conviction rate of prosecution cases at the Anti-corruption Court declined in 2011. For example a huge 31.0% of the cases resulted into dismissals while 10.6% resulted into acquittals in 2011 although in terms of number, the conviction rates have been rising since 2009 from 2 to 15 and recently to 44. The large percentages of dismissals, withdraws and acquittals could be a result of the fact that not enough

investigations are carried out to produce substantial evidence to lead to convictions. It should, however, be noted that it is not only difficult in Uganda but also everywhere else to obtain enough evidence to prosecute corruption cases. Here exchange of knowledge and information with other successful anti-corruption enforcement entities elsewhere in the world could be sought. Detailed information on result of cases can be found in Annex IV.

10.2 Inspectorate of Government

In many regards, the Inspectorate of Government (IG) is the primary anti-corruption agency in Uganda. The powers of the IG to prosecute or cause prosecution of cases involving corruption and abuse of office are derived from the Constitution of Uganda 1995, which provides in Article 230 (1) that: "The Inspectorate of Government shall have power to investigate, cause investigation, arrest, cause arrest, prosecute or cause prosecution in respect of cases involving corruption, abuse of authority or of public office'. Below, is a summary of cases that were prosecuted since 2006 to 2011 and the result of the cases.

Table 9: Result of Prosecution cases originating from the Inspectorate of Government

IG	2006	2007	2008	2009	2010	2011
Prosecutions	44	60	64	70	116	154
Concluded cases	7	12	16	11	30	61
Convictions	2	4	10	1	18	37
Dismissals	0	3	0	4	2	2
Acquittals	5	2	6	1	3	14
Conviction rate	28.6	44.4	62.5	16.7	78.3	69.8

Source: IG report to Parliament July-December, 2011

The number of cases that are prosecuted in the courts of law has been increasing since 2006. Subsequently, the number of convictions arising out of the prosecution cases has been rising over the 2006-2011 period save for 2009 when only one conviction was secured. High prosecution and conviction rates send a message to the public that some action is being taken on corrupt officials and this can subsequently encourage community participation in the fight against corruption. The DTM further looked into the number of cases that required more than 12 months to be resolved. While 54.2% of the cases took more than 12 months to be resolved in 2010, the number substantially dropped to 22.0% in 2011. According to the IG, this improvement can be attributed to the increased use of the Anti-Corruption Court which is quick at resolving corruption cases compared to other courts which deal with corruption cases alongside other crimes.

We thus recommend that the IG's office continues to train staff in investigation and prosecution skills and all other relevant skills, through formal and on-job training plus sharing information and experiences with other anti-corruption institutions. This has the likelihood to improve on prosecutions and investigations for more successful convictions and impact.

10.2.1 IG Asset Recovery

The IG investigations lead to prosecutions and administrative sanctions as mandated by the Constitution and by the Inspectorate of Government Act. As a consequence of IG investigations, money is saved (including refunds/recoveries and pre-empted deals) and some of this money is paid directly to the institutions or local governments that had sustained the losses. Some of the money is kept on the Asset Recovery Account maintained by the IG. The detail of refunds and money recovered for the period 2008 to 2011 is shown in the Table 12 below.

Table 10: Asset Recovery (UGX)

Period	Actual amount (UGX) remitted on IG Asset recovery account	Money saved (UGX) as result of investigation
2008	279,893,977	-
2009	105,428,500	-
2010	212,793,789	1,427,470,004
2011	261,810,497	13,109,226,597
Total	859,926,763	

Source: Data provided by IG, 2011

10.3 The Directorate of Public Prosecutions

The Office of the Director of Public Prosecutions (DPP) is established under Article 120 of the Constitution of Uganda (1995). Some of the key functions of the DPP include directing the police to investigate any information of a criminal nature, instituting criminal proceedings against any person or authority in any court of competent jurisdiction other than a court martial, and taking over and continuing any criminal proceedings instituted by any other person or authority. In exercising these functions, the DPP is not subject to the direction or control of any person or authority.

The DPP collects data on crime cases throughout the country and responded to the request of the DTM to provide data for 2008-2011. The data included the total numbers of newly registered cases, nature of the criminal offence, and stage and outcome of the cases for the respective years. The DPP acknowledged several challenges encountered during analysis of the data as presented, some of which had been pointed out in the second DTM Report. The challenges included: (i) omission of critical information such as the dates the cases were registered and concluded which made it impossible to determine the length of time taken to conclude the cases; (ii) omission of information on certain categories of offences; (iii) risks of “double counting” as the cases progressed through the different stages, (iv) non-inclusion of the newly registered cases in the overall total case load thereby clouding the picture of the performance of the DPP, and (v) registering only the first count where a case has multiple counts thereby not accurately capturing data on offences.

Despite the challenges highlighted above, some clear trends were observed on the data on cases of corruption related offences as handled by DPP. The data (Table 11 below) shows that the total number

of cases of corruption-related offences has been increasing over time. According to the DPP this could be attributed to several factors namely:- (i) a general increase in corruption related offences; (ii) easier and improved reporting of criminal cases; (iii) improvement in handling corruption cases involving prosecution led investigations; (iv) establishment of closer working relationship with complainants and potential witnesses, and (v) expeditious disposal of corruption cases by the Anti-Corruption Court, and (vi) increased specialization and experience of DPP Prosecutors in corruption cases.

Table 11: Number of cases of corruption related offences reported to DPP

Offences	2008	2009	2010	2011
Embezzlement	346	1905	1230	777
Forgery	1797	3390	3316	3155
Corruption	72	357	307	763
Causing Financial Loss	12	100	145	81
Issue of false cheques	135	1360	1512	3018
Obtaining money by false pretense	-	231	6343	7507
Obtaining goods by false pretense	-	225	111	-
Abuse of Office	16	113	145	250
Total	2,378	7,681	13,109	15,551

Source: Directorate of Public Prosecutions, 2011

The large number of cases involving obtaining money or goods by false pretenses could be attributed to the weak laws regarding "obtaining goods by false pretenses" and a lack of adequate legislation on counterfeit crimes. As a recommendation, government should strengthen laws regarding false pretenses.

The data (Table 12 below) also shows that the number of convictions secured by DPP on cases of corruption related offences have also been increasing over time. According to the DPP this could be attributed to: (i) improvement in handling corruption cases by adopting prosecution led investigations approach; (ii) establishment of closer working relationship with complainants and potential witnesses, and (iii) increased specialization and experience of DPP Prosecutors in corruption cases.

The data (Table 12 below) correspondingly shows that the number of cases under hearing in court or resulting in acquittals, withdrawals and dismissals and also being closed by DPP on cases of corruption related offences have similarly been increasing over time while the number of cases on further inquiries remains high. This is not a positive sign and according to the DPP it is attributed to: (i) pressure to proceed with prosecution before obtaining proper evidence; (ii) reluctance of complainants and potential witnesses to fully cooperate or become involved in the cases either after being compromised or out of fear; (iii) lack of sustained capacity where on average after 4 years at the DPP, Prosecutors move to "greener" pastures offering better employment terms, and (iv) insufficient funding which severely hampers the ability to facilitate witnesses (pay allowances and transport) and thereby to proceed with prosecution. There is real risk that this continued state of affairs will negatively impact the prosecution process and could result in the Government eventually having to pay monetary damages

using public resources where DPP loses, withdraws or closes cases. The high number of cases under hearing and further inquiries and acquittals, withdrawals, dismissals, closures is justification that DPP and the Police (CIID) (discussed later in this Report) require more support in strengthening their respective prosecutorial and investigative capacities in order to maximize opportunities to prosecute genuine cases. The DPP and CIID also need increased funding to ultimately reverse these trends.

Table 12: Outcome and Status of cases of corruption related offences originating from DPP

Result of Cases at DPP	2008	2009	2010	2011
Convictions	114	224	368	476
Acquittals	26	31	63	117
Withdrawals	3	28	25	55
Dismissals	103	405	512	617
Closed	260	383	717	1,339
Further Inquiries	246	1,998	2,594	2,073
Under Hearing	826	3,258	5,203	5,555
Total	1,578	6,327	9,482	10,232

Source: Directorate of Public Prosecutions, 2011

10.4 Administrative Cases

Subject to the provisions of the 1995 Uganda Constitution, the different service commissions have the power to appoint persons to hold or act in any office, including the power to confirm appointments, to exercise disciplinary control over persons holding or acting in any such office and to remove those persons from office. As such, the DTM looks at the different cases handled by the different commissions and the length of time it required to resolve the cases.

Table 13: Percentage of administrative cases which required more than 12 months to be resolved

	2011
Public Service Commission(PSC)	2.6
Education Service Commission(ESC)	70.0
District Service Commissions(DSC)	20.0
Health service Commission (HSC)	71.4

Based on data provided by the different commissions, 2011

More than fifty percent of the cases at the Education Service Commission and Health Service Commission required more than 12 months to be resolved and most of the cases under the Public Service Commission have been ongoing for more than one year. The DTM recommends that a performance audit of these institutions be undertaken to determine ways of improving their effectiveness. More details are given in Annex IV.

Table 14: Percentage of administrative cases which resulted in dismissals

	2010	2011
Public Service Commission (PSC)	60.0	34.6
Education Service Commission(ESC)		50.0
District Service Commissions(DSC)		70.0
Health service Commission (HSC)		28.5

Based on data provided by the different Commissions, 2011

The highest number of dismissals arising out of administrative cases was registered at the District Service Commissions. More than 63% of cases that resulted into dismissals at the DSC were related to abscondment from duty by primary school teachers and forgery/uttering of false documents which led to their dismissal.

10.5 The Uganda Police

In Uganda, corruption cases may be reported to (i) the Inspectorate of Government or (ii) to the Police/Criminal Intelligence & Investigation Department (CIID). While there is no central governmental data which tracks reported corruption cases across government, some of the individual institutions maintain their own data, and generate reports, on the cases they received and managed directly. The Uganda Police Force, which manages CIID data, is a good example of such an entity.

The 2008-2011 Uganda Police Force Annual Crime Reports include data related to the number of corruption cases reported to the UPF, the number of those cases taken to court during the past year, and the number of cases still under inquiry. This data is made available to the public each year, for which the UPF should be commended. The data provides a useful starting point for tracking enforcement data. This data is critical for determining the degree to which enforcement mechanisms are, or are not, working. If corruption reporting does not result in administrative or judicial sanctions, the reporting process becomes meaningless – and fighting corruption is only a commitment of words.

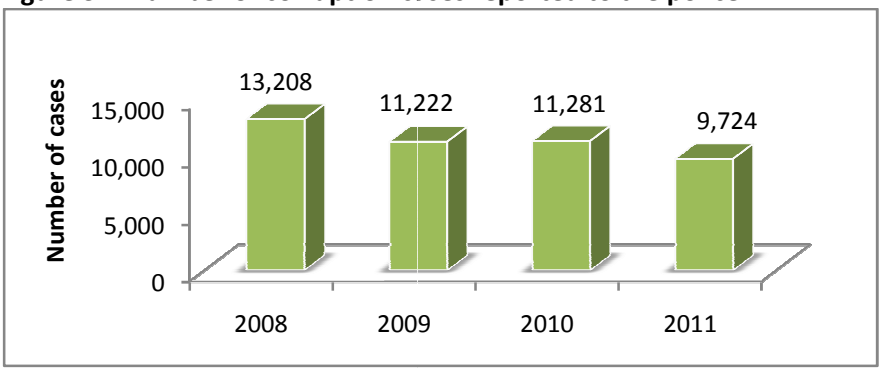
The data used here was sourced from the Annual Police Reports generated annually. The CIID of the Ugandan Police Force includes data for both the Anti-Corruption Department and the Economic Crimes Department. The Anti-Corruption Department of the Police is responsible for investigation of corruption cases involving public officials from MDAs, Local Governments, Municipal Councils, and Statutory Organizations/Bodies (or parastatals). The Economic Crimes Department is responsible for investigating corruption cases involving private individuals and companies.

While the CIID responded to the request from the Technical Support Committee to provide data for 2008-2011, the data provided was limited and incomplete. In addition, numerous data elements were not availed including the following: the date the case was registered, the date the case was closed, and hence the total length of time (duration) of case. Furthermore, CIID did not use the classification system for types of corruption. If the proposed classification systems are not used, DTM will be unable to

consolidate this data with that of other Anti-Corruption agencies. As the data requested was not availed, we opted to use the summarized statistics from the annual reports[25].

As indicated below, "the number of reported cases of corruption to the Uganda Police Force" has been decreasing over time.

