



DFID's Anti-Corruption Strategy for Uganda

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Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain. The word can cover a whole range of abuses. On one level it can refer to the risk of taxpayers' money in DFID programmes being fraudulently spent or stolen. On another level it can refer to corruption within a country and its institutions, with the negative impact that this has on development prospects. DFID sets the highest standards for the manner in which its own money is spent. Through its development programmes, DFID also works to reduce the prevalence of corruption in each of its partner countries.
2. In November 2011, the **Independent Commission on Aid Impact (ICAI)** reviewed DFID's approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design, and often played a leading role within the donor community on anti-corruption work. It did however recommend that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy. As part of its response, DFID is producing anti-corruption strategies for each of its main partner countries. This strategy sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in Uganda to reduce corruption and its impact on development over the next three years.
3. The UK Government is committed to **transparency, results and value for money**. To make it easier for taxpayers and citizens in its partner countries to 'follow the money', DFID now publishes details of all its new programmes and of all transactions over £500 on the DFID website (<http://www.dfid.gov.uk>).

Protecting UK Aid funds in Uganda

4. Transparency International has assessed Uganda as "highly corrupt" every year since 1996 – its first appearance on the Corruption Perception Indexⁱ, with the World Bank noting a decline in the control of corruption since 2006.ⁱⁱ In the 2012 East Africa Bribery Index, 95% of all respondents judged Uganda's public institutions as corrupt, with Uganda registering the highest bribery levels in the region.ⁱⁱⁱ
5. DFID Uganda's budget is £283 million over the three year period from 2012/2013 to 2014/2015. DFID Uganda allocates this money to a range of partners. Funding channels are

chosen based on a thorough assessment of the best way of achieving results, reducing poverty and safeguarding UK funds. Support is currently provided through the following channels:

- Provision of financial aid to government (32%) in areas such as budget support, health service delivery, post conflict reconstruction and public financial management. The actual amount disbursed as financial aid will depend on the findings of ongoing assessments of Uganda's commitment to UK aid partnership principles, particularly in relation to anti-corruption. Financial aid is presently frozen due to a corruption case in the Office of the Prime Minister that was uncovered by the Government of Uganda's Auditor General and is currently under investigation.
 - Funding for non-governmental organisations and the United Nations (34%) in areas such as humanitarian assistance, HIV/AIDS, gender based violence and humanitarian assistance.
 - Commercial service providers (34%), selected through competitive tendering to provide specialist expertise and services to deliver programmes in areas such as health, improving social protection and access to financial services for the most vulnerable.
6. DFID has a range of standard **controls and measures in place to protect UK aid**. These include rigorous risk assessments and monitoring requirements for all projects and programmes. Regular internal and external audits add a further level of assurance that money is spent on the purposes for which it is intended. DFID is continually strengthening its risk management procedures, and has recently brought in additional measures including: more detailed fraud and corruption risk assessments in programmes; enhanced pre-funding 'due diligence' checks on partners; and specialised training for staff. Where there is suspicion of corruption and fraud DFID will always follow up; and if fraud or corruption is uncovered DFID will always take action and work to recover UK taxpayers' money.
7. In Uganda, DFID will continue to ensure integrity and value for money through the above, and in areas such as:
- *Closer scrutiny of high-risk programmes*: increasing the regularity and depth of financial checks on high-risk programmes. More detailed audits, including use of continuous audit where appropriate, will be undertaken to ensure that DFID Uganda can "follow the money".
 - *Ensuring that DFID partners are also managing corruption risk and reporting any suspected fraud*, including through standard fraud and corruption reporting clauses in all contracts and agreements with implementing partners. Individuals or companies convicted of fraud will be barred from applying for DFID funds.
 - *In-depth training*: DFID Uganda is investing in additional training to further strengthen its specialist in-house expertise on managing corruption risk.
8. At present, all aid provided directly to Government of Uganda is suspended and will remain so until the present corruption case is satisfactorily resolved and DFID is provided with the necessary evidence that the Government is committed to tackling corruption and has in place the required safeguards to protect UK funds from abuse. If DFID does restore any financial aid to the Government of Uganda, this will be accompanied by stringent controls including the adoption of new measures that respond to the high risk of corruption through, for instance, detailed scrutiny and results based payment models.

Supporting efforts to reduce corruption in Uganda

9. DFID will support government and citizens in Uganda in tackling corruption by:
- *Providing continued support for anti-corruption bodies*: Anti-corruption bodies have a fundamental role to play in detecting corruption, making sure it is properly investigated and sanctioning those found guilty of corruption or fraud. With DFID support, Uganda's accountability institutions – notably the Auditor General and the Public Accounts Committee

– have played a central role in making sure that corruption is exposed. DFID will continue to support them. DFID will also consider supporting the Inspectorate of Government – the institution mandated to investigate and prosecute those accused of corruption.

- *Supporting citizen action against corruption:* DFID supports civil society groups to call for action against corruption. However, DFID will do more to ensure that ordinary Ugandans, suffering as a result of corruption, can make their concerns known and can call for action to address corruption. DFID will explore the use of new technology, for example payments by mobile phone, which allows money to be transferred directly to families, bypassing the go-between who may otherwise take a ‘cut’.
- *More detailed assessment of fraud and corruption risks in DFID programmes:* DFID will conduct detailed assessments to make sure that corruption risks in any of its current or potential programmes are known and understood.
- *Working with business:* Corruption deters much needed investment in Uganda. DFID will assess the impact of corruption on investor confidence and encourage business to act as anti-corruption champions in Uganda as well as to adhere to international regulations on corruption and bribery.
- *Take action in the UK:* DFID will make use of external controls and regulations to help strengthen action against grand corruption in Uganda, including pursuing any corrupt money that is laundered from Uganda to the UK and exploring opportunities for international legal sanctioning of those committing corruption in Uganda.

DFID will work with other parts of the UK Government, most notably the Foreign and Commonwealth Office, on the implementation of this strategy.

More information

On the country programme is available on the DFID website at: www.dfid.gov.uk/uganda

Media enquiries: pressoffice@dfid.gov.uk

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ⁱ See <http://www.transparency.org/research/cpi/overview> for Transparency International’s Corruption Perception Index.

ⁱⁱ http://info.worldbank.org/governance/wgi/sc_chart.asp for the World Bank’s Worldwide Governance Indicators on the Control of Corruption.

ⁱⁱⁱ See http://www.tkenya.org/index.php?option=com_content&view=article&id=73&Itemid=67 for the 2012 East Africa Bribery Index.