National Integrity System
Country Studies

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EDI WORKING PAPERS
REGULATORY REFORM AND PRIVATE ENTERPRISE DIVISION
The issue of corruption has come to center stage. The economic consequences of pervasive corruption, and the recent trends toward democratization, have increased the pressure for accountability and transparency from those in public office. This paper builds on the earlier working paper: *The Role of a National Integrity System in Fighting Corruption* which argues that while each country or region is unique in its own history and culture, its political systems, and its stage of economic and social development, similarities with regard to the extent and costs of corruption do exist and that experience and lessons are often transferable. The paper presents two country studies, those of Uganda and Tanzania, highlighting the problem of corruption in those countries, the strategies adopted to fight corruption, and the role that EDI has played in assisting with the implementation of those strategies.
Corruption is a problem that all countries have to confront. Solutions, however, can only be home-grown. National leaders need to take a stand. Civil society plays a key role as well. Working with our partners, the Bank Group will help any of our member countries to implement national programs that discourage corrupt practices. And we will support international efforts to fight corruption and to establish voluntary standards of behavior for corporations and investors in the industrialized world.

The Bank Group cannot intervene in the political affairs of our member countries. But we can give advice, encouragement, and support to governments that wish to fight corruption—and it is these governments that will, over time, attract the larger volume of investment. Let me emphasize that the Bank Group will not tolerate corruption in the programs that we support; and we are taking steps to ensure that our own activities continue to meet the highest standards of probity.

—James D. Wolfensohn, President of the World Bank
1996 Bank-Fund Annual Meetings Speech
Contents

The Role of a National Integrity System in Fighting Corruption ......................... .......... 1

1. What is Corruption? .................................................................................. 2
2. The Costs of Corruption ......................................................................... 3
3. Sources of Corruption .......................................................................... 3
   3.1 Systemic Bureaucratic Corruption ....................................................... 4
   3.2 Private Sector Involvement .................................................................. 5

Uganda Country Study ............................................................................... 7

1. Corruption and Its Costs ........................................................................ 7
   1.1 From Independence to 1971 ............................................................. 7
   1.2 Idi Amin in Power ........................................................................... 8
   1.3 The National Resistance Movement ............................................... 9
   1.4 The Costs of Corruption .................................................................. 10

2. Approaches to Curb Corruption .......................................................... 10
   2.1 The Government’s Commitment .................................................... 10
   2.2 The Inspector General of Government ........................................ 10
   2.3 Public Service Reform .................................................................... 13
   2.4 Introducing a Leadership Code of Conduct .................................... 17
   2.5 The Role of the Director of Public Prosecutions .............................. 17
   2.6 The Auditor General ....................................................................... 18
   2.7 The Public Accounts Committee .................................................... 18
   2.8 Other Government Reforms ............................................................ 18
   2.9 The Role of the Press ..................................................................... 19
   2.10 The Role of the President ............................................................... 20
   2.11 EDI/TI Mission ............................................................................. 20
   2.12 Policymakers’ Seminars and New Proposals ................................. 23

3. Recent Developments and Conclusion .................................................. 24

Tanzania Country Study ........................................................................... 25

1. Corruption and Its Costs ....................................................................... 25
   1.1 The Evolution of Corruption in Tanzania ......................................... 25
1.2 The Costs of Corruption for Tanzania ........................................................................... 30

2. Approaches to Curb Corruption ......................................................................................... 31
   2.1 Institutional Approaches to Corruption ........................................................................ 32
   2.2 The Permanent Commission of Inquiry ...................................................................... 32
   2.3 The Anti-Corruption Squad ...................................................................................... 33
   2.4 Tanzania’s Code of Ethics ......................................................................................... 34
   2.5 The Controller and Auditor General ......................................................................... 35
   2.6 The Role of Parliament ............................................................................................ 36
   2.7 The Judiciary and Law Enforcement ......................................................................... 38
   2.8 The National Integrity Workshop in Arusha ............................................................ 39


4. Conclusion ........................................................................................................................... 41

Conclusions: Managing Change for National Integrity .......................................................... 43

Endnotes ................................................................................................................................ 47

Diagrams

Diagram 1: Capacity Building, Results Orientation, and Integrity:
   The Building Blocks for Improved Public Service Delivery ............................................... 2
Diagram 2: The Pillars of Integrity ....................................................................................... 4
As part of its Governance program, the Regulatory Reform and Private Enterprise Division of the Economic Development Institute (EDIRP) has facilitated a series of anti-corruption workshops, seminars, and surveys in Uganda, Tanzania, and Jordan. Participants in these workshops have included top public administrators, representatives of international and bilateral donors, journalists, and civil society, all collaborating in the fight against malfeasance. Workshop participants outlined innovative ways to increase transparency and accountability, and reported the progress of more traditional reform activities in civil service, budgeting, and financial management. An earlier paper draws on the experience of these activities and proposes a "national integrity system" as a comprehensive method of fighting corruption. This paper presents two country examples of where the strengthening of such systems is being assisted by EDI.