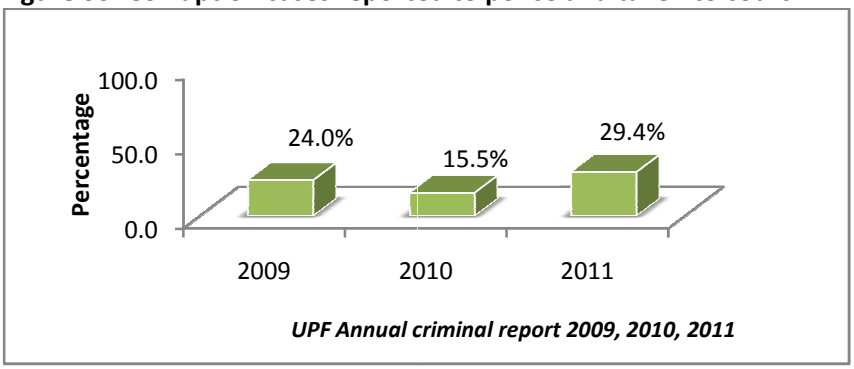
Figure 32: Number of corruption cases reported to the police



Source: UPF Annual Crime Report

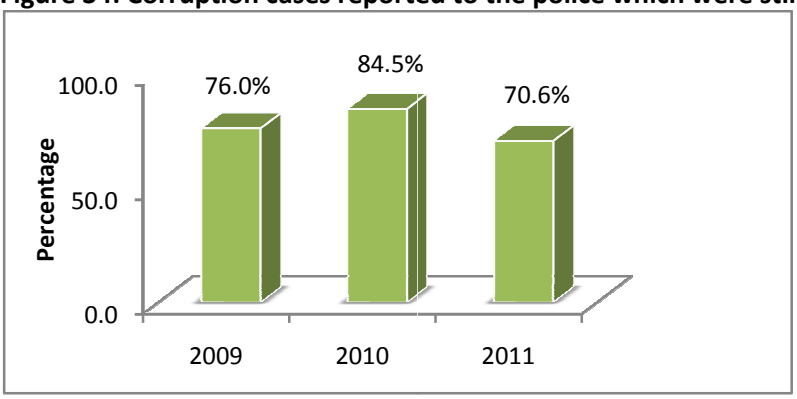
The percentage of cases which were taken to court since 2009 has consistently been below 30% of the cases reported. Despite the above general observation, the percentage of cases taken to court almost doubled from 15.5% in 2010 to 29.4% in 2011. This resulted in a lower level of cases which were still under inquiry over the 2009-10 periods. The police should be commended for this improvement.

Figure 33: Corruption cases reported to police and taken to court



[25] There is need to reflect upon the fact that many of the entities supplying data handle a huge number of cases and sit on a lot of data, but possibly can't extract it in the format which can be used to fill in the DTM template. The Peer Review team suggested that the DTM managers should spend more time working with the documentation and IT departments of the entities in order to compile the data and information relevant for the DTM. The EPRC welcomes this suggestion for the subsequent DTM reports.

Figure 34: Corruption cases reported to the police which were still under inquiry



Source: UPF Annual Crime Report

The 2008 to 2009 time period reflects a reduction in the number of corruption cases reported to police; this could in part be attributed to increased use of other institutions that are directly mandated to handle corruption like the Inspectorate of Government (IG). The increase in the cases taken to court in 2011 could be attributed to increased commitment to enforcement by the Police.

We recommend that a performance audit of the enforcement entities be undertaken as this would shed light on their actual effectiveness in terms of case handling and the reasons for delays, increase or decrease in numbers, etc. This would also lead to more evidenced-based recommendations in terms of future action to take or reforms to be initiated.

CHAPTER 11: AGGREGATED CORRUPTION INDICATORS – ANALYSIS AND FINDINGS

11.1 Integrity indicators Scorecard of the Global Integrity Index and Report

The Global Integrity Index and Report 2011, provide an overall score for Uganda of "Moderate" (72 of 100) in terms of anti-corruption mechanisms. Nevertheless, one must be careful in viewing the overall Global Integrity score for Uganda, many aid dependent countries have forged a knack for demonstrating solid anti-corruption infrastructure, without the ability to actually support these structures in practice. In 2007, as earlier mentioned, Global Integrity introduced the 'implementation gap' metric to capture the gap between a country's anti-corruption laws "on the books" and the actual enforcement of those same laws. Uganda has one of the largest "implementation gap" of all countries covered in the Global Integrity Report.

In 2008, Uganda's implementation gap was much higher at 54. The country's current implementation gap of 47 is the lowest since 2008 and is the same as the 2007 score. A seven point reduction in the implementation gap from 54 in 2009 to 47 in 2011 is an indication that Uganda is starting to strengthen the anti-corruption implementation effort.

Significant improvements on the Uganda Global Integrity score card were observed under civil society, public information and media, administration and civil service and anti-corruption and rule of law. Some of the reasons that could explain the reduction in the implementation gap could be attributed to the introduction of the Anti-corruption court which has expeditiously dealt with corruption related cases subsequently reducing on the length of time that corruption cases take in court, reduction in backlogs etc. The Anti-corruption agencies (IG, Police, DPP etc..) have tended to act on complaints within a reasonable time period though there is still room for improvement. Further improvements were noted in the Auditor General's office which has shown tremendous improvement and in practice, it audits accounts according to international standards.

11.2 World Governance Indicators (WGI)

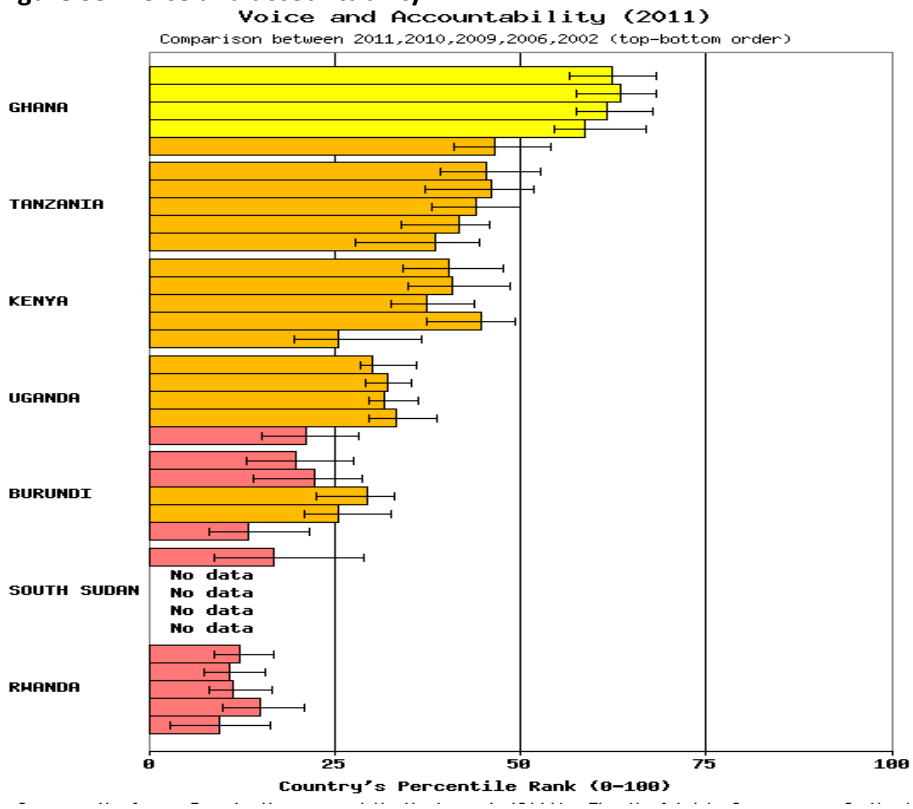
The World Governance Indicators assess six dimensions of governance. The DTM includes three of these, as defined below. The percentile rank indicates the percentage of countries worldwide that rate below the selected country. Higher values indicate better governance ratings. It should however be noted that changes in governance over short year-to-year periods are difficult to measure with any kind of data, and are typically quite small. Recognizing this, we should in most cases not focus on short-run year-to-year changes but rather in trends over longer periods[26].

[26]As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence interval for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance

11.2.1 Voice and Accountability (VA) – This dimension reviews the *process by which governments are selected, monitored, and replaced* by capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

Uganda ranks in the 30th percentile, and has not made significant changes or improvements since 2006. This ranking is significantly lower than Ghana, Tanzania and Kenya which are in the 62nd, 45th and 40thpercentiles respectively. Burundi, South Sudan and Rwanda have poor performances and their ranks are below the 25th percentile. Uganda should pick some lessons from its African neighbors and initiate reforms under voice and accountability.

Figure 35: Voice and accountability

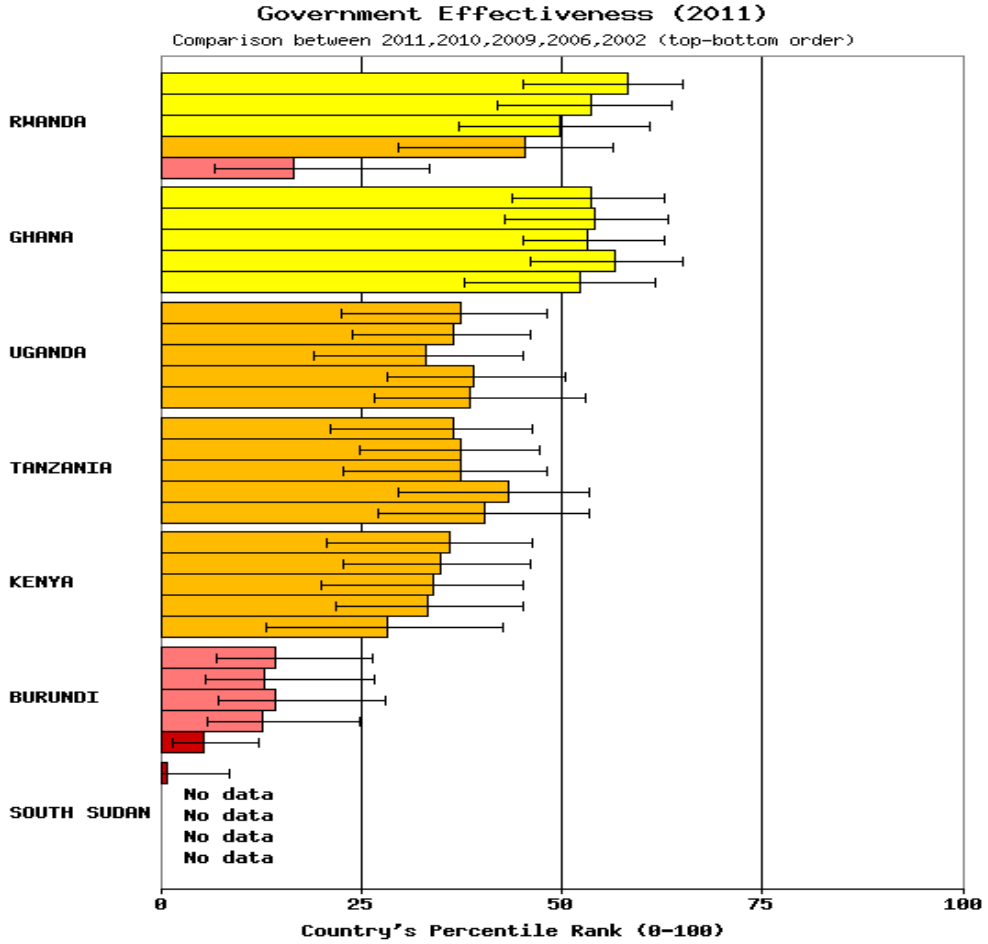


Source: World Governance Indicators, 2012

11.2.2 Government Effectiveness (GE) – This dimension reviews the capacity of the government to effectively formulate and implement sound policies by capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Uganda scores in the 37th percentile in terms of Government Effectiveness. In comparison to the previous years, Uganda's percentile rank has not significantly changed since 2002. Though Uganda's ranking is lower than that of Rwanda and Ghana, the differences cannot be seen or interpreted as significant since the confidence bands overlap. In other words, there is not sufficient evidence to show that the rankings of Uganda, Rwanda and Ghana, are different.

