

# BLACK MONDAY

Newsletter

*Citizen Action Against theft of our money without SHAME!*

## EDITORIAL

Over the years, there has been an escalation of budget indiscipline as the main challenge of budget execution. This is manifested through consistent supplementary budgets from habitual Ministries, Departments and Agencies (MDAs) - divergence between budget approvals and implementation.

We commend government on the new initiatives for improving Public Financial Management such as the Treasury Single Account (TSA), revision of the Public Finance laws, and decentralisation of the pay roll that will support government efforts to eliminate ghost workers. We further take note of the considerable reductions in approval of supplementary budgets, which often undermine budget credibility and the spirit of budget consultation processes.

Corruption remains one of the biggest challenges facing Uganda's quest for equitable development. The 2012/13 Value for Money report by the Auditor General shows questionable expenditures under various ministries and agencies. This arises from flouting of public expenditure regulations, errors in measurements of materials used in civil works and inappropriate use of the formulae for price adjustment in computation of compensations. All constitute forms of corruption, misuse of public resources and financial indiscipline.

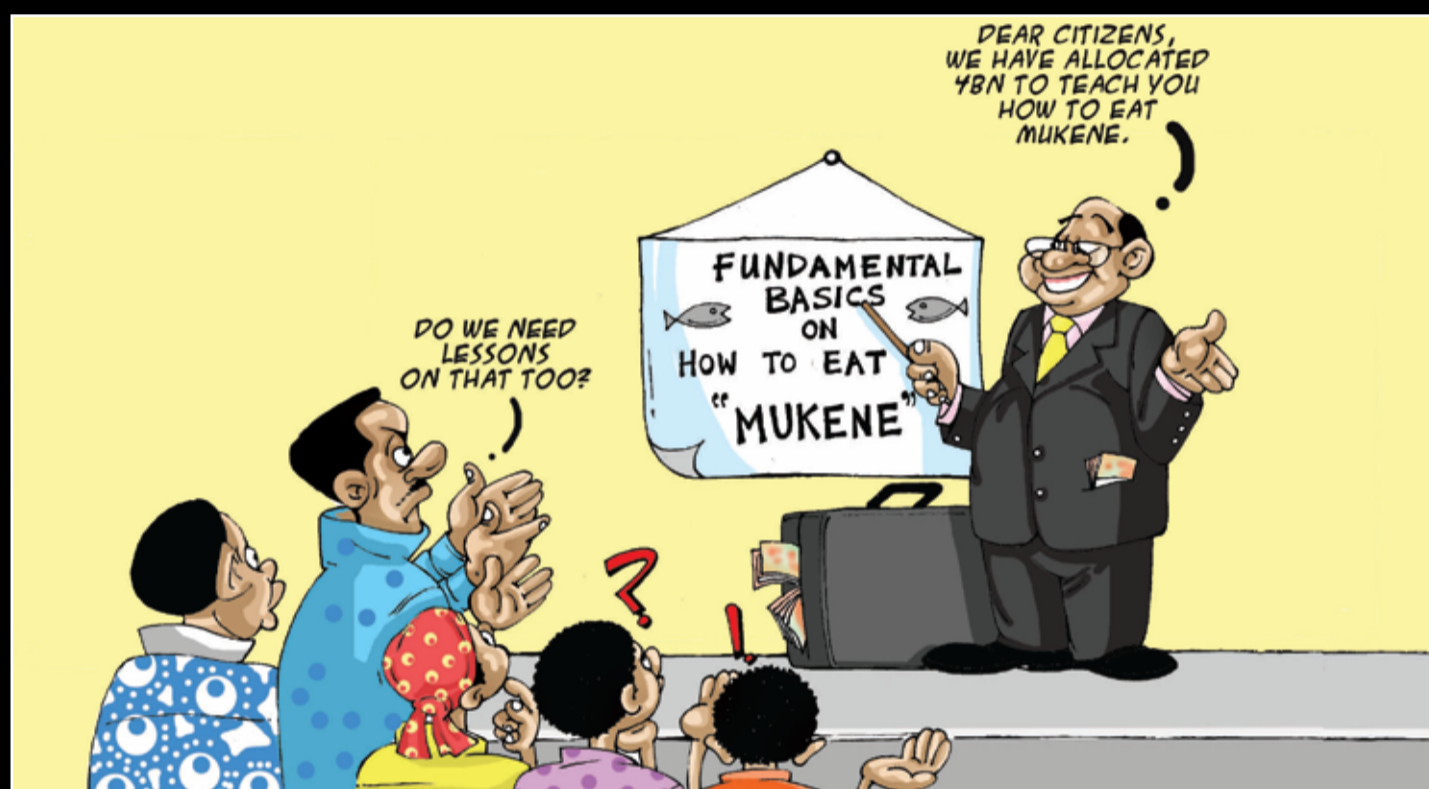
Government should amend Clause 21 (6) of the Public Finance Bill, 2012 on supplementary budget to state that all supplementary spending is approved by Parliament, and to remove the provision for retrospective approval of supplementary spending. We applaud the efforts of the ninth Parliament so far in fighting corruption, however, we are concerned that the NRM caucus, which has continued to overturn parliamentary resolutions, is undermining these efforts. We consider it an act of corruption when public funds are invested in inquiries and probes, whose recommendations are dismissed or ignored.