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The Role of a National Integrity System in Fighting Corruption

To date, public sector reform activities have largely focused on: (a) capacity development where public institutions lack the capacity to a market economy; (b) the introduction of results-oriented management, emphasizing the importance of monitoring performance and measuring results; and (c) public participation in the reform process, underscoring the need to tap into the valuable resources and creativity of civil society. A significant issue, however, has been ignored until recently: the promotion of national integrity (see Diagram 1). All of these issues—capacity development, results orientation, public participation, and the promotion of national integrity—need to be addressed holistically if the delivery of public services is to be both efficient and effective.

A companion EDI Working Paper contends that the promotion of national integrity is an integral part of the process of public sector reform, since corruption inhibits the performance of public institutions and the optimal use of resources. Levels of national integrity need to be enhanced, and corruption reduced, if efforts to promote sustainable and equitable development are not to be undermined.

Corruption engenders wrong choices and distorts economic and social development nowhere with greater damage than in developing countries. Moreover, available evidence shows that if corruption is not contained, it will grow. Once a pattern of successful bribes is institutionalized, corrupt officials have an incentive to demand larger bribes, engendering a “culture” of illegality that in turn breeds market inefficiency.

Forms of corruption need to be contained for practical reasons. Faced with the challenge of maintaining or improving standards of living, no country can afford the inefficiency that accompanies corruption. Again, available evidence indicates that corruption increases the costs of goods and services, promotes unproductive investments, and leads to a decline in the quality of infrastructure services.

Corruption depends on three factors: the overall level of public benefits available, the risk inherent in corrupt deals, and the relative bargaining power of the briber and the person being bribed. As a single transaction, corruption takes place where there is a meeting of opportunity and inclination. The strategies to contain it, therefore, should address both elements. Opportunities can be minimized through systematic reform, and inclination reduced through effective enforcement and deterrent mechanisms.

Such mechanisms, when designed as part of a national effort to reduce corruption, comprise an integrity system. Such a system involves both prevention and penalty, embodies a comprehensive view of reform, addressing corruption in the public sector through government processes (leadership codes, organizational change) and through civil society participation (the democratic process, private sector, media). Thus, reform is initiated and supported not only by politicians and policy makers, but also by members of civil society.
Diagram 1: Capacity Building, Results Orientation, and Integrity: The Building Blocks for Improved Public Service Delivery

It is recognized, however, that the nature of societies and the challenges they face vary greatly. Thus, an integrity system requires country-specific design. After offering some definitions and examining conceptual issues, this paper presents country studies of the history and experience of fighting corruption in Uganda and Tanzania.

1. What is Corruption?
Corruption is the abuse of entrusted power by politicians or civil servants for personal gain or for the benefit of a group to which one owes allegiance.6

Corruption may be divided into two categories: "petty," corruption practiced by civil servants who may be grossly underpaid, and the "grand corruption" of high public officials who make decisions involving large economic rents. It occurs in all countries, regardless of levels of social and economic development and is most likely to occur where public and private sectors meet.

For corruption to take place, the following elements must be present: a public official, discretion power, a misuse of that public power by the public official, and a benefit (whether in money or in kind) resulting to that official.7

There are two general cases: the first where services or contracts are provided "according-to-rule"; the second where transactions are "against-the-rule." In the first situation, an official receives private gain illegally for doing something which he or she is ordinarily required to do by law. In the second situation, the bribe is paid to obtain services which the official is prohibited from providing.8

The significance and impact of corruption varies considerably across the world. In this regard, it is often suggested that corruption is part of the "culture" of many countries ("cultural relativism"). Yet, the fact people in a particular country may tolerate demands for small payments in return for official services does not necessarily imply that they approve of it.9

In some cases, corruption may reflect practices introduced to a culture by external influences.10 Some Asian countries might be beset by corruption, yet certain historians have noted that
this phenomenon originated, not with the locals, but with the colonialists.\textsuperscript{11}

Moreover, there are significant differences in perceptions and practices between various cultures. What some accept as reasonable and appropriate will differ widely. These differences, however, may have more to do with how business is conducted (through the giving of presents and of hospitality) than with attempts to "buy" favorable decisions. There is a clear distinction between "reciprocity" and reciprocities classified as bribes.\textsuperscript{12}

2. The Costs of Corruption
Surveys of businesspeople indicate that the problem varies widely across countries and that even within countries, some public agencies are more prone to corruption than others. Surveys also indicate that, where corruption is endemic, it imposes a disproportionately high cost on small businesses.\textsuperscript{13} Most important, the heaviest cost is typically not in the bribes themselves but rather in the underlying economic distortions they trigger.\textsuperscript{14}

David Gould and José Amaro-Reyes\textsuperscript{15} say corruption leads to economic inefficiency, because it impacts the allocation of funds, production, and consumption. Money illegally obtained is unlikely to be invested in the local economy since it is either used for conspicuous consumption or transferred to foreign bank accounts. Furthermore, bribery is an entry barrier, and firms that make payoffs may expect not only to win the contract or the privatization auction, but obtain future benefits in the form of subsidies, monopolize markets, and a laxness in enforcing regulatory procedures. Additionally, when payoffs are commonplace, privatized operations, and concessions may not be allocated to the most efficient bidders. Projects may be too large and too numerous if bribe revenues increase with the dollar volume of procurement. They may also be too technically complex, since corrupt payments are easier to hide in one-of-a-kind projects.