Figure 36: Government Effectiveness

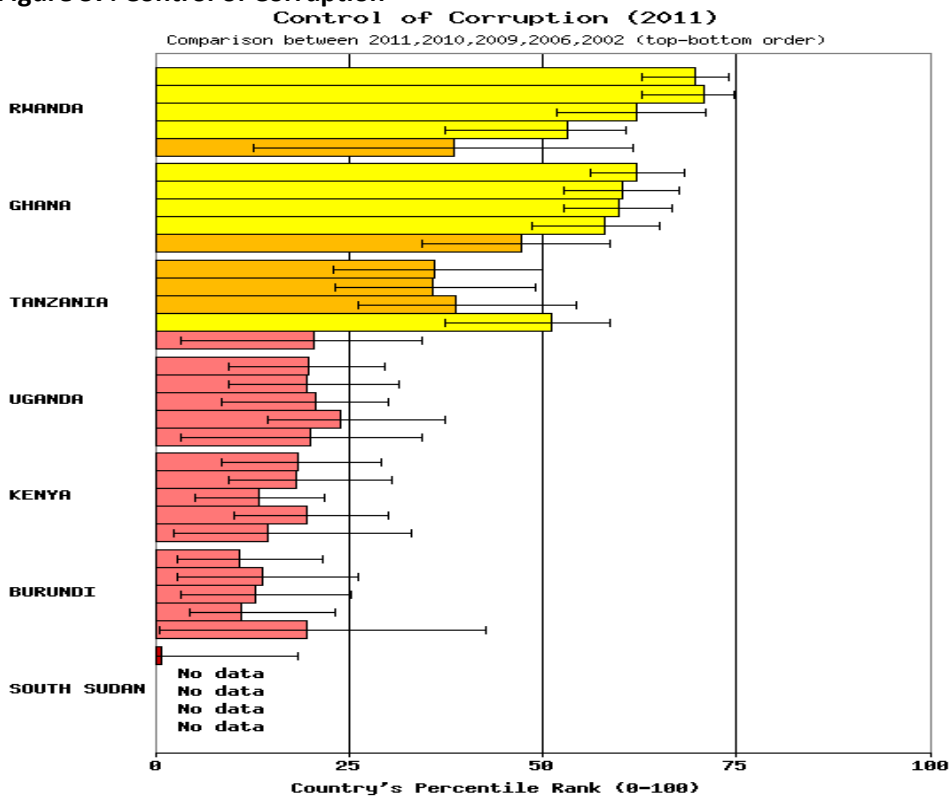


Source: World Governance Indicators, 2012

11.2.3 Control of Corruption (CC) – This dimension also reviews government capacity by capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Uganda ranks in the 20th percentile in terms of Control of Corruption. This is significantly lower than Rwanda (in the 70th percentile) and Ghana (in the 62nd percentile). Uganda's ranking has not significantly changed since 2002.

Figure 37: Control of Corruption



Source: World Governance Indicators, 2012

Although Uganda has made improvements in the control against corruption, the country is still beset by cases of grand corruption, the most recent being the impropriety in the Office of the Prime Minister (OPM) and the Ministry of Public Service. The impropriety in the Ministry of Public Service involved the loss of funds released by the Ministry of Finance Planning and Economic Development meant for the payment of pension benefits to former employees of the East African Community. Money was paid to 'ghost pensioners' through a private commercial bank over a long period of time. It is reported that the Permanent Secretary who was the accounting officer did not know about the payments but he has since been interdicted as investigations continue. Several accountants under his charge were arrested and pending prosecution by the DPP for diverse offences under the Anti-Corruption Act. The box below illustrates the level of irregularities that transpired in the Office of the Prime Minister according to a special audit carried out by the Office of the Auditor General and published in October 2012.[27]

[27] Special Investigation Report on the Allegations of Financial Impropriety in the Office of the Prime Minister

PRDP FUNDS GO MISSING

- UGX20,171,576,247 meant for the Peace Recovery and Development Programme (PRDP) activities was fraudulently transferred from the respective budget support accounts to off budget project accounts and subsequently utilised without approved workplans and authority.
- Additional UGX18,119,697,630 meant for Peace Recovery and Development Programme activities was diverted to National Policy on Disaster Management and PRDP North accounts. There was no authority availed for the diversion.
- UGX16,222,877,129 was paid out by the Principal Accountant using responsibility that was fraudulently obtained from an officer of the National Treasury. The funds were subsequently fraudulently paid out to OPM staff, other accounts in OPM, private companies, Centenary Bank and district accounts. There was no adequate supervision by the Accounting Officer contrary to the requirements for EFT payments issued by the Accountant General.
- Whereas the guidelines require that payments done in BOU be confirmed before effecting payments, it was observed that transfers amounting to UGX10,928,904,304 were undertaken without the requisite BOU confirmations.
- Payments for a total of UGX13,454,035,346 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 noted that all the instruments which had differing signatures of the Permanent Secretary and Under Secretary were confirmed by the Principal Accountant whose signature was genuine. Eighty percent of these instruments were approved by the substantive Deputy Director Banking.
- The bank procedures require that if any accounts are dormant for more than 24 months, BOU is required to initiate closure of these accounts. It was observed that six accounts were dormant under OPM. It is also noted that the dormant accounts were used to perpetuate fraud.
- UGX20,171,576,247 was fraudulently deposited on the Crisis Management Account and subsequently utilised without any approved work plans. The Accounting Officer did not seek information from MoFPED regarding the transfers but went ahead and utilised funds that had been fraudulently transferred. The practice was contrary to the functions of the Accounting Officer provided under Sec.14 of the PFAAR.
- The Treasury Accounting Instructions prescribe procedures and circumstances for granting advances to staff under Sections 227, 228 and 229. However, the Accounting Officer authorised payment of funds to personal accounts without following prescribed procedures. During the period, UGX34,604,861,101 was advanced to staff contrary to the regulations.
- Sec. 420 of the Treasury Accounting Instructions requires the Accounting Officer to be responsible for the maintenance of records. However, it was observed that a number of accounting records were missing.
- UGX8,590,127,612 deposited in various fuel stations remained unaccounted for. The fuel deposits were purportedly for transporting food and yet most of the related requisitions had a fuel component. Included in the payments was UGX576,000,000 that was refunded to a fuel station by OPM without proper justification.
- OPM procured food supplies for aiding disaster stricken communities. A review of 23 companies that supplied food revealed that the companies were overpaid by UGX8,647,602,417. In addition, a number of irregularities were noted in regard to the companies' registrations.
- There were no appropriate records to support UGX13,716,991,976 paid out to Farm Engineering for ploughing in Karamoja.

Source: Auditor General's Report,2012

11.3 Mo Ibrahim Index of African Governance

The most recent data from the Mo Ibrahim Index (2011) reflects no improvement in Uganda's performance related to transparency and corruption, a trend shared by the rest of the East African states except Tanzania that has shown a slight improvement. In terms of accountability of public officials, Uganda and its East African neighbours scored poorly, with a low rating of 33.3. Uganda also scored poorly in the area of corruption of public officials. As it relates to prosecution of abuse of office, Uganda's performance deteriorated from 71.4 in 2010 to 57.1 in 2011. The data related to corruption and bureaucracy – which measures petty and grand forms of corruption, as well as "capture" of the state by elites and private interests – shows that the performance of most East African countries, including Uganda, has been declining over time except for Rwanda which showed an improvement from 35.2 in 2004/05 to 71.4 in 2011. Lastly, Though Uganda had shown a positive trend in terms of its performance related to accountability, transparency, and corruption in rural areas since 2000/01 from 65.5 to its 2008/9 level of 72.6, the 2010 and 2011 data suggests that Uganda's performance is on the decline with a score of 66.6 in 2010 and 60.5 in 2011.

The Mo Ibrahim Index also measures indicators under the subcategory accountability and corruption. These indicators include: transparency and corruption; accountability of public officials; corruption in government and public officials; prosecution of abuse of office; corruption and bureaucracy; and accountability, transparency and corruption in rural areas. Uganda's performance in the dimensions of this sub-category and in relation to the neighboring countries in the East African Community is described below.

11.3.1 Accountability, Transparency and Corruption

This dimension assesses the extent to which the executive can be held accountable for its use of funds and results of its actions by the electorate and by the legislature and judiciary, and the extent to which employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decision-making, public audit, access to relevant and timely information, and public and media scrutiny. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain.

Uganda's score declined from 50.1 in 2005/6 to 43.8 in 2008/9 only to go up again to 46.4 in 2010 and has remained constant in 2011. This score is below the sub-Saharan Africa average score of 54.9 though it is above the average East Africa score of 43.9. Uganda was ranked 33rd among the 52 African countries surveyed, yet it was ranked 31st in 2010.

11.3.2 Accountability of public officials

This indicator assesses the extent to which safeguards/sanctions exist to ensure that public officials (both elected and appointed) are accountable and perform competently. Uganda seems to be at par

with its East African neighbors as far as accountability of public officials is concerned. All the five East African countries scored 33.3 in 2008/9, 2010 and 2011. This is much below the score of other African states surveyed with Mauritius and Botswana both scoring 66.7 in the surveys undertaken in 2008/9, 2010 and 2011.

11.3.3 Corruption in government and by public officials

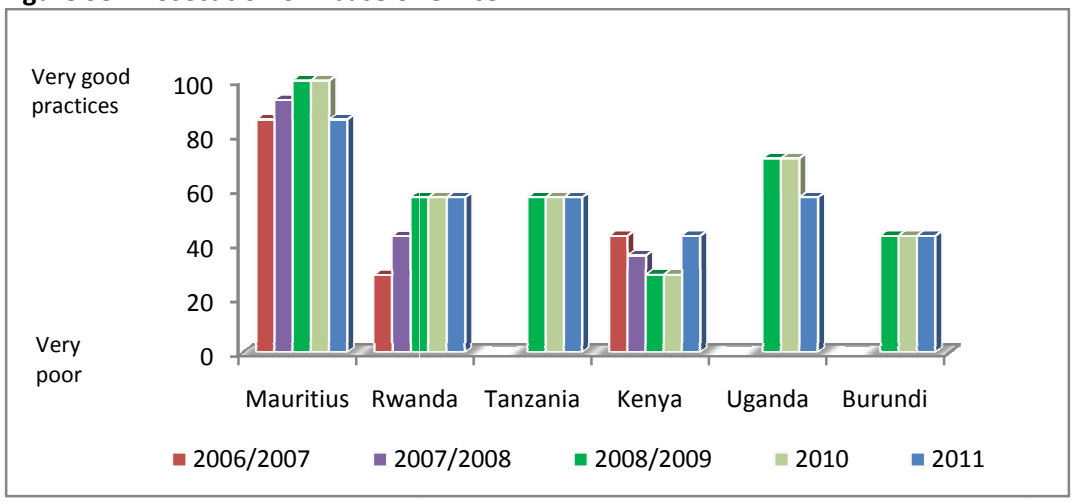
This dimension assesses the level of vested cronyism in, and corruption of, public officials (both elected and appointed). Uganda's performance has been somewhat poor at 40 percent for the three years surveyed compared to other African performers like Botswana at 100 and Mauritius at 80. Within the East African region, Rwanda continued to perform better than the rest of the East African countries with a score of 60.

11.3.4 Prosecution for abuse of office

This indicator tries to answer the following question: To what extent are there legal or political penalties for officeholders who abuse their positions? It addresses how the state and society hold public servants and politicians accountable, whether conflicts of interest are sanctioned, and to what extent the rule of law is undermined by political corruption.

Uganda's performance declined from 71.4 in 2010 to 57.1 in 2011. Despite the decline, Uganda's performance is still at par with its neighbors Rwanda and Tanzania and above the East African average of 37.5 as well as the Africa average of 45.6.

Figure 38: Prosecution of Abuse of Office



Source: Mo Ibrahim Index of African Governance, 2012

11.3.5 Corruption and Bureaucracy

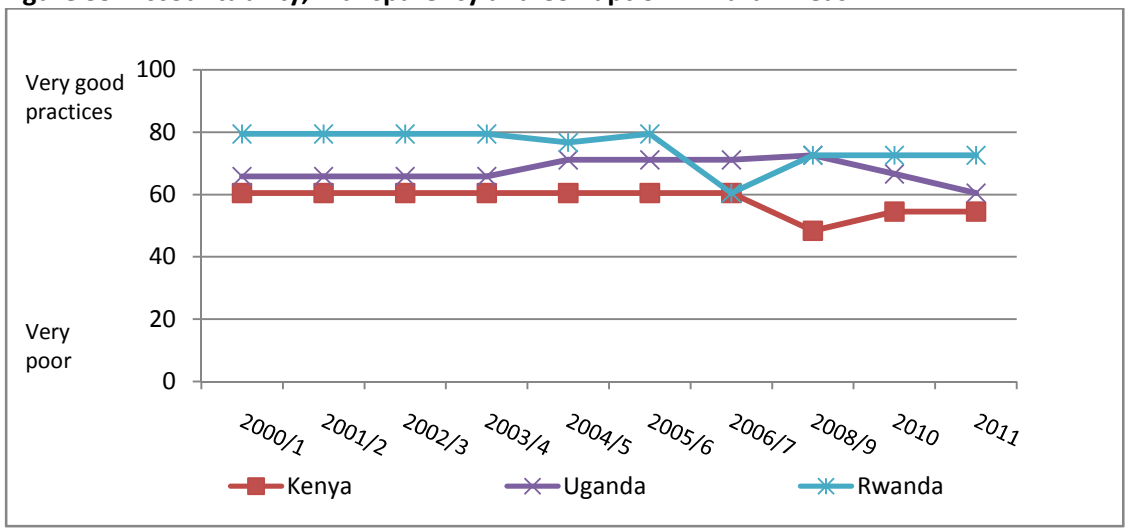
This dimension assesses the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. The performance of most East African countries has been poor for most of the years except for Rwanda which showed an improvement from 35.2 in 2004/05 to 56.8 in 2008/09 and to 71.4 in 2011. Uganda's score of 28.6 is way below the scores of best performers like Botswana and Namibia and the Sub-Saharan average of 46.4.