Going forward, without relying only on the solid past, given that a budget is a political tool that government uses to transform lives, citizens need to get involved in monitoring of the budget to avoid wastage, laxity and corruption during its implementation.

— Julius Mukunda

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## Budget indiscipline fuels public resource wastage



A budget is a means by which government delivers its promises to people. It is supposed to address the needs and priorities of its citizens, who can then demand accountability from government. However, a budget will only achieve its intended objectives if budget regulations and principles are adhered to.

Delivery of quality public services in Uganda is still impeded by various forms of inefficiency through wastage of public resources; limited adherences to financial regulations, laxity, budget indiscipline and consequently limited responsiveness to critical service needs of citizens. As we look forward to the financial year 2014/2015 budget, Civil Society Organizations are aware that despite government's good intentions, lack of value for money and flouting of public expenditure regulations affect budget implementations and do harm our economy.

Occurrences of squandering public resources as highlighted in the Auditor General's report for the financial year 2012/2013 are a snippet of ineffective Government expenditures. Spending agencies are more concerned with paper accountabilities rather than the impact their expenditure has towards the citizens where Government programs are

implemented. The Agriculture sector which is currently grossly underfunded wasn't any different. In the financial year 2012/2013, the Auditor General's report indicated that Ministry of Agriculture Animal Industry and Fisheries (MAAIF) was allocated Ushs 110 million to construct 50 valley tanks in the cattle corridor districts. By the end of June 2013, this Ministry reported to have spent 73 percent of the total allocation on identification of construction sites, acquiring the first consignment of earth moving equipment and commencing of construction works in Nakasongola, Lwengo and Namalele. The 50 valley tanks had not been completed with this expenditure which makes us question the value for money for such projects.

Poor prioritization is exposed in the Public Investment Plan of financial years 2013/2014-2014/2015 which indicates that Ministry of Agriculture is implementing a Ushs4 billion project aimed at increasing production of 'Mukene' for human consumption. Whereas eating 'Mukene' is essential given its nutritional value, Ministry of Agriculture should have at least dedicated this money to enhancing its fund absorption capacity and its institutional capacity to deliver on its mandate and serve farmers better.

Although the Budget Act, 2001 requires Government to spend up to only 3 percent of the allocated budget without prior approval of Parliament, analysis shows that since 2008/2009 financial year, all supplementary requests exceeded the 3 percent. The most outstanding supplementary request was recorded in the 2010/2011 financial year where over 25 percent of the national budget was spent in supplementary appropriations and of this Ushs 1.3billion was -Ministry of Defense expenditure.

Delayed implementation is best demonstrated when Government in the financial year 2012/2013 allocated shs 706 million to Ministry of Health to mainly develop a National Health Insurance Scheme Act that would provide guidelines for accessible, affordable, and quality healthcare services to all Ugandan citizens. However, the ministry reported no progress on this output by end of the financial year.

An example of flouting financial regulations involved a case where Ministry of Education paid Ushs 57.5 million paid for the supply of sports uniforms without approval of the Contract Committee.