The gains from corruption tend to draw labor away from productive non-corrupt activities. Moreover, it affects recruitment and promotion patterns. The most efficient employees may not even be recruited and those receiving positions may be underemployed, or worse, incompetent. This situation is exacerbated if efficient potential employees are discouraged from competing for government positions. Employees' energies are directed toward less efficient corrupt activities and away from socially valuable ones. Consequently, corruption lowers the general welfare of the populace.

Recent econometric research suggests there is a negative association between high levels of corruption and economic growth.\textsuperscript{16} Case study materials from around the world indicates that illegal payoffs can increase the cost and lower the quality of public works projects sometimes by as much as 30–50 percent.\textsuperscript{17}

It is extremely difficult to calculate the economic damage produced by corruption. Initial studies suggest that corruption-related costs to the world economy have reached significant levels, estimated at several billions of US dollars per year.\textsuperscript{18} Other sources, however, suggest that these estimates are very conservative, and speculate that the "commissions" paid by arms dealers alone to be at least US$2 billion a year.\textsuperscript{19}

Dieter Frisch, former Director-General of Development at the European Commission, has observed that because corruption raises the cost of goods and services, it may contribute to the debt of a country (and carries with it recurring debt-servicing costs).\textsuperscript{20}

3. Sources of Corruption
The sources of corruption are numerous and complex. Poverty, some say, is at the root of the problem; without poverty there would be no cor-
Diagram 2: The Pillars of Integrity

3.1 Systemic Bureaucratic Corruption

Systemic corruption occurs where corruption has become an integral part of the system. It tends to flourish in situations where public sector wages fall below a living wage. Several consequences can ensue. First, civil servants cease to place any value on the job they hold. Second, if the salary differentials from promotions are low, any salary increase would be unlikely to reflect adequately the work and responsibility that accompany such a promotion.

Third, unnecessary or extended foreign travel may be undertaken by government elites. Windfalls coming from foreign travel are seen as an unofficial (and tax free) way of bringing income up to an acceptable level. Fourth, "ghosts" will appear on the state payroll. Persons who are deceased or retired will continue to be paid, and fictitious names will appear so that as much as
a quarter of those on the public payroll are actually non-existent.\textsuperscript{25}

These four categories of behavior can be regarded as petty corruption. No one is getting very rich; rather, it is a strategy for survival. The result of such behavior, however, can be cumulative and costly.

More alarming are abuses of bureaucratic discretionary power, usually occurring in rigid systems with multiple sources of monopoly power. A planned economy, where many prices are below market-clearing levels, provides incentives for payoffs as a way to allocate scarce goods and services. Transactions that would be legal trades in market economies are illegal payoffs in these systems. In addition to selling goods and services to the highest bribe bidders, public servants can have incentives to create even more bottlenecks as a way of extracting higher payoffs.\textsuperscript{23}

Other activities associated with bureaucratic discretion power include:
- ministers "selling" their discretionary powers;
- officials taking percentages on government contracts, which are then often paid into foreign bank accounts;\textsuperscript{24}
- officials receiving excessive "hospitality" from government contractors and benefits in kind, such as scholarships for the education of children at foreign universities;
- officials contracting government business to themselves, either through front companies and "partners" or even openly to themselves as "consultants";
- political parties using the prospect of power, or its continuation, to levy large rents on, say, international businesses in return for government contracts (which may be dressed up as a "donation" to a designated "charity").

3.2 Private Sector Involvement

Private sector companies, be they domestic or international, feel the pressure to bribe. These firms provide two main justifications for their actions. First, in certain countries, it is often perceived to be very difficult for anyone to win a major government or parastatal contract without paying a large bribe.

Second, although any form of bribery may be thought to be legally wrong, off-shore bribery is generally condoned "because everybody does it." Illegal payments made by companies in order to obtain foreign contracts are often tolerated, if not actively encouraged, in many industrialized countries because winning export orders creates employment opportunities at home and improves the balance of trade.

4. National Integrity Systems

The ultimate goal of establishing a national integrity system is to make corruption a "high risk" and "low return" undertaking. As such, it is designed to prevent corruption from occurring in the first place. And because corruption tends to be a systemic problem, the primary emphasis is on changing systems, rather than blaming individuals.

Country strategies vary a great deal, but worldwide the policy responses to corruption typically involve one or more of the eight following "pillars" (see Diagram 2):\textsuperscript{23}
- political will;
- administrative reforms;
- "watchdog" agencies;
- Parliament;
- public awareness;
- the judiciary;
- the media; and
- the private sector.

These pillars are interdependent. If one pillar weakens, an increased load is thrown on to the others. If several weaken, their load will tilt,
so that the round ball of "sustainable development" rolls off. Establishing a National Integrity System requires identifying gaps and opportunities for utilizing each of these pillars, as well as catalyzing the work of the government, civil society, donors into a coherent framework of institutional strengthening.