11.3.6 Accountability, Transparency and Corruption in Rural Areas

This indicator assesses the extent to which, at the local level: (a) government (both the executive, e.g. the ministry of agriculture, and the legislative, or the district council) can be held accountable to rural poor people for its use of funds and the results of its actions; and (b) public employees and elected officials are required to account for the use of resources, administrative decisions and results obtained. Both levels of accountability are enhanced by decentralization of authority and responsibility for public functions, and by transparency in decision-making and disclosure of information. A high degree of accountability and transparency is likely to discourage corruption or the abuse of office for private gain.

Most East African countries seem to have been performing above 50 since 2000/1 except for Burundi which only passed the 50 percent threshold in 2007/8. Uganda trended upwards from 65.8 in 2000/1 to 72.6 in 2008/9 only to experience a decline to 66.6 in 2010 and subsequently to 60.5 in 2011. Burundi and Tanzania equally experienced a decline in their performance in 2011. Rwanda has consistently maintained the number one position among the five east African states

Figure 39: Accountability, Transparency and Corruption in Rural Areas



Source: Ibrahim Index of African Governance, 2012

11.4 Media Sustainability Index

Anti-corruption requires that information be readily available and accessible to the public. As a primary source of public information, the media must have access to information, and must be encouraged to investigate and report on information which holds government accountable to the public thus making a contribution to the fight against corruption.

The Media Sustainability Index ("MSI") is a tool to assess the development of media systems over time and across countries. It includes 5 indicators, one of which is directly relevant to the DTM. The MSI indicator related to "Free Speech" evaluates the following aspects of a media system:

i. Legal and social protections of free speech exist and are enforced;
ii. Licensing of broadcast media is fair, competitive, and not political;
iii. Market entry and tax structure for media are fair and comparable to other industries;
iv. Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare;
v. State or public media do not receive preferential legal treatment, and law guarantees editorial independence;
vi. Libel is civil law issue; public officials are held to higher standards, and offended parties must prove falsity and malice;
vii. Public information is easily accessible; right of access to information is equally enforced for media and journalists;
viii. Media outlets have unrestricted access to information; this is equally enforced for media and journalists;
ix. Entry into journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

The most recent 2010 data from the Media Sustainability Index reflects a slight and insignificant drop in Uganda's Free Speech rating to its lowest point in the past three years. Uganda's rating has ranged between 2.2 and 2.4 since 2007 with marginal movements. According to MSI a score between 2 and 3 implies that a country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. According to the MSI scoring system, a score between 2 and 3 are implies that advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable. To show improvement over time, Uganda's rating should come closer and closer to 3.

CHAPTER 12: CONCLUSIONS AND RECOMMENDATIONS

This is the third report on the DTM, which monitors corruption trends in Uganda on an annual basis focusing on service delivery sectors and anti-corruption enforcement. Three years is not a long period in which to begin to see trends emerging clearly; nonetheless the information contained in the selected set of DTM indicators has provided a basis for discussions on the strength of the trends and on possible actions to take to either reduce corruption or increase anti-corruption enforcement levels (or to do both simultaneously).

12.1 Conclusions:

12.1.1 Legal, regulatory and strategic framework

While some areas of anti-corruption activity reveal commendable performance – particularly those related to the legal and regulatory framework – others, such as implementation and enforcement, remain weak. Nevertheless, even areas of strength show signs of needing improvement. One example relates to disclosure of political financing. While Uganda's legal framework is generally acceptable, the specific area of political financing disclosure is based on laws which are riddled with exceptions and limitations. The result is that public resources are used for political campaigns and activities. These abuses of public resources need to be addressed by a stronger, more comprehensive law in this area. Stakeholders have pointed out, that there are still other pieces of legislation needed in terms of fighting corruption. This relates to money-laundering, assets acquired and witness protection.

12.1.2 The Implementation Gap

Evidence contained in this Report suggests that Uganda's implementation gap is narrowing, having been 54 in 2008 and was down to 47 in 2011. Whereas it is difficult to attribute this improvement to the DTM, yet this (DTM) initiative was the first opportunity to bring to the discussion table the concept of an implementation gap and to inquire as to what its many causes might be. Clearly, the IG took the concept seriously and began to advocate for ways in which the gap could be narrowed including but not limited to strengthening the JSC and the Anti-Corruption Court, as well as strengthening the IG itself in order to position it to play a more effective role in fighting corruption. The road to eliminating the implementation gap is long but a good start has been made through the DTM platform. The anti-corruption court has been successful in terms of speeding up the process of processing corruption cases, however this has also led to an increase in the number of cases; and this could jeopardize the Court's effectiveness if more resources are not made available. Therefore, there is need to make sure that the Anti-corruption Court is facilitated and resourced to match the increased workload.

12.1.3 The Audit Cycle

A key finding seems to be around the compliance with the audit cycle and the status and effectiveness of the OAG. The OAG still gets a low score on the OBI, some of the reasons are; that it has inadequate channels of communication with the public and it does not have sufficient resources to exercise its

mandate. Moreover, the OBI indicators seem to suggest that, to a large extent, the OAG does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

However, in terms of the relationship between the Legislature and the Executive in the audit cycle there seems to be some improvement. One dimension assessed by PEFA relates to "the issuance of recommended actions by the legislature and implementation by the executive". In this area, Uganda's performance dropped from a C to a D rating between 2005 and 2008 and improved to a B rating in 2012. The improvement can be attributed to the recent debates and recommendations by the Legislature in the last three years. For example in 2011/2012, some Cabinet Ministers stepped aside or resigned as a result of the recommendations from the Legislature.

12.1.4 Treasury Memoranda

A Treasury Memorandum is an important part of the audit cycle and is essential in terms of keeping track of the willingness of the Executive to implement audit recommendations. The last executive response to Parliament was a Treasury Memorandum which was issued in January 2012 covering financial years from 2004/05. The DTM welcomes the Treasury Memorandum and hopes that it will be issued annually and be a well established deliverable within the Government audit cycle.

12.1.5 Procurement

With regard to compliance with procurement, this report has indicated that compliance with the procedures seems to show a positive trend. However, beyond contract award when the implementation phase starts, there are still many challenges. These challenges relate, among others, to delays in completing the works, diversion of funds and lack of value for money.

12.1.6 Corruption in Various Sectors of Government

Bribery continues to be a factor of citizen interactions with Government officials across all sectors, as shown by DTM indicators from Afrobarometer and EABI. While the data helps to identify different types of corruption and governance problems, it does not always point to a clear remedy. In many areas, additional investigation is needed to eliminate the corruption. Other forms of quiet corruption have been investigated in this report and these include teachers' absenteeism and health workers' absenteeism and it is pointed out that this form of corruption affects the poor and marginalized sections of society and has long-term negative effects on the socioeconomic development of the country. Nearly 1 in 5 classrooms in primary schools in Uganda does not have a teacher while 1 out of 2 health centres in the country is without health workers. This problem is a reflection of poor governance and weak management of vital government institutions.

Indicators of bribery have been used to show the extent of this problem in a number of sectors. The major weakness with these indicators is that they are calculated for an entire sector without making a distinction between various layers of staff within the sectors. Yet corruption such as bribery among the High Court Judges, if it exists, has a different character from the corruption that among Magistrates and

Court Clerks. Failure to unbundle these indicators into those pertaining to particular levels of staff has made it difficult to articulate clear remedies in selected sectors of Government.

12.2 Recommendations:

The recommendations below involve broader proposals associated with the government's anti-corruption effort, as well as more specific suggestions associated with individual Ministry, Departmental, or Agency activities or supporting governmental efforts. More specific recommendations are made in the individual sections of this report and therefore we recommend that relevant functional and government sector institutions review the sections of the report which are pertinent to their mandate. The more general recommendations below are made with the aim of making it possible to work collaboratively with the Government and other stakeholders to reduce corruption at a critical time in Uganda's development.

12.2.1. Doing Business: Uganda still lags behind Rwanda in terms of procedures to start a business and very little in Uganda has changed over time. This means that Uganda does not compete favorably as a business destination. Lengthy and numerous procedures continue to offer public servants plenty of opportunities to request and/or accept bribes to expedite processes or give favor. Some progress seems to have been registered. The Uganda Investment Authority (UIA) has established a one-stop facilitation service at its headquarters in Kampala. At this facility, every investor's first point of contact for business registration with the Uganda Registration Services Bureau, is available. The other line agencies with officials based at the UIA include the Uganda Revenue Authority for tax advice and registration issues; the Directorate of Citizenship and Immigration Control for work permits and residency advice; and the Lands Department[28]. This is a welcome development as it addresses one aspect of the first recommendation on Doing Business in the second DTM Report. The Office of the Prime Minister has also made remarks on the same recommendation[29]. However, other procedures involved in doing business need to be addressed as well. Therefore, we recommend that: **Uganda should do more to reduce the number of procedures of: starting a business, securing a construction permit, registering a property, making tax payments, enforcing contracts, securing a driver's license, obtaining an educational certificate, securing a land title, and connection of utilities.** This is nearly the same recommendation that was made last year but we put it here again because the response to it from the relevant Ministry was not sufficiently comprehensive.

12.2.2. Public Financial Management: Excess expenditure and arrears have both increased between 2009/10 and 2010/11 showing that excess expenditure and arrears as a percentage of the total budget continue to be a significant problem in public financial management. More excess expenditure means that the expenditures made outside the funds permitted by Parliament are increasing while more arrears mean that government is not paying its overdue debts. Increasing excess expenditure and increasing arrears could be indications of worsening corruption; however, these two findings primarily serve as red flags. It is a worrisome development, but more detailed analysis is needed to show the connections between corruption and excess expenditure on one hand and corruption and arrears on the other in the Ugandan context. In this report we recommend that: **The Inspectorate of Government**

[28] http://www.ugandainvest.go.ug
[29] See Annex VI of this Report under Doing Business

together with MOFPED and OAG should work with the DTM initiative to carry out an analysis of how excess expenditure and arrears in public financial management could be related to corruption in Uganda.

12.2.3. The Audit Cycle: The audit cycle has three main types of indicators related to access to information on audit, the relationship between the legislature and the executive during the audit cycle and the treasury memoranda. These indicators are:

(a) Access to information on audit and public participation: Uganda has performed very poorly on *"the extent to which data on actual outcomes (as reflected in the year-end report) have been audited"*, with a consistent OBI score of 0 since 2006. Secondly, Uganda has performed poorly on the OBI assessment on *"the extent to which the supreme audit institution (i.e. the OAG) releases to the public audits of extra budgetary funds"*, where Uganda received an OBI score of 33 since 2008, which is poor. These two assessments suggest that the OAG needs to give more attenion to these aspects of the audit cycle. The low scores imply that the OAG needs more resources to exercise its mandate; and that the OAG needs to improve channels of communication with the public on audits of extra budgetary funds.

(b) The relationship between the Legislature and the Executive in the audit cycle: The PEFA assessment suggests there has been some improvement in the relationship between the Legislature and the Executive in the audit cycle. One dimension assessed by PEFA relates to *"the issuance of recommended actions by the legislature and implementation by the executive".* In this area, Uganda's performance first dropped from a C to a D rating between 2005 and 2008, but then it improved to a B rating in 2012. The improvement can be attributed to the recent debates and recommendations by Uganda's Parliament in the last three years. For example in 2011/2012, some Cabinet Ministers suspected to have caused financial loss to government stepped aside or resigned as a result of the recommendations from the Legislature. This is an indication that Parliament's role of oversight is becoming more effective which, if maitained, will lead to a decrease in the levels of corruption in public office.

(c) Treasury Memoranda: A Treasury Memorandum is an important part of the audit cycle and is essential in terms of keeping track of the willingness of the Executive to implement audit recommendations. The last executive response to Parliament was a Treasury Memorandum which was issued in January 2012 covering financial years from 2004/05. The DTM welcomes the Treasury Memorandum and hopes that it will be issued annually and be a well established deliverable within the Government audit cycle.

The findings on the audit cycle suggest that Uganda needs to attend to some areas of poor performance and to see to it that, where performance is commendable, the improvements should be sustainable.