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## Budget indiscipline fuels public resource wastage

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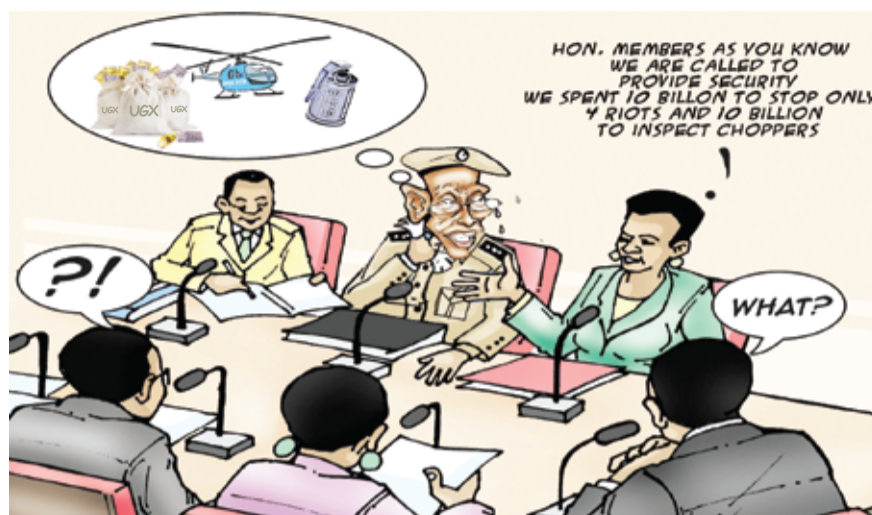
In such cases where the PPDA Act, 2003, which requires a Contracts Committee or a delegated authority to approve the procurement method before procurement is contravened, issues of inflated prices which consequently lead to misuse of tax

payers' money are difficult to rule out.

Budget indiscipline implies that if 20 boreholes were budgeted for but only 5 are constructed then citizens' access to clean and safe water is restricted, if drugs are not delivered in their right quantities, access to adequate health care is hampered with and

worst case scenario, loss of life. To this end, budget implementation and control should be judiciously enforced with a view of achieving the objectives that accompany each year's budget, as well as to reduce the pressures that budget indiscipline engenders.

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## CIVIL SOCIETY IN ACTION! ISER sues Gov't over UPE capitation grant reductions

In May 2014, the Initiative for Social and Economic Rights (ISER) together with Hon. Ssewungu Gonzaga Joseph, Member of Parliament Kalungu County West, filed a Civil Suit in the Uganda High Court over the proposal in the National Budget Framework Paper FY 2014/2015 to reduce the Universal Primary Education (UPE) capitation grant from UGX 7,560 to UGX 6,800 per pupil per year. To the plaintiff, the continuous reductions for UPE financing have adverse effects on the right to education as guaranteed under Article 30 of the Uganda Constitution. **Carol Managembe** (cnamagembe@csbag.org) interviewed the ISER Executive Director, **Ms. Salima Namusobya**. We bring you the interview below:

**Q: Why did ISER sue government over UPE capitation grants despite existence of other underfunded grants such as Schools Facilities Grants (SFG)?**

**A:** First and foremost, we chose to sue Government because UPE is an obligation that Government has to fulfil while meeting its required standards of adequacy, accessibility, acceptability, adaptability.

The State's responsibility to cater for primary education stems from the Uganda Constitution, which emphasizes State responsibilities pertaining to provision of basic education under Article 30 and Article 34(2). Uganda also ratified the International Covenant of Economic, Social and Cultural Rights and the African Charter on Human and Peoples Rights that forbid States from deliberately taking retrogressive measures, for example by reducing funds which are crucial for providing basic human rights without justifiable cause. Uganda also signed the Dakar Declaration under which it committed to providing quality education by among other things providing adequate funding.

Secondly, ISER wanted to draw direct attention to UPE financing rather than lumping all education sector concerns in one suit, which may not be addressed quickly and concisely. Over

the past 10 years, the UPE per capita grant has undergone a lot of retrogression and stagnation from UGX 6,076 in FY 2003/2004 to the proposed UGX 6,800 in FY 2014/2015. This amount is already insufficient and when we factor in inflation, the figure is rendered insignificant.

We question the enrollment figures because annually Government records massive school dropout rates. Regardless of these dropouts, we are of the belief that the capitation grant should remain the same or increase.

**Q: What does ISER hope to achieve by pursuing legal action against the government?**

**A:** Notably, Article 50(1) mandates citizens to seek legal redress over State infringement of their rights and freedoms. By pursuing legal action, ISER hopes that the voice of civil society will be heard; that special emphasis will be

placed on the need for Government to adequately provide for children as it is mandated to.