The remainder of this paper reviews the experience of Uganda and Tanzania in building such integrity systems. It draws heavily on workshops on national integrity—facilitated by EDI and Transparency International—held in these countries over the past two years.
Uganda Country Study *

1. Corruption and Its Costs

Enormous challenges still lie ahead. Independent Uganda has had no model of transparent, accountable government upon which to build the foundations of the new democratic state. Since the colonial period, lack of accountability has been one of the features of governance. The British colonial administration was, by definition, unaccountable to the Ugandan people and its business was not conducted according to modern-day norms of openness, transparency and accountability. Colonial policies did not resolve social and ethnic tensions within the country, which subsequently contributed to the conflict that would plague Ugandan politics over the next three decades.

1.1 From Independence to 1971

In October 1962, Uganda gained independence as a politically fractured country. Political and ethnic conflicts had produced a semi-federal constitution—and a prime minister who was supported primarily by poorer, less educated groups in the north, but resented by a powerful and wealthy southern establishment. The indigenous

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* This country study is based on papers presented at Workshops on National Integrity in Uganda, December 9–10, 1994, and November 27–28, 1995, convened by the Inspectorate General of Government (Government of Uganda) and facilitated by the Economic Development Institute of the World Bank and Transparency International.
political elite actively sought wealth, patronage and privilege available through the state. They were handsomely rewarded when President Apollo Milton Obote took power in 1966.

During Obote’s first years in power, the rapid rise of parastatals was matched with a rise in corruption. At that time, state-directed economic activities were favored by most economists as the way to advance the interests of the people while reducing the power of the elite minorities who pulled the strings of the post-independence economy.

State-owned cooperatives took over the agricultural marketing and processing monopolies once held by large European firms as well as the crucial areas of electricity supply, the manufacture of cement, and tourism. Though nominally independent—in some cases, even classified as “private sector”—these organizations were state-subsidized and their managers were appointed by the government.

With direct control over taxation and producer prices, import and export licenses, access to foreign currency, and an array of permits required for even the most mundane features of daily life, the powers given to these parastatals and other state agencies made them prone to corruption.

Although some semblance of a check on corrupt behavior was maintained in the early years through institutions of democratic control, this was largely erased in 1966–67 when President Obote abrogated the constitution with the help of the army. It is interesting to note that in the period immediately before the repeal of the constitution, Obote himself was implicated in a corruption scandal that also involved Idi Amin, then a deputy commander in the Ugandan army.

1.2 Idi Amin in Power

Obote’s subsequent shift to the left alienated many of the elite and was a key factor in their decision to switch alliance to General Amin during his 1971 military coup. The Amin regime, which lasted until 1979, completely dispensed with any pretense of democratic procedure, and used the state’s resources and institutions for its own gain and that of a tiny political elite. Military officers, assisted by some collaborating civilians, took over the reins of the state and the public sector became little more than a source of funds for paying off the elite.

Misappropriation and outright plunder were unrestricted. Idi Amin expelled the Ugandan Asians, seized their business and personal assets, and distributed them to soldiers, the political elite, and parastatals. The economy was grossly mismanaged and industrial productivity fell sharply after the Asians left. Exports shrank and foreign credit and investment withered. Due primarily to a lack of funds and managerial expertise, state-financed businesses became increasingly inefficient and could not provide adequate jobs, output, or resources. Imports became scarce and Uganda’s economic welfare declined rapidly. Inflation and decrease in per capita income soon followed.

As urban sources of revenue dried up, the regime raised its taxation of farmers, lowering their return from export crops. The government tried to force increased output of coffee and cotton—the main export crops—through a repressive campaign to double production. Meanwhile, the cost of agricultural inputs rose while rural services deteriorated. In reaction, growers shifted from export crops into food production for local and regional markets, selling their surplus to private traders. Cotton and coffee production dropped, along with government revenues. In fact, the production of coffee declined so sharply that the state was unable to realize appreciable gains from the rising coffee prices of the late 1970s.

The real value of salaries and wages collapsed by 90 percent (factoring in inflation) in less than a decade. The income crisis was re-
reflected in the emergence of a parallel economy—
\textit{magendo}—characterized by people selling to
smugglers and by economic activities that took
place outside the purview of official boards and
price controls. People who had access to goods—
for example, parastatals—could sell them with-
out restriction, and could bring back imported
goods without paying customs duties. Honest,
above-board dealings virtually ceased to exist and
petty trading proliferated in the streets. Anything
that could realize a cash value became a com-
modity.

Civil servants made up a large share of
Uganda’s wage-earners and for many the soaring
rate of inflation meant a progressive withdrawal
in the amount of time they devoted to public
work. As in virtually every employment sector
across the country, civil servants had to take on
more than one job—a practice that continued
until the mid-1990s. Attendance at work slipped
badly, jobs were retained largely for their prestige
and for the transportation and housing they pro-
vided. The real business of making a living was
done elsewhere. Civil servants could be found
working as shopkeepers, taxi drivers, hawking
wares in the market or setting up small family
businesses. Many officials, in both the country-
side and in towns, spent part of the day cultivat-
ing food. Government allowances were abused
by all levels of civil servants. Those with official
motor vehicles used them for business unrelated
to their civil service duties. Those in higher ranks
traveled abroad on “official” business in order to
submit claims that, for the price of a few days
away from home, could equal a month’s pay.