Within the audit cycle, Uganda has made some improvements in a number of areas. In order to sustain these gains, the country should consider taking the following actions:

- **Improve the comprehensiveness of the in-year reports, mid-year reviews and the end-year reports;**
- **Reports on legislative (i.e. parliamentary) hearings on the budget should be easily made available to the public; and**

- **The Parliament and the Office of the Auditor General should provide more comprehensive oversight not only when the budget is being approved but also during the period of budget execution as well.**

12.2 4. Procurement Performance: Our recommendation states that: **PPDA should ensure that all PDUs follow the Act and its Regulations. PPDA should also ensure that all PDEs and PDUs in Central and Local Governments strengthen contract management of projects to cut down on wastage of funds and improve value for money.** Indeed, the results in this report show that open bidding has improved when measured by value of contracts but it is lagging behind on percentage of contracts. Microprocurements are by far the largest in number and least transparent category of contracts, which increases the potential for corruption, even though each microprocurement is of relatively small amount. Secondly, the results also show that for some time now Uganda has been facing severe problems of project implementation after the bidding process has been completed. A large proportion of projects are not completed on time, many exceed their original cost, and a large percentage of them are classified as high risk. These problems may not all be corruption-related but many tend to result from acts of corruption. With regard to the rehabilitation and maintenance of roads at district level, the same procurement problems mentioned by the OAG in 2010 through a value for money audit that was reported in the 2011 DTM Report have also been reported here. These problems include lack of transparency in the procurement process, lack of compliance with PPDA regulations, and manipulation of the bidding process. In response to the recommendations made last year on procurement in Local Government, the PPDA has stated as follows: *"PPDA has reviewed the VFM Audit Report on procurement in Local Governments, and is addressing the problems relating to procurement planning and making procurements according to the plan by carrying out compliance checks and audits".* The DTM will be monitoring these developments over the course of the next year. In the light of persistent problems in procurement, DTM has recommend as follows:

12.2.5. Bribery and Absenteeism: This year we have used the East African Bribery indicators to assess bribery in a number of sectors. The indicators on bribery in Education, Health, the Water sector as well as for obtaining permits, in the Police, and in the Judiciary, remained persistently high between 2008 and 2012 indicating that bribery remains entrenched in Uganda society. Furthermore, abesenteeism remains a major problem among both teachers and health workers; a major problem that has a direct impact on the day-to-day lives of average citizens throughout Uganda. The recent 2010/11 data from the UNPS reveals that teacher absenteeism at government primary schools remains high at 19% though there has been a slight improvement since 2009/10 when absenteeism rate was 21%. The data suggests that approximately one in five government primary classrooms experience teacher absenteeism, indicating that in these schools teachers work for less time than contracted, but with little or no repercussions on their earnings. Also, this form of quiet corruption (absenteeism) is widespread in the health-care sector in Uganda. Health worker absenteeism is highest at Health Centre (HC) III facility levels and has gone up from 46.2% in 2009/10 to 51.0% in 2010/11. Generally, at HC II and HC III, the Western Region has the highest level of health work absenteeism followed by the Northern region. Reasons for health worker absenteeism range from having more than one job, to workers attending trainings and to being away on maternity leave, among others. These lower level health centres are meant to provide medical services to ordinary citizens yet this can only happen if the health workers are present to attend to their needs. It is therefore not surprising that Uganda is finding it difficult to meet most of its health-related Millennium Development Goals (MDGs). The following two-part

recommendation is pertinent: **The DTM should work with a number of sectors to probe the reasons why they have persistently high bribery indicators and include the findings in the 4th DTM report. Secondly, on absenteeism, the Ministry of Education and Sports and the Ministry of Health should coordinate and strengthen the government wide effort to tackle absenteeism in schools and health facilities. These efforts should sensitize and involve the community in monitoring the presence of teachers in schools and of health workers in hospitals and clinics. The communities should take part in making decisions regarding the remedies to take in order to eliminate absenteeism in government schools, hospitals, and health clinics.**

12.2.6. Implementation of Anti-corruption measures with focus on functional areas of government and enforcement: Evidence contained in this Report suggests that Uganda's implementation gap is narrowing, having been 54 in 2008 and was down to 47 in 2011 but it is still very large. All the specific issues discussed in trends in this report ultimately highlight the problem of implementation and Uganda's lack of ability/will to actually implement its laws. The DTM initiative was the first opportunity in Uganda to bring the concept of an implementation gap to the discussion table and to inquire as to what its many causes may be. The Inspectorate of Government took the concept seriously and began to advocate for ways in which the gap could be narrowed, including but not limited to strengthening the JSC and the Anti-Corruption Court, as well as strengthening the Inspectorate itself in order to position it to play a more effective role in fighting corruption. The road to eliminating the implementation gap is long but a good start has been made through the DTM platform. It is important to consider the following broad recommendation: **The Inspectorate of Government together with all agencies involved in anti-corruption efforts should work out a strategy to address the wide implementation gap in the fight against corruption in Uganda.**

12.2.7. Political Financing and Conflict of Interest: This study has recommended as follows: **Uganda should strengthen the law relating to political financing disclosure. Furthermore, the country should also strengthen the law governing conflict of interest by the Executive as well as strengthen the law governing conflict of interest by the National Judiciary.** One functional area of Government contributing to a very big implementation gap is the weak political financing disclosure in Uganda. Global Integrity reports a number of indicators related to the financing of political parties and campaigns as well as on conflict of interest. Data from GI in 2011 demonstrated that political financing is still marked by inadequate regulations and low levels of transparency. On the extent to which citizens can access records related to the financing of political parties and those of individual candidates, Uganda has scored zero consistently since 2009; and the same score was given for the effectiveness of the regulations governing political financing of individual candidates between 2009 and 2011. The 2nd DTM Report made a recommendation regarding the strengthening of the law related to political financing disclosure, and in response, the Ministry of Justice and Constitutional Affairs indicated that the issue requires a legal remedy for which much time is needed for consultations. Secondly, GI indicators on conflict of interest have been deteriorating over time. For example, on the effectiveness of regulations governing conflict of interest by the Executive branch the score given by GI was 72 in 2009 and it fell to a weak 59 in 2011. Similarly, the score for the effectiveness of regulations governing conflict of interest by the national level judiciary declined from a weak 68 in 2009 to a very weak 50 rating in 2011.

12.2.8. Media and Journalism: In general, Uganda has maintained a free press, which has published stories related to corruption. The GI indicator on non-encouragement by government or media owners of self-censorship went up from 50 in 2009 to 75 in 2011. Furthermore, the score for the extent to which there is prior government restraint on publishing corruption-related stories has kept at 75 since 2009. This means, among other things, that the media and journalists are not restrained from publishing any kind of story on corruption because of fear of reprisal by the government or the media owners. However, the scores on media and journalism currently standing at 75 show that there is still room for improvement. Therefore the following recommendation is pertinent: **Government and media houses should restrain themselves from encouraging self-sensorship of corruption-related stories; furthermore, the Government and media houses should keep up and improve on the already good record of letting the media and journalists publish corruption-related stories without any hindrance. The media and journalists should ensure that they report credible and accurate stories on corruption, which would boost their reputation and the quality of public information.**

12.2.9. Anti-Corruption Enforcement: Closing the implementation gap on corruption will need to go hand in hand with strengthening anti-corruption strategies and enforcement in Uganda. Closing the implementation requires a short-to-medium term strategy, which would involve the efforts from the OAG and from the Legislature to improve anti-corruption measures within the audit cycle (see Recommendation 3 above). Other measures for reduction of the implementation gap include: Strengthening the Anti-Corruption Court and the Inspectorate of government as well as the DPP and the Police CID; recovery of ill-gotten wealth and protection of whistleblowers. Bolstering investigative capacities at the IG, DPP and Police CIID was mentioned by DTM in 2011 as a critical issue; however, this area still shows signs that it needs further improvement. More specifically for this DTM report, issues of coordination, data mamanement and increased resources allocation are partinent. hence we make the following recommendation: **The Inspectorate of Government should work with all anti-corruption agencies including the Anti-Corruption Court, DPP and the Police CIID to work out a short-to-medium term strategy to improve data collection, to strengthen investigative capacity and improve resources going to anti-corruption effort in Uganda.**

Annex I—Scoring Systems

Global Integrity Index

The Global Integrity Index groups countries into five performance "tiers" according to a country's overall aggregated score:

- Very strong (90+)
- Strong (80+)
- Moderate (70+)
- Weak (60+)
- Very Weak (< 60)

For binary yes/no "in law" indicators, scoring criteria are provided for both "yes (100)" and "no (0)" responses.

Media Sustainability Index

Each indicator is scored on a scale of 0 to 4 using the following system:

0 = Country does not meet the indicator; government or social forces may actively oppose its implementation.

1 = Country minimally meets aspects of the indicator; forces may not actively oppose its implementation, but business environment may not support it and government or profession do not fully and actively support change.

2 = Country has begun to meet many aspects of the indicator, but progress may be too recent to judge or still dependent on current government or political forces.

3 = Country meets most aspects of the indicator; implementation of the indicator has occurred over several years and/or through changes in government, indicating likely sustainability.

4 = Country meets the aspects of the indicator; implementation has remained intact over multiple changes in government, economic fluctuations, changes in public opinion, and/or changing social conventions.

Open Budget Initiative

Responses “A” or “B” describe a situation or condition that represents good practice regarding the subject matter of the question. The responses “C” or “D” correspond to practices that are considered poor. An “A” response indicates that a standard is fully met, while a “D” indicates a standard is not met at all. The fifth response is “E,” and it includes “not applicable”.

For the purposes of aggregating the responses, the numeric score of 100 percent was awarded for an “A” response, 67 percent for a “B”, 33 percent for a “C”, and zero for a “D.” The response of “E” caused the question to be left out of the aggregated category.

Public Expenditure and Financial Accountability (PEFA)

Score	Minimum requirements (Scoring methodology: M1)
A	(i) Scrutiny of audit reports is usually completed by the legislature within 3 months from receipt of the reports. (ii) (ii) In-depth hearings on key findings take place consistently with responsible officers from all or most audited entities, which receive a qualified or adverse audit opinion. (iii) (iii) The legislature usually issues recommendations on action to be implemented by the executive, and evidence exists that they are generally implemented.
B	(i) Scrutiny of audit reports is usually completed by the legislature within 6 months from receipt of the reports. (ii) (ii) In-depth hearings on key findings take place with responsible officers from the audited entities as a routine, but may cover only some of the entities, which received a qualified or adverse audit opinion. (iii) (iii) Actions are recommended to the executive, some of which are implemented, according to existing evidence.
C	(i) Scrutiny of audit reports is usually completed by the legislature within 12 months from receipt of the reports. (ii) (ii) In-depth hearings on key findings take place occasionally, cover only a few audited entities or may include with ministry of finance officials only. (iii) (iii) Actions are recommended, but are rarely acted upon by the executive.
D	(i) Examination of audit reports by the legislature does not take place or usually takes more than 12 months to complete. (ii) No in-depth hearings are conducted by the legislature. (iii) No recommendations are being issued by the legislature.

World Governance Indicators

Changes in governance over short year-to-year periods are difficult to measure with any kind of data, and are typically quite small. Recognizing this, users of the WGI should in most cases not focus on short-run year-to-year changes but rather on trends over longer periods.

As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence interval for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance. The vast majorities of year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or practically, significant, and so should not be over-interpreted as indicating a significant change in governance performance. However, over longer periods of time such as a decade, the WGI data do show significant trends in governance in a number of countries.

Changes over time in a country's score on the WGI reflect a combination of three factors (i) changes in the underlying source data, (ii) the addition of new data sources for a country that are only available in the more recent period, and (iii) changes in the weights used to aggregate the individual sources. For large and statistically significant changes over long periods of time, changes in the underlying source

data are most often the most important of these three factors. For the many smaller and often insignificant changes over shorter periods, a combination of all three factors contributes to changes in country scores. Full access to the individual underlying data sources can help users better understand the reasons for changes in the aggregate indicators for a particular country. If when comparing two countries these margins of error overlap, the difference between the two countries should not be interpreted as signaling a statistically significant difference.

