

Remarks by Mr. Ahmadou Moustapha Ndiaye, Country Manager

World Bank

**At the Launch of the 4th Annual Report on Tracking Corruption Trends
in Uganda Using the Data Tracking Mechanism**

Hotel Africana – August 26, 2014

The Honorable Minister of Finance Planning and Economic
Development

Honorable Members of Parliament Present

Your Excellences, Heads of Missions Present

The Minister of State – Directorate of Ethics and Integrity

The Inspector General of Government,

Permanent Secretaries

Development Partners

Ladies and Gentlemen

I am glad to stand before you, on behalf of the Development Partner Community in Uganda, to make these remarks on the occasion of the launch of the fourth annual report on corruption trends in Uganda. We commend the Inspectorate of Government for implementing this initiative and using the data tracking mechanism as a credible way of tracking corruption trends and informing governance reform efforts in Uganda.

This year's theme - "Bridging the enforcement gap in the fight against corruption" comes at the right time when the need to sanction those involved in corrupt activities is at its highest. Experience from other countries shows that corruption can be effectively fought when sanctions are applied consistently to all involved. This reduces impunity and increases the risk to getting involved in corrupt practices. For example - Romania's efforts to foster openness and accountability in government are showing

results. The passage of a freedom of information law, public disclosure of detailed income and asset declarations, and judicial and public financial management reforms, among others, have all contributed to the improved performance.

While progress has been registered by putting in place institutions and a legislative framework to fight corruption, these efforts have principally focused on the detection of corruption, strengthening systems and internal and external control institutions and having the right legislative framework in place. Not enough has been achieved in concrete enforcement actions for example sanctioning of culprits and recovery of misappropriated assets, and this remains the weakest link in the accountability chain. The recent conviction of Ministry of Local Government officials involved in the wrongful procurement of bicycles process is a welcome example of enforcement and sanctioning and more of such cases would send a strong message to the corrupt. However, a lot more cases remain un-concluded raising questions about the Government's commitment to fight corruption. The focus of this report is therefore crucial to raise the bar against corruption in this country.

We acknowledge the ongoing efforts by Government which are beginning to yield results such as: (i) the decentralisation of the payroll payment process which in has yielded savings of over Uganda Shs 3.8billion in just three months; (ii) concluded investigations by the IG that have saved Uganda Shs 25.6 billion in 2013; and (iii) recoveries of Uganda Shs 4.1 billion from DPP's NAADs investigations to mention but a few.

We also welcome the ongoing efforts to enhance the management of public resources through stricter public financial and procurement management systems and the move by Government to bring citizens on board in enforcing accountability through enhanced dissemination of the budget and implementation of the budget transparency initiative, the Barazas and the inspectorate of government's (IG) social accountability monitoring program (SACM). On the legislative side, in the last two years, the Government has

amended the public procurement and disposal of assets legislation to strengthen enforcement, improve local content and put in place mechanism for redress by aggrieved bidders, and passed the Anti-money laundering law (2013) to enable prohibition and prevention of money laundering and establish the relevant enforcement agencies.

However, Uganda's implementation gap remains high as these measures have not yielded the desired outcomes. On a regular basis and through the annual audit reports we see massive leakage of public resources, violation of laws and a complete disregard of systems and procedures put in place to ensure value for money. For example in 2013, the Office of the Auditor General found that funds to the tune of US\$12.9 million were paid by ministries department and agencies (MDAs) to various contractors for work that was not executed. The recent case of payment of Uganda Shs. 24 billion to a road construction company without proper due diligence puts to questions whether the systems developed by Government are effectively being implemented and enforced by accounting officers.

Further, the common misconception that corruption can only be tackled by the anti-corruption agencies enables the other Government agencies to abdicate their role in enforcing accountability through administrative sanctions, putting a bigger burden on the police, the IG and the judiciary.

Enforcement of accountability systems and procedures must be applied equally and diligently by all accounting officers in the implementing agencies, complementing the role of the anti-corruption agencies and the judiciary. For instance the report highlights 47% absenteeism in health centre III; this is "quiet" corruption and should be dealt with by responsible accounting officers to ensure effective service delivery. The Public Finance and Accountability Act (now under revision) call for administrative sanctions to accounting officers who do not get clean audits. However, the percentage of unclean audits at central government

level rose from 40.8% to 55.7% between 2011 and 2012 and from 55.0% to 68.0% at local government level in the same period. These numbers demonstrate a high level of impunity resulting from ineffective sanctioning mechanisms and have greatly tarnished the image of the public sector. The fourth annual report shows that 44 per cent of the population surveyed believes that public service are corrupt while 37 per cent expressed similar sentiments regarding judicial officers and support staff to the judiciary. Overall at least 80% of Ugandans view corruption as heavily entrenched in society.

Ladies and Gentlemen

Let us pause and ask ourselves, “Is Uganda losing the battle in the fight in corruption”? We would like to be more optimistic and look at on-going challenges as a wake-up call for urgent action to bridge the enforcement gap and complete the accountability chain. As we support Government's efforts to fight corruption and in particular as we discuss this report, we need to consider the following:

Oversight functions such as those of accounting officers should provide a first step in fighting corruption and enforcing of administrative sanctions: Different structures of government have varying degrees of responsibility in the process of fighting different forms of corruption. Offices and individuals with management and oversight functions should play a significant role in addressing the “soft” corruption tendencies and help tackle prevention aspects, allowing the main stream anti-corruption agencies to focus on the “harder” forms of corruption.

Allowing the executive agencies to undertake their functions independently will go a long way in eliminating the abuse of office under purported duress and ensure that in instances of implementation failures the culprits can be identified and held accountable. For example minimizing and eliminating interference in procurement and other key processes. In this regard Government should ensure that these agencies are fully equipped to do their job. Currently the delay in passing the Leadership Code Amendment Bill

inhibits IG's enforcement of the asset declaration clause under the Leadership Code Act.

Sanctions must quickly follow identified cases of corruption: Fighting corruption goes beyond identification and investigation. Measures aimed at addressing corruption now need to be focused on sanctioning the culprits involved and enforcing the accountability chain. Sanctioning of culprits and recovery of proceeds of corruption is a crucial step in eliminating impunity. In this regard we commend the IG in their efforts to recover funds in convicted cases. The effort by the Judiciary and Directorate of Public Prosecution to freeze assets of individuals in suspected cases of embezzlement is a step in the right direction and should be scaled up. This will deny the culprits the benefits of crime.

Informed citizens play a critical role in the fight against corruption:

Disseminating information as widely as possible and empowering citizens is a strong anti-corruption tool. The Government should expand the current budget transparency initiative to cover all resources including management of revenues from the extractives industry. At this juncture, I would like to commend the role that the media has played in exposing corruption practices. I also commend the Government for providing a conducive environment for the media to report on corruption in the public sector without hindrances and get the public involved.

In conclusion, allow me to thank the different stakeholders in this initiative for their consistence in providing crucial knowledge and information to support the fight against corruption. In particular I thank the Government for its stance on fighting corruption but also call upon it to demonstrate even more commitment through implementation of clear actions to deter the vice.

Thank you very much for listening.