As civil servants devoted less time to their
public jobs, essential services were either per-
formed badly or not at all. In some cases, this
helped to strengthen the magendo economy
where services could be provided “on the side.”
Corrupt activities became routine. Civil servants
charged fees for services that should have been
performed without charge. Increasingly, these
extra-legal fees and commissions were viewed as
entitlements, and complaints were invariably met
with a familiar refrain, “But how shall I eat?”

Some activities were clearly even more blan-
tantly illicit. Government-owned supplies were
sold privately. Public property was provided for
private use for a fee, and kickbacks of 10–15 per-
cent became routine on contracts with foreign
businesses and aid projects. Officials gave con-
tracts for public works to private companies
owned by themselves, their families or associates,
with scant fear of prosecution.

Some public institutions suffered more than
others. For example, the judicial system, espe-
cially the lower bench, fell into disrepute. Poorly
paid—often unpaid—magistrates and court staff
became corrupt and judges often had good rea-
on not to apply the law impartially. The decline
in ethical standards among the judiciary and the
legal profession became one of the most debili-
tating aspects of corruption in Uganda, and one
of the most difficult to reverse.

Eventually, the people’s faith in the ability of
government to carry on its business eroded. In
1979, in response to an incursion into north-
western Tanzania by Amin’s army, Tanzanian
forces launched the invasion that overthrew
Amin’s regime. A year of extreme instability and
violence followed, during which several factions
attempted unsuccessfully to form governments.
Meanwhile, fraud, plunder and embezzlement
continued. In 1980, elections were held and
“won” by Apollo Oboite who had returned from
Tanzania. The corruption that gathered momen-
tum in the 1970s was to continue into the 1980s
and even into the early 1990s.

1.3 The National Resistance Movement
When Oboite refused to share power with the
other groups who had played an equal part in
removing Amin, Yoweri Museveni (then-leader
of the Uganda Patriotic Movement) and a num-
ber of his colleagues took up arms under the Na-
tional Resistance Movement (NRM) against the Obote regime. A bloody five-year civil war ensued, which was characterized by economic mayhem and rampant corruption. Obote was finally overthrown and an NRM government took power in January 1986.

1.4 The Costs of Corruption
In Uganda, the costs of corruption are virtually incalculable. The economy went into a free-fall in the 1970s. State revenues collapsed as the military became an enormous consumer of government resources. Inflation skyrocketed, living standards plummeted, and productivity declined sharply. Levels of service and commitment in the public sector fell steadily, and the ideal of public service barely survived.

The diversion of public resources, services and assets to private use generally results in deteriorating roads, poor medical services, dilapidated and ill-equipped schools, and falling educational standards.

It can be argued that the direct economic costs of corruption are dwarfed by the indirect costs. Widespread, systematic corruption can undermine the legitimacy of the public sector and foment political instability. As corruption erodes the legitimacy of political leaders and institutions, the government is less able to rely on the cooperation and support of the public so it increasingly resorts to force and coercion. The resulting social unrest often leads to civil strife and a violent change of government that can undermine, or even reverse, decades of hard-won development progress.

Another long-term cost, often overlooked, is the effect on the environment. Many species of wildlife fell victim to corrupt and illegal practices. Between 1970 and 1985, Uganda reportedly lost over 75 percent of its elephant population, 98 percent of its rhinos, 90 percent of its crocodiles, 80 percent of its lions and leopards, and numerous bird species. Much of this destruction was caused by indiscriminate shooting and poaching sanctioned, and at times carried out, by government leaders and soldiers. Foreign traders, often in collusion with corrupt officials, provided a steady demand for Uganda’s exotic species. In 1987, more than 1,200 birds were smuggled out of the country, more than 280 tons of ivory were illegally exported, and 550 crocodile skins were sent overseas, mainly to Italy and France.

2. Approaches to Curb Corruption

2.1 The Government’s Commitment
Soon after coming to power, the NRM administration made it clear that it viewed corruption as one of the evils inherited from the past and a key obstacle to progress in Uganda. President Museveni often spoke of the seriousness of the issue, making it clear that he viewed corruption as a threat to Uganda’s stability. In order to emphasize its determination to fight corruption, the NRM Government made the following commitment in its Ten-Point Program (1986):

Africa, being a continent that is never in shortage of problems, has also the problem of corruption—particularly bribery. Therefore, to enable the tackling of our backwardness, corruption must be eliminated once and for all.

Eight months after taking office, President Museveni signaled the government’s intent to fight corruption by appointing an Inspector General of Government with extensive powers to deal with corruption and human rights abuse.