WGI Data Sources (1996 – 20011)

ADB African Development Bank Country Policy and Institutional Assessments Expert (GOV)
AFR Afrobarometer Survey
ASD Asian Development Bank Country Policy and Institutional Assessments Expert (GOV)
BPS Business Enterprise Environment Survey Survey
BTI Bertelsmann Transformation Index Expert (NGO)
CCR Freedom House Countries at the Crossroads Expert (NGO)
DRI Global Insight Global Risk Service Expert (CBIP)
EBR European Bank for Reconstruction and Development Transition Report Expert (GOV)
EIU Economist Intelligence Unit Riskwire & Democracy Index Expert (CBIP)
FRH Freedom House Expert (NGO)
GCB Transparency International Global Corruption Barometer Survey
GCS World Economic Forum Global Competitiveness Report Survey
GII Global Integrity Index Expert (NGO)
GWP Gallup World Poll Survey
HER Heritage Foundation Index of Economic Freedom Expert (NGO)
HUM Cingranelli Richards Human Rights Database and Political Terror Scale Expert (GOV)
IFD IFAD Rural Sector Performance Assessments Expert (GOV)
IJT iJET Country Security Risk Ratings Expert (CBIP)
IPD Institutional Profiles Database Expert (GOV)
IRP IREEP African Electoral Index Expert (NGO)
LBO Latino barometor Survey
MSI International Research and Exchanges Board Media Sustainability Index Expert (NGO)
OBI International Budget Project Open Budget Index Expert (NGO)
PIA World Bank Country Policy and Institutional Assessments Expert (GOV)
PRC Political Economic Risk Consultancy Corruption in Asia Survey
PRS Political Risk Services International Country Risk Guide Expert (CBIP)
RSF Reporters Without Borders Press Freedom Index Expert (NGO)
TPR US State Department Trafficking in People report Expert (GOV)
VAB Vanderbilt University Americas Barometer Survey
WCY Institute for Management and Development World Competitiveness Yearbook Survey
WMO Global Insight Business Conditions and Risk Indicators Expert (CBIP)

*Types of Expert Assessments: CBIP -- Commercial Business Information Provider, GOV -- Public Sector Data Provider, NGO -- Nongovernmental Organization Data Provider.

Annex IIa – Definitions of the Procurement Methods as provided in the PPDA act

Open domestic bidding is a procurement or disposal method which is open to participation on equal terms by all providers through advertisement of the procurement or disposal opportunity.
Open international bidding is the procurement or disposal method which is open to participation on equal terms by all providers, through advertisement of the procurement or disposal opportunity and which specifically seeks to attract foreign providers.
Restricted domestic bidding is the procurement or disposal method where bids are obtained by direct invitation without open advertisement.
Restricted international bidding is the procurement or disposal procedure where bids are obtained by direct invitation without open advertisement and the invited bidders include foreign providers.
Request for Quotation and Proposals are simplified procurement and disposal methods which compare price quotations obtained from a number of providers.
Direct procurement or disposal is a sole source procurement or disposal method for procurement or disposal requirements where exceptional circumstances prevent the use of competition.
Micro procurement or disposal is a simple direct procurement (which by definition is non competitive) or disposal method which shall be used for very low value procurement requirements. By law, micro procurements have a value of UGX 2 million and below.
Selective Domestic/ International bidding is a method of procurement provided under the Local Government (PPDA) regulations and is applicable for local government PDEs. Under these methods, a shortlist of providers is used to invite bidders to quote or bid for a procurement requirement. The bidders could be domestically (nationally) or internationally sourced.

Annex IIb –Thresholds for Procurement Methods – Central Government

(Public Procurement and Disposal of Public Assets Guidelines, 2003)

In accordance with Regulation 106(4) of the Public Procurement and Disposal of Public Assets Regulations 2003, the following thresholds shall apply to the procurement methods detailed below:

1. Thresholds for Procurement of Works

(a) Open Bidding shall be used if the estimated value of the works exceeds Ug. Sh. 100,000,000 or US$ 50,000 whichever is greater.
(b) Restricted Bidding may be used if the estimated value of the works does not exceed Ug. Sh. 100,000,000 or US$ 50,000 whichever is greater.
(c) Quotations Procurement may be used if the estimated value of the works does not exceed Ug. Sh. 80,000,000 or US$ 40,000 whichever is greater.
(d) Micro Procurement may be used if the estimated value of the works does not exceed the limit provided in Regulation 108 which is 100 currency points.

2. Thresholds for Procurement of Services

(a) Open Bidding shall be used if the estimated value of the services exceeds Ug. Sh. 50,000,000 or US$ 25,000 whichever is greater.

(b) Restricted Bidding may be used if the estimated value of the services does not exceed Ug. Sh. 50,000,000 or US$ 25,000 whichever is greater.

(c) Proposals Procurement may be used if the estimated value of the services does not exceed Ug. Sh. 30,000,000 or US$ 15,000 whichever is greater.

(d) Micro Procurement may be used if the estimated value of the works does not exceed the limit provided in Regulation 108 which is 100 currency points.

3. Thresholds for the Procurement of Supplies

(a) Open Bidding shall be used if the estimated value of the supplies exceeds Ug. Sh. 70,000,000 or US$ 35,000 whichever is greater.

(b) Restricted Bidding may be used if the estimated value of the supplies does not exceed Ug. Sh. 70,000,000 or US$ 35,000 whichever is greater.

(c) Quotations Procurement may be used if the estimated value of the supplies does not exceed Ug. Sh. 30,000,000 or US$ 15,000 whichever is greater.

(d) Micro Procurement may be used if the estimated value of the works does not exceed the limit provided in Regulation 108 which is 100 currency points.

** For clarity, 1 currency point is defined in the First Schedule of the Act as UGX 20,000 making 100 currency points UGX 2,000,000.*

Annex IIc – Thresholds for Procurement Methods – Local Government

In accordance with Regulation 33(3) of the Local Governments (Public Procurement and Disposal of Public Assets) Regulations 2006, the following thresholds shall apply to the procurement methods detailed below:

1. Thresholds for Procurement of Works
   (a) **Open Bidding** shall be used if the estimated value of the procurement exceeds Ug. shs 50,000,000 or USD 25,000 whichever is greater.
   (b) **Selective Bidding** shall be used if the estimated value of the procurement does not exceed Ug. shs 50,000,000 or USD 25,000 whichever is greater.
2. Thresholds for Procurement of Supplies and Services
   (a) Open Bidding shall be used if the estimated value of the procurement exceeds Ug.shs. 30,000,000 or USD 15,000 whichever is greater
   (b) **Selective Bidding** shall be used if the estimated value of the procurement does not exceed Ug.shs. 30,000,000 or USD 15,000 whichever is greater
3. Micro Procurement may be used if the estimated value of the works, supplies and services does not exceed Ug.shs. 1,000,000 or USD 500.
4. Community Purchase may be used if the estimated value of the works does not exceed Ug.shs. 500,000

Annex III – Summary data on Domestic arrears, Outstanding advances and excess expenditures

Arrears

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Total arrears from MDAs audited	293,719,904,599	242,726,220,058	423,028,022,727	228,644,104,969	176,288,688,344	515,356,011,623
Percentage increase/(decrease)		-17%	74%	-46%	-23%	192%
Total no. of MDAs audited	85	88	90	93	100	102
MDAs with Domestic arrears	69	63	71	49	56	71
Mean based on MDAs audited	3,455,528,289	2,758,252,501	4,700,311,364	2,458,538,763	1,762,886,883	5,052,509,918
Median based on MDAs with audited	144,054,826	206,520,797	111,837,292	6,327,482	13,223,839	133,155,968
Percentage of MDAs with arrears	81.2%	71.6%	78.9%	52.7%	56.0%	70.0%

Advances

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Total advances from MDAs audited	8,678,034,207	10,721,944,304	75,166,864,487	11,609,233,648	22,816,614,316	17,581,670,554
Percentage increase/(decrease)		24%	601%	-85%	96%	-23%
Total no. of MDAs audited	85	88	90	93	100	102
MDAs with Advances	13	25	24	23	36	15
Mean based on MDAs with advances	102,094,520	121,840,276	835,187,383	124,830,469	228,166,143	172,369,319
Median	0	0	0	0	0	0
Percentage of MDAs with excess advances	15.3%	27.3%	26.7%	24.7%	36.0%	15.0%

Excess expenditure

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Total excess expenditure from MDAs audited	14,205,809,907	20,934,161,890	35,924,804,810	130,419,256,935	23,310,795,937	115,587,710,517
Percentage increase/(decrease)		47%	72%	263%	-82%	396%
Total no. of MDAs audited	85	88	90	93	100	102
MDAs with Excess expenditure	69	20	18	25	32	24
Mean based on MDAs with ee	167,127,175	237,888,203	399,164,498	1,402,357,601	233,107,959	1,133,212,848
Median	0	0	0	0	0	0
Percentage of MDAs with excess expenditure	81.2%	22.7%	20.0%	26.9%	32.0%	24.0%

Annex IV– Summary of sanctions from administrative cases

	Result of case	2011	(%)	
District Service Commisions	Dismissed	122	69.7	
Data was collected from 13 DSCs	Warning/reprimand and caution	26	14.9	
	Refund	2	1.1	
	Interdicted	11	6.3	
	Closed(no offence found)	4	2.3	
	Other	10	5.7	
	Total	175	100.0	
	Percentage of cases that required more than 12 months	35	20%	

	Result of case	2010	(%)	2011	(%)
Public service Commission	Dismissed	18	60	27	34.6
	Warning/reprimand and caution	3	10	9	11.5
	Interdicted	9	30	42	53.8
	Total	30	100	78	100.0
	Percentage of cases that required more than 12 months			2	2.6

	Result of case	2011	(%)
Health Service Commission	Dismissed	2	29
	Interdicted	5	71
	Total	7	100
	Percentage of cases that required more than 12 months	5.0	71.4

	Result of case	2011	(%)
Education Service Commission	Dismissed	5	50
	Warning/reprimand and caution	1	10
	Other(demoted)	4	40
	Total	10	100
	Percentage of cases that required more than 12 months	7	70

Annex V: Master Table of All DTM Indicators

INDICATOR		Scores by year						
		2006	2007	2008	2009	2010	2011	2012
Public sector management indicators								
Source: OBI								
1	Has the executive established practical and accessible mechanisms to identify the public's perspective on budget priorities?	N/A		N/A		N/A		33
2	The extent to which in-year reports released to the public compare actual year-to date revenue collections with either the original estimate for that period (based on the enacted budget) or the same period in the previous year	0		33		0		0

3	The extent to which the year-end report explains the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures.	0	33	33	100
4	The extent to which the year-end report explains the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues.	0	67	67	100

Source: National Integrity Survey		**2004**	**2005**	**2006**	**2007**
5	Number of cases of corruption reported in your organization over the last 4 years				
	None	83.7	83	77	71.9
	1 to 4	12.2	11.3	16.8	20.5
	5 to 9	2	3.8	3.4	4.6
	10 and above	2.1	1.9	2.8	3
6	Number of reported cases of corruption which result in suspension or dismissal				
	None	77.5	78.6	71.6	66.6
	1 to 4	10.4	10	16.3	20.3
	5 to 9	3.2	3.5	2.2	3.5
	10 and above	8.9	7.9	9.9	9.6
7	Number of reported cases of corruption taken to courts of law which resulted in conviction of culprits:				
	None	92.9	91.2	88.2	85.7
	1 to 4	4.2	5.9	7.8	9.8

	5 to 9	8	1	1.5	1.8			
	10 and above	2.1	1.8	2.5	2.7			
Source :Uganda National Panel Survey		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
8	Teacher absenteeism in primary schools						20.9%	19.0
9	Health worker absenteeism							
	HC II						47.5	45.0
	HC III						46.2	50.9
10	Drugs/supplies stock outs in health centers						43.10%	XX
Source: National service delivery survey		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
11	Accountability in the School: % of primary education facilities involving misuse of funds in last financial year			2.90%				
12	Accountability in the School: % of primary education facilities involving misuse of funds in the last financial year where no action was taken on the culprit			35%				
13	%of secondary education facilities involving misuse of funds in last financial year							
14	% of secondary education facilities involving misuse of funds in the last financial year where no action was taken on the culprit							

15	% of patients paying for drugs in government health facilities	15.50%			
16	% of health facilities involving misuse of funds in last financial year	3.00%			
17	% of health facilities involving misuse of funds in last financial year where no action was taken on the culprit.	40%			
18	% of sub-counties involving misuse of funds in last financial year	8.40%			
19	% of sub-counties involving misuse of funds in last financial year where no action was taken on the culprit	23.10%			
20	Accountability in institutions and rating of overall performance: % of Local Council II involved in misuse of funds	5.40%			
Source:PPDA			**2009/10**	**2010/11**	**2011/12**
21	% of sampled contracts subject to open competition: Percentage of sampled procurements subject to open competition by value and number (all pilot PDEs)				
	By Number:		4.10%	22.90%	15.60%
	By Value:		66.80%	80.60%	90.20%

22	Compliance with evaluation process criteria: Percentage sampled procurements with disclosed evaluation criteria actually applied (all pilot PDEs)					99.70%	99.90%	99.70%
23	% of contracts with complete procurement records					16%	26.70%	18.00%
24	% of contracts that are completed on time					57.90%	47.90%	29.40%
25	% of contracts that are implemented within the original cost					50.50%	47%	0.70%
26	% of contracts audited that are classified above moderate risk					43.30%	43.30%	24.80%