It is our hope that this move will pressure policy makers to reallocate funds within the sector budget to enhance children's access to quality education. The most important thing is not to get a win per say but to empower the public to demand for better quality service delivery as is their right and for citizens to be appraised on how to approach Government when their rights are infringed.

Through this Civil Suit, ISER is asking the Court to do three things:

**1.** Make a declaration that the conduct of Government in continuously reducing the UPE capitation

grant is unlawful and amounts to the taking of deliberately retrogressive measures by the State in relation to the rights of children of the school-going age. It is thus a violation of Articles 30, 34(2) and 45 of the Constitution and State obligations under international law.

**2.** Issue a permanent injunction stopping the government from reducing the UPE per capita capitation grant from UGX 7,560 to UGX 6,800.

**3.** Court should order Government to lay out a concrete strategy about how it intends to progressively increase the UPE capitation grant. This is especially in light of the UGX 22.745bn funding gap that needs to be filled in order to increase the capitation grant to UGX 10,000.

**Q: How do you propose that the government goes about increasing allocations for the UPE capitation grants?**

**A:** In the short term, ISER urges government to reallocate funds within the sector, from recurrent expenditure like vehicles, international travel, stationery and rent given that currently the Ministry is housed in three buildings (Legacy Towers, Social Security House and Bowman House).

The National Budget Framework

Paper reports that revenue collections by the Uganda Revenue Authority (URA) are projected to increase from Shs 8,534.5bn in FY 2013/14 to Ushs 9,834.7bn in FY 2014/15. If this is the case, given Civil Society proposals to devote more public funds to pro-poor budgeting, we need to see government making deliberate steps to effect these proposals.

In the long term, the Government should direct additional finances to education from its expected oil revenues. Because of this, Civil Society calls for the amendment of Clause 55 (3) of the Public Finance Bill, 2012 to incorporate expenditure of some oil revenue on recurrent expenditure including social services like health and education rather than only limiting it to development expenditure.

**Q: What is the next step?**

**A:** Media reports have indicated that plaintiffs seek to halt the entire budget process. This is wrong and ISER reiterates that we instead want Government to re-prioritize its outputs in FY 2014/2015 and utilize the available resources within Ministry of Education to cater for increase financing for the UPE capitation grant.









Bearing in mind that the litigation process is long and yet the Budget Speech FY 2014/2015 is scheduled for 12th June 2014, the plaintiffs (ISER and Hon. Ssewungu) have applied for an interim measure to maintain the status quo by asking Government not to effect its plan of reducing the capitation grant until the main case is heard.

Ultimately, the litigation is meant to stop government from committing an unlawful act that would result into violation of its domestic and international human rights obligation to provide quality education to over 7 million Ugandan children.



## SELECTED CASES OF WASTAGE CITED IN THE AUDITOR GENERAL'S REPORT FOR THE YEAR ENDED 30TH JUNE 2013

The latest annual report from the Office of the Auditor General (OAG) for the year ended 30th June 2013 reveals that Uganda still has a long way to go in eliminating the corruption cancer as civil servants continue to swindle billions of tax payers' money in cases ranging from abuse of office, outright theft, dubious deals to inflated compensation payments, among others. This worsens the regions and categories of people with the already worst Human Development Index (HDI) in Uganda, eg Karamoja and Teso areas adjacent to Karamoja. Some cases of wastage through misuse and unwarranted loss of public funds, and responses taken by government are summarized below;