2.2 The Inspector General of Government
The Office of the Inspector General of Government (IGG) was established as a public office, with the incumbent directly responsible to the President. The mandate of the IGG is far wider and deeper than that of a traditional Ombudsman. In the Statute establishing the office, the
IGG is charged with the "general duty of protecting and promoting human rights and the rule of law in Uganda, and eliminating and fostering the elimination of corruption and abuse of public offices..." The IGG has specific powers to inquire into violations of human rights (including the denial of a fair trial) and "the methods by which law enforcing agents and the state security agencies execute their functions." With regard to corruption, section 7(1) of the IGG's Statute directs the IGG to:

(c) take necessary measures for the detection and prevention of corruption in public offices, and in particular,

i. to examine the practices and procedures of the said offices in order to facilitate the discovery of corrupt practices and to secure the revision of methods of work or procedure which, in the opinion of the Inspector General may be conducive to corrupt practices;

ii. to advise the said offices on ways and means of preventing corrupt practices and on methods of work or procedures conducive to the effective performance of their duties and which, in the opinion of the Inspector General, may be conducive to the reduction of corruption;

iii. to disseminate information on the evil and dangerous effects of corruption and society;

iv. to enlist and foster public support against corrupt practices;

v. to receive and investigate complaints of alleged or suspected corrupt practices and injustices and make recommendations for appropriate action;

(d) to investigate the conduct of any public officer which may be connected with or conducive to:

i. the abuse of his office or authority;

ii. the neglect of his official duties;

iii. economic malpractices by the officer..."26

Uganda's new constitution (1995) further recognizes and strengthens the central role of the IGG in combating corruption in Uganda. It empowers the IGG to: promote and foster strict adherence to the rule of law and principles of natural justice in administration; eliminate and foster the elimination of corruption, abuse of authority in public office; investigate any act, omission, advice or recommendation by a public officer or any other authority, taken, made, given or done in exercise of administrative functions on its own initiative or upon complaints submitted by a member of the public whether or not the person has personally suffered any injustice by reason of that matter; hear and determine cases involving corruption, abuse of authority or public office and to make any order according to law; stimulate public awareness about the activities of its office in particular through the media and other means that it considers appropriate; establish branches at district or other administrative levels as it considers fit for the better performance of its functions and, submit to Parliament, at least once every six months, a report on the performance of its functions.

With constitutional backing, the IGG has actively pursued this mandate. On November 2 and 3, 1994, Mr. Augustine Ruzindana, former Inspector General of Government, brought to light a number of cases illustrating the many faces of corruption still prevalent in Uganda.27

Case 1: Misdecoration of Goods Contrary to the Uganda Customs Excise Act

A local firm was importing goods using the cover of a European religious charity resident in Uganda exempted from payment of import duties and taxes. The IGG investigated and had the
company director arrested by the police. The director was forced to pay all duties and taxes owed before being released from police custody though he was not formally charged. The firm fired a number of its employees involved in the racket but they were not charged.

**CASE 2: PAYMENT AUTHORIZED FOR WORK NEVER DONE**
The government almost paid 150 million Ugandan shillings for the fictitious repair of a 50 kilometer stretch of road. This case involved collusion between the company that had won the contract, the area engineer who was supposed to supervise the work, and the engineer's superior officer in the ministry who authorized the payment. Suspicion was aroused when the processing of the check requisitions took a record four days. The payment was intercepted and the checks seized by the IGG. The Permanent Secretary was demoted, the firm was blacklisted, and the officers involved were disciplined.

**CASE 3: FRAUDULENT CLAIM BY A CONSTRUCTION COMPANY**
After more than 10 years, a company that had won a government contract to build an industrial research center abandoned the project at the foundation level. The company then put in claims to be paid US$4.8 million for the work. When no payment was granted, the firm filed suit against the government. In this case, the law firm representing the company happened to belong to the then-incumbent Minister of Justice and Attorney General. When the suit reached court, the Attorney General's chambers quickly admitted liability on behalf of the government. The IGG objected, advised the Attorney General on what the correct sum should be and the proper defense to file in court. The IGG also advised the Treasury not to release the money in case an out-of-court settlement was reached.

The Attorney General's chambers made a poor defense of the government's case. The Government lost the case and actually did not appeal. In the meantime, a new Minister of Justice and Attorney General was appointed, and the government sought leave to appeal the lower court's decision to the Supreme Court. The appeal was successful, and the firm received exactly the amount the IGG had recommended. However, before the appeal to the Supreme Court could be made, not only did the Minister of Justice/Attorney General have to be dropped from the Cabinet, but the Solicitor General had retired, and the state attorney handling the case was dismissed.

**CASE 4: MISMANAGEMENT OF A COOPERATIVE UNION**
A state-run cooperative was riddled with corruption, fraud, and embezzlement. Senior officers were pocketing funds and manipulating the accounts to hide the problems from top management. The General Manager had appropriated a union truck and used union funds to pay for its repair and maintenance. Other officers had borrowed money with credit notes that were later destroyed. The union's auditors had also been corrupted and accepted large sums of money not reflected in the accounts. Following the IGG's investigation, some officials were disciplined, while the police were considering charges against the others involved.

**CASE 5: GHOST WORKERS IN THE PUBLIC SERVICE**
In one ministry selected for investigation, the IGG's staff found 4,190 non-existent workers for whom pay was being collected, out of a total workforce of 11,710. The "ghosts" were found in 66 institutions of the ministry in one half of the country, while investigations were continuing in the other half.
CASE 6: PRE-SHIPMENT INSPECTION SERVICES—BID MANIPULATION
The Uganda Revenue Authority (URA) called for tenders to introduce competition in the provision of Pre-shipment Inspection Services (PIS) on which a Swiss-based firm, SGS, had previously held as a virtual monopoly. Six international companies responded with bids. The IGG got wind of irregularities that were occurring in the bid evaluation exercise, such as unexplained changes in rules and regulations. The IGG's investigation found that there had been manipulation of the tendering process from within the URA and other institutions that could influence the awarding of the tender; the evaluation team had given unreasonably high marks to SGS; and tendering procedures were changed after the evaluation exercise was completed and recommendations made by the evaluation team.