Formal Oversight Institutions

Source: Individual Government Agencies		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
27	Percentage of prosecution cases which required more than 12 months to be resolved							
	Inspectorate of Government			47%	45.50%	54.20%	22%	
	Anti-corruption court				0%	5%	8.50%	
28	Percentage of prosecution cases, involving public corruption, which resulted in a conviction							
	Inspectorate of Government			62.5%	16.7%	78.3%	69.8%	

29	Percentage of administrative cases which required more than 12 months to be resolved							
	Public Service Commission						2.60%	
	Education service commission						70%	
	District service commission						20%	
	Health service commission						71.40%	
30	Percentage of administrative cases, involving public corruption, which resulted in dismissals							
	Public Service Commission					56.70%	34.60%	
	Education service commission						50%	
	District service commission						70%	
	Health service commission						28.50%	

Source: OBI		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
31	The extent to which the data on actual outcomes (as reflected in the year-end report) has been audited	0		0				0
32	The percentage of annual expenditures that has been audited and, except for secret programs, the reports released to the public from two years after the completion of a fiscal year.	67%		67%				67%

33	The extent to which the Supreme Audit Institution releases to the public audits of extra-budgetary funds	0		33				33
34	In 2012 the question was modified to read: Does the supreme audit institution (SAI) maintain formal mechanisms through which the public can participate in the audit process?	N/A		N/A				0
35	The extent to which the executive makes available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action.	0		0				67
36	The extent to which the supreme audit institution or the legislature releases to the public a report that monitors executive actions addressing audit recommendations	0		0				67
Source :PEFA		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
37	Legislative scrutiny of external audit reports: Timeliness of examination of audit reports by the legislature (for reports received within the last three years)	D		D				D
38	Legislative scrutiny of external audit reports: Extent of hearings on key	C		A				A

	findings undertaken by the legislature							
39	Legislative scrutiny of external audit reports: Issuance of recommended actions by the legislature and implementation by the executive	C		D				B
Source: Auditor General reports (Qualitative)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
40	Annual audit reports							
	Excess expenditure as a percentage of the annual budget	0.39%	0.51%	0.76%	2.22%	0.30%	1.57%	
	Outstanding advances as a percentage of the annual budget	0.20%	0.26%	1.58%	0.20%	0.32%	0.24%	
	Arrears as a percentage of the annual budget	8.00%	5.90%	8.90%	3.90%	2.50%	7.00%	
41	Value for Money Audit					Qual	Qual	
42	Evaluation by BMAU					Qual	Qual	
Source: Annual police report (Public sector corruption)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
43	Number of cases of corruption registered and investigated by the police			13208	1,222	11,281	9724	
44	Percentage of reported cases to the police which were taken to court				24.0%	15.5%	29.4%	
45	Percentage of reported cases to the police which were still under inquiry by the close of the year				76.0%	84.5%	70.6%	

Citizens/Firms								
Source: Afrobarometer		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
46	In the past year, how often (if ever) have you had to pay a bribe, give a gift, or do a favour to government officials in order to get a document or a permit?							
	Never			62				44
	No experience in the past year			13				36
	Once or twice			13				13
	A few times			7				4
	Often			4				2
	Do not know			1				1
47	In the past year, how often (if ever) have you had to pay a bribe, give a gift, or do a favour to government officials in order to get water or sanitation services?							
	Never			66				50
	No experience in the past year			11				32
	Once or twice			11				8
	A few times			7				5
	Often			5				3

48	In the past year, how often (if ever) have you had to pay a bribe, give a gift, or do a favour to government officials in order to avoid a problem with the police (like passing a checkpoint or avoiding a fine or arrest)?							
	Never			63				45
	No experience in the past year			12				32
	Once or twice			13				12
	A few times			7				6
	Often			4				4
	Do not know			1				0
Source: WB Doing business		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
49	Starting a Business: Number of procedures to start a business	18	18	18	18	18	16	15
50	Dealing with Construction Permits Procedures:(number) of Dealing with Construction Permits	16	16	16	16	18	15	15
51	Registering Property: Number of procedures associated with registering a property	13	13	13	13	13	13	12
52	Paying Taxes: Number of payments per year	33	33	32	32	32	32	31
53	Enforcing Contracts: Number of procedures required	38	38	38	38	38	38	38
Civil Society and Media (Global Intergrity)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
54	Are the media able to report on corruption?	83	83	67	75		83	

55	Are journalists safe when investigating corruption?	100	67	67	67		0	
56	Are the regulations governing the political financing of parties effective?	29	17	17	13		17	
57	Are the regulations governing the political financing of individual candidates effective?			25	0		0	
58	Can citizens access records related to the financing of political parties?			17	0		0	
59	Can citizens access records related to the financing of individual candidates' campaigns?			0	0		0	
60	Are there regulations governing conflicts of interest by the executive branch?	75	59	75	72		59	
61	Are there regulations governing conflicts of interest for the national-level judiciary?		61	71	68		50	
World Governance Indicators (World Bank) Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
62	Control of Corruption	24.8	21.8	20.8	20.1	20.5	20	
63	Voice and Accountability	33.2	32.2	31.7	32.7	33.6	30	
64	Government Effectiveness	34.1	39.3	35	32.5	34.4	37	
Integrity Indicators Scorecard of the Global Integrity Index and Report (Global Integrity)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
65	Anti-Corruption and Rule of Law	72	73	73	71		77	
66	Civil Society, Public Information and Media	81	69	75	69		72	
67	Elections	74	58	65	61		62	
68	Government Accountability	76	65	70	71		68	

69	Administration and Civil Service	71	77	77	72		74	
70	Oversight and Regulation	81	78	73	50		78	
Global Corruption Barometer (Transparency International)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
71	% of respondents reporting that they had paid a bribe in the previous 12 months				53%	87%		
72	% of households which have paid a bribe for Medical Services during the past 12 months				33%	49%		
73	% of households which have paid a bribe to the Judiciary during the past 12 months				34%	59%		
74	% of households which have paid a bribe to the Police during the past 12 months				53%	79%		
75	% of households which have paid a bribe to the Educational System during the past 12 months				15%	36%		
Media Sustainability Index (IREX)		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
76	Free Speech		2.27	2.36	2.26	2.27		
MO Ibrahim Index of African Governance		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
77	Transparency and corruption	50.1	50.1	43.8		46.4		46.4
78	Accountability of public officials			33.3		33.3		33.3
79	Corruption in government and public officials			40.0		40.0		40.0
80	Prosecution of abuse of office	85.7	78.5	71.4		28.6		57.1
81	Corruption and bureaucracy			28.6		28.6		28.4
82	Accountability, transparency and corruption in rural areas	71.1		72.6		66.6		60.5
East Africa		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**

Bribery Index (EABI)					
83	Proportion of interactions with the police where a bribe was paid within the last 12 months (%)	65.9%	53.1%	57.4%	48.2%
84	Proportion of interactions with the Judiciary where a bribe was paid within the last 12 months (%)	69.6%	35.8%	49.4%	24.8%
85	Proportion of interactions with the Health Sector where a bribe was paid within the last 12 months (%)				29.6%
86	Proportion of interactions with Educations services where a bribe was paid within the last 12 months (%)				12.4%

Annex VI: Status of Implementation of Recommendations

The IG followed up on the agreed recommendations in the Second DTM Report of 2011. The status of implementation appears below. The responsible agency made the remarks appearing in the last column.

Findings	Recommendation	Responsible Agencies	Remarks
1. Doing Business. While Uganda reduced the number of procedure for starting up a business from 18 to 16 in 2011, Uganda still far exceeds the neighbors and sub-saharan averages.	*The number of procedures for Doing Business needs to be reduced further. The targeted procedures included those associated with starting a business, securing a construction permit, registering a property, making tax payments, enforcing contracts, securing a driver's license, obtaining an educational certificate, securing a land title, and connection and disconnection of utilities.*	Ministry of Finance, Planning and Economic Development, OPM	OPM has coordinated the Presidential Investor's Round Table (PIRT) which, under Phase III has registered some achievements relating to; amendment of the Capital Markets Authority Act 2011, the Uganda Registration Service Bureau (URSB) became autonomous from the Ministry of Justice and Constitutional Affairs hence improving the process in starting businesses. The Ministry of Lands, Housing & Urban Development has computerized the application process for registering property and all relevant documents can be accessed online. The OPM has overseen an inter-ministerial consultative process that has developed a proposal to Cabinet on establishing a One Stop Center at the Uganda Investment Authority.
2. Corruption in the Construction Sector. There is still lack of Transparency and Accountability in the Construction Sector. A significant international multi-stakeholder effort, the Construction Sector Transparency (CoST) initiative is underway to improve transparency and accountability in infrastructure construction.	*The Government of Uganda and national stakeholders should come together to form a national coalition to participate in the CoST initiative. Furthermore, PPDA should give the highest priority to developing a standard unit cost.*	PPDA, MOFPED, Ministry of Works and Transport, UNRA	PPDA noted that development of the standard unit cost is to be done by the responsible sectors, in this case UNRA and Ministry of Works and Transport, as they are better placed because of the technical skills required. After the development, PPDA will play the role of availing the unit costs to all Procuring and Disposing Entities.

Findings	Recommendation	Responsible Agencies	Remarks
3. **Formal Funding Mechanism to ensure Effectiveness and Efficiency of Land Management Institutions.** The inadequate funding to Land management institutions has led to the creation of user fees on clients by the Area Land Committees. This has led to delays for clients seeking redress.	*The Government should reassess the adequacy of funding for the land management program at district and lower levels, with a view to improving the performance of organs such as the District Land Boards. (2) The Central and Local Governments should reassess the manner in which the Area Land Committees conduct business, particularly with regard to the way they charge user fees. Upon completion of the assessment, government should implement a formal system of funding to ensure effective land management services. The new system should be accompanied by clear policies and procedures which minimize individual discretion and ensure proper monitoring available.*	Ministry of Lands, Housing and Urban Development	The Ministry made posters indicating the fees payable for all land transactions and posted them on notice boards in all land offices. It is computerizing the land process; and introducing the E-Stamp duty to eliminate the irregular charging of user fees; as well as setting up Regional Land Offices. The Ministry is faced with challenges relating to funding gap for land management, thin staff on ground and lack of offices in the Local Government Districts Headquarters.
4. **Comprehensive Standard Data from all Anti-Corruption Agencies.** The DTM Manager in collaboration with the IG has established a Technical Support Committee to collect standard anti-corruption data on a regular basis from anti-Corruption entities and service commissions. This is an important step towards addressing the problem of fragmentation and inconsistency of data from anti-corruption agencies. The lack of comprehensive anti-corruption data has made it difficult to determine the types of corruption offences, how long it takes for corruption cases to be resolved, as well as the outcomes of these cases.	*The Technical Support Committee is urged to liaise with the different Anti-Corruption Agencies to provide them with a standard and uniform method for collecting anti-corruption data (which would include data related to duration of the case, type of corruption, and the result of the corruption case). The agencies are encouraged to adapt their data collection and management efforts to this standard approach. Furthermore, training should be provided in order to improve the quality of data collection and management at all Anti-Corruption entities and commissions. We recommend that the Technical Support Committee develops a training program for providing practical technical guidance to the data managers at these institutions.*	IG, DPP, Anti-Corruption Division of the High Court, Uganda Police, Judicial Service Commission, Public Service Commission, Education Service Commission, Health Service Commission, District Service Commission	All the agencies made a commitment to store their data using the standard format. One-on-one trainings were conducted with the staff at the District Service Commissions responsible for data management.
5. **Strengthen Anti-Corruption Enforcement Measures.** The study found that the Judiciary does not have enough judges to handle prosecution work regarding corruption, e.g. the Supreme Court is	*In an effort to strengthen anti-corruption enforcement measures, we recommend thatthe Judicial Service Commission be fully constituted by appointing members to the commission. Secondly, serious consideration should be given to codifying the 60-day timeline in law so that every case of corruption is investigated and a*	Parliament, Judicial Service Commission(JSC)	The JSC has to-date been fully constituted. The Supreme Court is not yet fully constituted but the vetting process for Supreme Court judges is underway.

