Towards Accountability

In 2012, a large-scale corruption scam in the Office of the Prime Minister (OPM) of Uganda was uncovered. The OPM staff had allegedly embezzled aid for reconstruction in the northern Ugandan region—a region that had been ravaged by civil war for 20 years. Atrocities by Joseph Kony’s Lord’s Resistance Army (LRA) rebels had displaced more than two million people internally and killed thousands.

When peace began to be restored in 2008, donor agencies decided to provide *direct* budget support to the government of Uganda to rehabilitate this region. However, in 2012, the Office of the Auditor General of Uganda reported that USD 14.4 million given as aid had been embezzled.[[1]](#footnote-1) This sparked strong reactions from both the international donor community and the civil society in Uganda.

In response, donor countries including the U.K., Ireland, Germany, Austria, Belgium, Sweden, Denmark, and Norway suspended up to USD 300 million promised in budget support each year.[[2]](#footnote-2) The suspension would last until 2013 *or* until Uganda’s government took stringent measures to control corruption. That would include bringing corrupt civil servants to task. *This marked one of the most serious actions taken collectively by the donors against corruption.*

As a saving grace, the misuse of funds was uncovered during Uganda’s domestic audit. Eventually, George Kazinda, the OPM’s principal accountant at the time of this alleged embezzlement, was found guilty and sentenced to five years imprisonment.

However, public sentiment following this verdict suggested that people did *not* believe a scam of such magnitude could have been accomplished by one individual. And if it had been—considering the large number of Northern Ugandan people who were deprived of basic amenities without these funds—his sentence seemed too lenient.

However, it’s disappointing that the tone of local media coverage suggests that Uganda has now seen how suddenly aid flows could stop, so we need to make this economy self-reliant. Good lesson to take but not the *right* one. Nearly a quarter of Uganda’s national budget is funded by direct budget support from donor countries. I don’t think the cuts in aid indicate any change in the donors’ commitment to development in Africa. Instead, these cuts are aimed at sending a signal to recipient countries.

The point is, the international community takes corruption, embezzlement of development funds, war crimes, and human rights violations seriously—more so than political leaders in recipient countries would like to believe. Even if economies in the African continent wean themselves off aid in the future (which I pray they do), the arsenal of measures against regimes engaging in such unacceptable behaviour would anything but shrink.

While aid should not be used to arm-twist any country into accepting conditions that hurt its progress, doing away with dependence on foreign aid cannot be expected to silence the world on ethical violations. Being economically self-reliant doesn’t come with a license to engage in malpractices without questioning.

If not those in the international community, then the citizens themselves will question the regimes and topple them if necessary—as happened during the Arab Spring uprisings of 2012. These revolutions, which started in Tunisia, swept across Arab nations. People took to the streets in protest against oppressive leadership and eventually even toppled the regimes in several places.

African economies that have been poster children for foreign aid are not immune to international backlash if unacceptable practices such as corruption continue. Any aid cuts are intended to lead to improving governance in African regimes. Economic self-reliance that comes with discipline and accountability is welcome but intended as only a side benefit.

Moreover, I think Uganda’s budgeting process in 2013 emphasized the immense difficulty of suddenly weaning the country off foreign budget support. Whether direct budget support is an effective tool for development is a different debate altogether. However, given that Uganda has been receiving substantial amounts of aid in this form, the country has indeed become over-reliant on it in several key areas of public expenditures. Self-reliance won’t happen overnight, and if it does come too quickly, it will come at too high a price to the average taxpayer. Therefore, the Ugandan government needs to take measured steps to improve accountability and rebuild its relationship with donors.

In response to the aid suspension, Uganda’s 2013 budget included tax increases on certain key amenities and services. While this may be argued as a painful but necessary step to help the economy in becoming self-reliant, in practice, I doubt if government leaders had the time or luxury to respond in any other way. The aid suspension was simply too sudden and unexpected. As a result, greater tax revenues were the quickest short-term source of funding needed public expenditures.

However, this event shouldn’t be used as an excuse for a long-term contractionary fiscal policy. Continued heavy taxation would severely hurt the citizens’ standard of living. After all, who actually pays for the consequences of aid suspension? The common people, who are vulnerable to the slightest fall in disposable income.

In the long run, such suffering gets compensated at the aggregate level. Yet, at the individual level, personal well-being declines and, unfortunately for the poorest of the poor, it often happened more than proportionately.

A better but less palatable alternative to taxation is available to Uganda. The tax increases in the 2013 budget may have been inevitable. In the future, however, concrete steps to bring transparency and accountability into Uganda’s systems could make donor countries consider reinstating their budget support. Prioritising cleaning up of the systems so relationships with donors can be revived is crucial. That way, Uganda could still reduce its reliance on aid but at a slower pace with minimal damage to its citizens’ incomes and well-being.

While Uganda faces the risk of crucial budget support being withdrawn indefinitely, the government’s inaction to salvage this support and the media’s tone suggest government leaders don’t even recognise how critical it is for Uganda.

*Note on recent developments: This article was originally published online on the blog Africa at LSE in April 2013. As of November 2015, the Ugandan government has repaid part of the embezzled aid money to some donor countries. The enactment of the Public Finance Management Act 2015 and the creation of a single treasuries account are also steps towards greater accountability. Yet, the challenge lies in the effective enforcement of such laws. Direct budget support from Britain, a key donor for Uganda, still remains suspended indefinitely.*

1. The Foreigner. “Norway demands Uganda Aid Refund”

   (<http://theforeigner.no/pages/news/norway-demands-uganda-aid-refund/>) [↑](#footnote-ref-1)
2. Dear Jeanne and John Njoroge, *Daily Monitor.* December 4, 2012. “Donors cut all direct aid to government until 2013”

   (<http://www.monitor.co.ug/News/National/Donors++cut++all+direct+aid++government++until+2015/-/688334/1635792/-/a1433q/-/index.html>) [↑](#footnote-ref-2)