The IGG recommended issuing a new tender call through the Central Tender Board with bid evaluation to be undertaken by a new team. However, the Ministry of Finance, with the final say, decided quietly to drop the whole business. No retendering was undertaken, and no tender award was given.

CASE 7: MISAPPROPRIATION OF AID FUNDS
Funds for purchasing animal drugs using a Japanese line of credit were misappropriated by officials concerned. Nearly 90 million Ugandan shillings could not be accounted for.

Each of these examples illustrates that corrupt practices are still evident throughout Uganda. However, they also illustrate that, in the space of a few years and despite quite modest staff and financial resources, the IGG has established itself prominently in the minds of the public, politicians and administrators as the central instrument in the fight against corruption. As a result of the IGG's investigations, a number of officials have been dismissed or suspended from their positions because of their involvement in corruption. Some political leaders have been relieved of duty following investigations by the IGG and ensuing public pressure.

Despite these gains, the office suffers from serious flaws which limit its potential effectiveness. Until recently, its reports were of an advisory and confidential nature—sent to the President instead of an open and more directly accountable forum such as Parliament. Resource shortages have confined the IGG's monitoring and investigative activities to mainly central areas, such as Kampala, while the rest of the country remains "out of reach." In addition, the office lacks enforcement power and must depend on the justice system to initiate prosecutions against offenders. As an external observer mission stated in 1994, "This might be appropriate in other situations if these other arms are efficient, [but] at present this does not seem to be the case...the impression is that very little happens once the IGG has tabled an adverse report. In fact, of those cases that are passed on [to] the Director of Public Prosecutions, only a minority lead to convictions."

2.3 Public Service Reform
The Public Service Review and Re-organization Commission, in preparing its 729-page report, consulted over 25,000 public servants throughout the country between 1989 and 1990. Defining corruption as "conduct or practice by a public official or private individual done in flagrant violation of existing rules and procedures for the realization of personal or group gains," the report was published, along with 225 specific recommendations, as a Government White Paper in 1991.

The new vision decreed that by the year 2000, Uganda's civil service would be smaller, better paid, more efficient and effective. Fair, simple, consistent rules and procedures would be implemented to foster discipline while promot-
ing personal initiative. Levels of corruption would be reduced, backed by an effective police and prosecutorial staff. Clear organizational goals would be implemented, workers would be fully responsible and accountable for their assigned duties, and individuals would be committed to achieving clearly identified objectives.

The first step in the reform process involved reviews of all government ministries to evaluate their roles and determine which activities should be privatized or shared. At the district level, similar reviews were conducted to reconsider the role of government, set objectives and priorities, agree on performance indicators, remove redundant staff and focus more closely on capacity building.

After a slow start, two overriding objectives were established within the Commission's "action plan" for the reform process: the payment of a minimum wage and the introduction of results-oriented management. Both were intended to improve service delivery to the public.

The next step involved the development of a 50-page document, Management of Change: Context, Vision, Strategy and Plan. Written by senior government staff and supported by a detailed action program, the document received political approval from the Presidential Cabinet in August 1993.

2.3.1 REDUCING THE SIZE OF THE PUBLIC SECTOR
The role of Uganda's government is being redefined and limited to those functions and services that must be undertaken by government. "Non-core" services will either be turned over to the private sector or abandoned.

Staffing has been streamlined. To implement new staffing levels for the restructured ministries, panels of senior citizens were appointed by the President. They conducted interviews to identify those positions that should remain or be declared redundant. As a result, the civil service shrunk in size from 320,000 employees in 1990 to 150,000 in 1995. Plans call for a target of 132,000 employees by 1997.

Personnel reductions were achieved through a number of measures. For example, "overdue leavers" were removed. This category consisted of individuals who, if the civil service had been functioning efficiently, would have been removed much earlier: the over-aged, irregular entrants, and the incompetent as identified through performance assessments. By 1995, the list included 6,339 employees in the central establishment, 7,241 teaching staff members, and 11 of the 32 Permanent Secretaries in the central government.

"Ghost workers" were also identified and eliminated. By 1994, approximately 42,000 deceased, fictitious or past employees who remained on the government payroll had been removed from the system. The "Group Employees Scheme" allowing senior managers to recruit their own casual, short-term workers without reference to the established job grades, was also abolished. This led to a further reduction of 30,000 workers.

Workers declared surplus as a result of the reviews carried out within each ministry were laid off. Although these employees were competent, bona fide workers, they could not be deployed elsewhere in the government and received severance packages. In addition, approximately 4,500 employees accepted voluntary retirement by the end of 1994.