Findings	Recommendation	Responsible Agencies	Remarks
not fully constituted and the court cannot dispose of corruption cases in a timely manner. The Judicial Service Commission is not fully constituted; and judges and magistrates are not being appointed. The Constitutional Court also was not fully constituted for a long time, hence the delays in handling cases in the courts. Failure to constitute these entities is resulting in major delays and case backlog.	*court decision is made, within a time limit of 60 days.*		
6. **Bolster Investigative Capacities.** Data indicates that Anti-Corruption Agencies have weak investigative capacity, resulting in high rates of dismissals and lengthy investigative periods. The critical outcome of weak investigation is that a case does not result in a prosecution. This has been an area of great frustration to many Ugandans.	*Each of the Anti Corruption Agencies undertakes an assessment of its own investigative capacity needs and strengthens its ability and the ability of government to be effective in investigating cases toward reducing corruption.*	Directorate of Ethics and Integrity, IAF Member Institutions	**Department of Ethics & Integrity is d**eveloping a capacity building manual for law enforcement agents, has developed manuals on ethics targeting all institutions and put in place District Integrity Forum. The National Ethical Value policies to be launched soon. The IG with support from UNODC is strengthening the investigative capacity of its staff. 106 DPP staff attended specialized courses in handling prosecution work, 50 staff trained in performance management, accountability & corruption prevention. The Police under funding by USA trained its staff in anti-corruption techniques and in fraud investigation and general investigation techniques
7. ***Engage Citizens in Budget and Audit.*** The first DTM report of 2010 emphasized the importance of citizen participation in budgeting. Government both at central and local government should engage citizens in an open and energetic discussion about budget priorities. Results of the audits should be announced in the papers in the relevant district, and this information should be posted at the District's notice board. This study found that the Office of the Auditor General (OAG) has committed itself to commence regular process of announcing audits of public	*A robust and dynamic process to engage citizens in establishing budget priorities of works projects be established. In addition, extra effort should be made to make available high quality, user-friendly relevant budget reports to the public of Uganda. Citizens need to be provided easy-to-understand information about the current budget (i.e. a pie chart showing the amount and percentage of the budget spent on each sector), and subsequently, citizens need an open forum to express their views on the budget. These sorts of discussions, which provide an opportunity for citizens to be informed about the budget and to express their views about priorities, need to be held throughout the country on a quarterly basis. Furthermore, on audits, we*	MoFPED, OAG, OPM	**Office of the Auditor General h**as undertaken a number of infrastructure audits (in the Road, Education and Water sector). The citizens were not engaged as recommended by DTM. However the various audits were discussed with the CAO & MOWT Officials. OAG proposes that the engagement of citizens be undertaken through the civil societies Organizations and that the Directorate of Ethics & Integrity takes the lead in coordination. A new Bill (Public Finance & Accountability Bill) is being drafted to enable accounting officers to report on implementation of OAG recommendations without waiting for Parliament approval. OPM has continued to implement the Citizens demand for accountability (Baraza) Initiative and carried out the implementation of the Barazas in 74 districts. Plans are in place to roll out the initiative to cover all the districts.

Findings	Recommendation	Responsible Agencies	Remarks
infrastructure projects to national and local communities, and hold community-level town meetings to discuss audit findings upon completion of infrastructure projects by conducting 3-4 audits involving this type of citizen participation and this is an effort that needs to be strengthened.	*recommend that due to the low levels of citizen participation in government spending and accountability, the OAG should increase the commitment to announce results of audits of public infrastructure projects to national and local communities and to posting relevant information on District notice boards.*		
8. Competitive Bidding and Accountability in Procurements. Findings from the VFM audits in procurement sector revealed: a lack of the required needs assessment, wastages of funds, lack of community participation and ownership, procuring outside of procurement plans, entering into contracts without confirmation of availability of funds, manipulation of the bidding process to limit bidders, lack of procurement documentation, weak transparency, lack of compliance with statement of requirements and use of direct procurement in non exceptional circumstances.	*PPDA should make every effort to increase competitive bidding for high value contracts. For procurements which are not subject to open bidding PPDA should ensure that standard procedures are established and implemented to avoid corruption. We also recommend that PPDA review the VFM Audit on procurement in local government, and develop and implement a plan to address the following problems: a lack of required needs assessments, wastage of funds, lack of community participation and ownership, procuring outside of procurement plans, entering into contracts without confirmation of availability of funds, manipulation of the bidding process to limit bidders, lack of procurement documentation, weak transparency, lack of compliance with Statement of Requirements, and use of direct procurement in non-exceptional circumstances.*	PPDA	There has been an increase in percentage value of contracts subject to open competition as follows; 65% in FY 2009/10, 83.9% in FY 2010/11 and 90.2% in FY 2010/11 to 90.8% in FY 2011/12. PPDA has carried out audits and compliance checks on Procuring and Disposing Entities to ensure that standard procedures are being followed to avoid corruption. Trainings are also conducted in the PDEs on the basic principles of public procurement i.e. transparency, accountability, fairness, competition to achieve value for money, confidentiality, etc. PPDA has reviewed the VFM Audit Report on procurement in Local Governments, and are addressing the problems relating to procurement planning and making procurements according to the plan by carrying out compliance checks and audits. The Authority conducted follow ups on audit recommendations in 58 PDEs of which 27 were Central Government (CG) PDEs and 31 were Local Government (LG) PDEs. The Authority conducted follow ups in 6 PDEs of which 2 were Central Government (CG) PDEs and 4 were Local Government (LG) PDEs. Out of a total of 678 audit and investigation recommendations, 537 representing 79% were implemented and 141 representing 21% were not implemented.
9. Absenteeism in Schools and Health Facilities. The Uganda National Panel Survey (2010) conducted by the Uganda	*High level officials from Department of Ethics and Integrity, Ministry of Public Service, Ministry of Education and Sports, Ministry of Health, Public Service*	Ethics and Integrity, Ministry of Public Service, Ministry of	**Ethics& Integrity has d**eveloped manuals on ethics targeting all institutions, National Ethical Value policies are to be launched as well as the District Integrity Forum, Strengthening code of conduct

Findings	Recommendation	Responsible Agencies	Remarks
Bureau of Statistics at community level reveals substantial problems with "quiet corruption" in both the education and health sectors in Uganda. Teacher absenteeism is a problem in one out of every five government primary school classrooms. In government health centers, one out of every three health centers experienced absenteeism in the 12 months preceding the survey.	*Commission, MoFPED, NGOs and Development Partners form an active Working Group to develop a comprehensive and effective strategy for government to tackle the problem of absenteeism. Relevant NGOs and School Management Committees should provide input to the Working Group.*	Education and Sports, Ministry of Health, MoFPED	for Professional Bodies is being done and manuals on mainstreaming ethical conduct of Government (Civil Servants) on how they conduct their work is being worked on by DEI. **MOPS has** Introduced attendance Registers, is sensitizing public officers about issues of absenteeism especially in Health & Education Sector and introduced Performance agreement in Public Service – CAO, Head teachers & Hospital Directors signed the contracts, Submission of quarterly reports by Government Departments on the performance of its staff. The Ministry is also developing a tool to monitor absenteeism in the sector of Health in collaboration with MOH. MOES, as a strategy to minimize teacher absenteeism in Government Primary Schools the Ministry has strengthen school inspection by ensuring that at least every school is inspected once a term.
10. **Drug Stock Outs**. The Uganda National Panel Survey (2010) collected data on drugs and supplies stock outs at different health centres around the country. The results show that in the past 2 months 43% of government health centres had experienced stock outs in vital drug/supplies, compared to 26% for non-government health centres.	*The Ministry of Health conducts an independent and professional assessment of drug stocks in the country to determine the causes and extent of the problem of stock outs and propose remedies for eliminating them in health facilities in Uganda.*	Ministry of Health, National Medical Stores	Ministry of Health, Ministry of Local Government and National Medical Stores are implementing an MOU that includes a performance framework with key performance indicators for the distribution of essential medicines by the NMS
11. **Political Financing Disclosure**. While most areas of corruption in Uganda stem from weak implementation, the area of political financing is an exception, as it suffers from a weak legal framework and related implementation. Political financing in Uganda is marked by inadequate regulations, low levels of transparency and high incidence of corruption in the	*The law related to political financing disclosure be strengthened to eliminate loopholes and ensure that public resources are used for the public, not for the promotion of a political candidate or party. In addition, there is need for self-regulation within the parties themselves. Political parties should establish codes of conduct which enhance transparency and accountability*	Electoral Commission, Parliament, Ministry of Justice and Constitutional Affairs	**Ministry of Justice and Constitutional Affairs** indicated that the issue requires a legal remedy for which time to consult on the matter of political financing disclosure is paramount. **Electoral Commission (EC) noted that a** law on financing of political parties (PPs) based on representation in Parliament is being implemented. The EC funds PP's to solicit for voters. Deregistration of the PP's that are not functional is being undertaken.

Findings	Recommendation	Responsible Agencies	Remarks
financing of political campaigns.			The EC stated that UNDP is financing the review of some Laws: LG Act, Parliamentary Election Act and Presidential Election Act The EC noted that a national consultative forum was formed as stipulated by Sec. 20 of PPO Act 2005. The Act enables Parties to get together to establish a Code of Conduct and how disciplinary actions can be taken on errant members. Four meetings have been held and a political desk created to monitor the parties. They however noted challenges with regard to funding of the activities.

ANNEX VII

The Different Methodologies for Bribery Data Collection

The Afrobarometer Data Source

Afrobarometer is an annually updated survey instrument designed to measure public attitudes about a range of issues. Within their survey, they have a small section dedicated to targeted questions about respondents' experiences with bribery situations. The survey is conducted at the individual level and we include three indicators that are associated with bribery. They involve "the extent to which respondents had to pay a bribe, give a gift, or do a favour to government officials in order to (i) get a document or a permit, (ii) get water or sanitation services, or (iii) avoid a problem with the police, like passing a checkpoint or avoiding a fine or arrest."

The question for each of these sectors is phrased in a very specific manner which makes is somewhat difficult for directly comparing the results of Afrobarometer's survey with the other two sources. For instance, the question related to police reads: "In the past year, how often, if ever, have you had to a pay a bribe, give a gift, or do a favour to government officials to avoid a problem with the police, like passing a checkpoint or avoiding a fine or arrest?"

East African Bribery Index (Conducted by Transparency International, East African Chapters)

The EABI is based on a survey that assesses bribery experiences and perceptions in the 5 East African states; Burundi, Kenya, Rwanda, Tanzania and Uganda. The 2011 survey was conducted at the individual level and recorded the responses of 1,449 individuals in Uganda. The indicators included in this report ask for the number of interactions a respondent has had with each sector (educational service, health services, etc.) and then asks how many times they paid a bribe in each sector. Once those answers have been collected, EABI then divides the number of instances of bribe paying by the number of interactions recorded. This produces the percentage of interactions that resulted in a bribe payment occurring. This number, therefore, does not directly reveal the percentage of people who have paid a bribe. Instead, it is measuring how often bribes are paid.

Transparency International Global Corruption Barometer (conducted by TI Berlin)

TI uses a somewhat different methodology for collecting data and for analyzing it. Although TI is also asking about the incidence of bribe paying, it asks whether respondents, *or anyone in their households*, have paid a bribe in past year. As such, TI is not just measuring the incidence of bribe paying among individuals, but among their entire household. Furthermore, the TI barometer is only measuring whether these households have paid *any* bribes in the past year. This means that TI is, in effect, measuring the incidence of bribe paying among the population. EABI, on the other hand, measures the total number of times bribes were paid as compared to the actual number of interactions at a given institution.

Implications of Divergent Methodologies

The implications of these different methodologies are nuanced because two surveys are measuring responses of individuals, while the other is measuring the responses of entire households; and one

survey is measuring how often bribes are paid during interactions with the government, while another is just measuring how many bribes each individual has to paid, while the third is measuring whether a household has paid even a single bribe. Due to these divergent methodological, it is difficult to hypothesize about whether one survey should be reporting higher rates of bribery than another. This means that one survey cannot be used to undermine the results of another survey since they are measuring different phenomena in regard to bribery.

For instance, the only two years which contain data from both EABI and TI are 2009 and 2010. During these years, EABI reported that the incidence of bribery involving the police decreased; whereas, TI reported that the incidence of bribery involving the police increased significantly. This divergence of findings could be the result of many different phenomena. By way of example (for illustrative purposes only), it could be possible that the police were more actively engaged with the population so more households interacted with the police increasing the incidence of paying a bribe to the police. But, at the same time, the police were interacting more often and with more people while receiving a similar number of bribes as the previous year, thereby reducing the rate of bribe paying as measured by the number of bribes paid per individual interaction with the police.

It is important to note that this explanation is merely hypothetical. So far, it is impossible to know the reason for the different results between EABI and TI. This explanation serves merely to demonstrate that caution must be exercised when interpreting differences between different measures of bribery. This might suggest that it could be better to use one data source for reporting bribery.

Readers should examine the data to identify trends from year to year within each individual indicator and within each individual source of data only. By doing so, one can see whether a specific form of corruption appears to be increasing or decreasing over a number of years and this can provide the basis for formulating reforms to address any ongoing problems.