CASE	RESPONSE TAKEN BY GOVERNMENT	RESPONSE PENDING /CSO RECOMMENDATION
 <p><b>Hard to Reach Public Servants' workshops and Allowances</b> Public UShs 5 billion meant to facilitate workshops and allowances of public servants working in the hard-to-reach areas was swindled by Senior officials at the Ministry of Public Service. The money had been approved in Financial Year 2011/2012 for implementation of activities in select remote areas of the country. Ministry officials presented forged accountability for allowances and the alleged workshops to both the Auditor General and Police detectives.</p>	<p>Police have since interrogated several senior ministry officials who include Steven Balisanyuka, the Ministry's Principal Accountant; Cissy Mbabazi, an Assistant Commissioner for Wage Bills; Patrick Okello, the Principal Personnel officer; Gorretti Ssendyona Commissioner for Compensation; and Charles Agondua, a cashier at the Ministry. Police is yet to question more people in relation to the scam.</p> 	 <p>Police CIID should expedite investigations into the case and the culprits prosecuted, in addition to full recovery of the loss incurred from the implicated officials, also in view of a similar scam unearthed in the Ministry of Public Service involving ghost pensioners in 2012.</p>
<p><b>Court Awards and Compensations Arrears</b> The arrears figure for court awards and compensations rose by 200% from UShs 82b in the year 2011/12 to UShs 164bn in the year 2012/2013. This raises the question of the extent to which government is making efforts to minimize court awards and compensations. Discussions between the Auditor General and the Accounting Officers attributed this to laxity on the part of the concerned entities to provide the necessary information for the cases.</p>	<p>No evidence to establish concrete remedial action.</p>	<ul style="list-style-type: none"> <li>● The Government should shift the burden of court awards and compensations to the responsible individuals accused or "causers" of the compensations rather than using tax payers' money.</li> <li>● Government should decentralize the payments of court awards and compensations to the entities where the causation of the award/ compensation is. This would enable linkage of payment/ loss directly with the cause of the loss and would enhance accountability.</li> </ul>
 <p><b>Uganda National Roads Authority (UNRA)</b> UShs. 47 Billion was overpaid by Uganda National Roads Authority (UNRA) to various contractors on three road construction contracts, arising from errors in the application of Variation of Price (VoP) formulae used in computing compensation amounts. This case which originated in the OAG 2012 report was followed up by the Auditor General in 2013.</p>	<p>The Parliamentary Accounts Committee recommended that UNRA harmonizes with OAG the Variation of Price (VoP) position on all contracts where anomalies had been noted. By 31st March 2014, this exercise was underway and the VoP position for two contracts had been ascertained by the two parties. The joint verification exercise established that a total of UShs.33,207,607,133 had been certified as excess in respect of these two contracts.</p> 	 <p>UNRA should ensure that the outstanding amounts certified as excess payments are all fully recovered and returned to the government coffers.</p>
<p><b>Ministries, Departments and Agencies motor vehicles maintenance and repairs</b> A total of UShs.231,426,034,484 was spent by various government Ministries, Departments and Agencies on repairs and maintenance of motor vehicles without technical pre and post inspections to determine the extent of the defects on the vehicles and subsequent repairs required. This was attributed to lack of proper guidelines on how this activity was to be carried out. For example, at the Ministry of Works and Transport there was lack of documented procedures and operating records, and inadequate guidance on repairs and servicing of vehicles. As a result, UShs 475,167,710 spent by the Chief Mechanical Engineer was not supported with pre and post inspection certificates for the serviced vehicles.</p>	<p>The Ministry of Works and Transport in conjunction with the Ministry of Public Service is reviewing the entire motor vehicle repair and maintenance guidelines that will ensure proper control of the repair and maintenance of the Government fleet.</p> 	 <p>The Ministry of Works should expedite the review currently being undertaken regarding the motor vehicle repairs and maintenance guidelines to enable Accounting Officers comply with the requirement. This will check the unwarranted expenditure of colossal sums on repair and maintenance of government motor vehicles.</p>

# SUMMARY OF CORRUPTION SCANDALS TO LOOK BACK AT



## Total money lost to theft 4,341,400,000,000

The stolen 4,341,400,000,000/= so far could boost support for service delivery by developing the following infrastructure for the citizens:

### Health

1. Constructed 53,598 two bed roomed staff houses given each staff house costs 81/= million per house
2. Built 22,378 HC III Out Patients Departments given each out patient department costs 194/= million
3. Constructed 13,790 HC III General/ Maternity Wards, given each Ward costs 314.8/= million

4. Constructed 24,459 HC II OPD/Emergency Wards, given each Ward costs 177.5/= million

### Education

1. Constructed 73,596 Primary Classroom blocks with office & store Thirty six 3-seater desks, 2 teacher chairs, 2 tables, 2 blackboards, lightening arrester 58.989/= million
2. Constructed 53,598 2 bed room staff houses, given each staff house costs 81/= million

### Water

1. Constructed 53,598 2 Bore holes, given each bore hole costs 81/= million

## What must we do to get our money back?

Wear only black clothes every Monday to show you are tired of theft.

Demand political action from the President

Isolate every thief implicated in a theft scandal. Don't invite them to your burials, weddings.

Do not buy goods or services from businesses owned by thieves. Support Ugandans working honestly to make a living.

Until all the thieves have returned our money.