2.3.2 INTEGRATING A SYSTEM OF RESPONSIBILITY AND ACCOUNTABILITY INTO THE CIVIL SERVICE MACHINERY
A modern management system—Results-Oriented Management (ROM)—is being introduced to the civil service in order to improve the efficiency and performance of government employees, create a responsive and accountable workforce, and establish a system that will quickly bring to light corrupt and inefficient practices.
Under the ROM, each government ministry defines its objectives and sets measurable performance standards and targets for each objective. How the target components will be achieved within each ministry unit (department/district level), and ultimately by individual civil servants, is decided within the ministry. Progress in reform is then to be measured against standards and targets established for each type and level of service by baseline indicators (obtained through a service-delivery survey).

Ministries have new authority to plan and fully control their staffing and other resources through their program plans. Permanent Secretaries, the chief civil servants in each department, "will operate as quasi-managing directors of their respective ministries and will be free to determine the optimum resources needed to meet their set ministerial targets. Permanent Secretaries will be assessed on the achievement of the set targets within the allocated resources over a given time frame." Thus, every Permanent Secretary "will seek to be as efficient as possible. This will, therefore, ensure improved value for money."29

The work of individual civil servants will be evaluated against objectives and performance indicators or standards. Promotion will be clearly linked to performance with incentives available to reward superior performance within individual salary scales. Employees who don't measure up, or who engage in dubious practices, will be subject to disciplinary action including dismissal.

Aside from Results Oriented Management, more direct controls on financial operations have been introduced and existing systems strengthened. For example, the central payroll monitoring unit for government employees—located in the Ministry of Public Service and Administration—was able to cut 25,000 redundant teachers from the ranks of the Ugandan Teaching Service. The computerized monitoring system, which verifies entry into and exit from the payroll and monitors all changes, should prevent a recurrence of the costly "ghost worker" phenomenon.

Auditing functions are being strengthened throughout the government and the Auditor General’s office is free to carry out more vigorous examinations of government accounts. However, the Auditor General’s resources are still inadequate and there is often lax enforcement of auditing systems.

Finally, the authority once given to managers to hire short-term workers without higher approval—the cause of much overstaffing and nepotism—has been rescinded. There is a public sector-wide hiring freeze in force and exceptions require the personal consent of the head of the civil service.

2.3.3 Making Salary Levels More Equitable and Transparent—"A Living Wage" to Reduce Dishonesty

Between 1990 and 1994, Civil service wages increased by approximately fifty percent per year. Paying a "living wage" has been one of the most critical issues in the reform program as low wages in the civil service have been directly linked to corruption. Indeed, at a Donor Consultative Group meeting in Paris in August 1994, it was agreed that the consequences of falling behind on pay reform would be fatal to the entire reform program. If the momentum subsided, it was feared that civil servants’ support would diminish and the pressure for obtaining "supplementary income" would increase. In addition, the civil service would remain unable to attract and retain the highest levels of professionals and technicians to the detriment of general efficiency and all development assistance programs. As a result, donors concluded that donor-supported pay increases would continue to be necessary within a program of broader civil service, macroeconomic and other reforms.

Even with donor support, government salaries in Uganda remain among the lowest in sub-
Saharan Africa. For many occupations, public pay is well below minimum wage in the private sector. In 1994, government doctors, police officers and primary schoolteachers earned the equivalent of US$90, US$45 and US$43 per month respectively, though the minimum amount required to live at that time was estimated to be around 75,000 Ugandan shillings, or US$60. At these levels of compensation, the government cannot attract the best people to fill civil service positions, nor can it combat corruption in the lower-paid job classifications. It is also unrealistic to expect the civil servants earning these wages to work solely for the civil service.

Nevertheless, the payment of a "minimum living wage" is one of the chief objectives of the current round of civil service reform. It will be set at the level of the minimum acceptable salary for the lowest civil service classification, based on a food basket/cost-of-living survey carried out in 1989–90. Scheduled increases will compensate for inflation and differences in urban and rural locations.

Reaching the minimum wage targets is jeopardized by the government's low revenue mobilization. Tax revenue in Uganda, as a percentage of GDP, is the lowest among 26 African countries receiving World Bank structural adjustment credits and is three times lower than neighboring Kenya.

To help improve the chances of meeting its wage targets, the government announced in August 1994 that it would cut the civil service by an extra 5,000 employees—to 145,000 instead of the targeted 150,000 by 1995—to use the savings to sustain better remuneration for those who remain. Actual remuneration will be made more transparent by "monetizing" housing, health and transportation benefits that have been made available to some civil servants. In addition, the various types of cash allowances (there are 76) received by civil servants according to their tasks and occupation, are being consolidated into fewer categories.

These measures are designed to improve transparency while controlling abuse. Job classifications and positions on the salary scale are also being reviewed and simplified in ways designed to improve incentives for better performance.

2.3.4 PROMOTION OF A CODE OF CONDUCT FOR ALL CIVIL SERVANTS

To support other aspects of the reform effort, a code of conduct has been established for all civil servants. Each civil servant is required to take an oath of commitment to the code and anyone dismissed for breaching the code will be prohibited from holding a public post for at least five years.

Based on the principle of selfless service, the Code of Conduct correlates to the Standing Orders of the civil service which state that:

...no officer shall at any time engage in any activity which could in any way impair his usefulness as a public officer or engage in any occupation or undertaking which might in any way conflict with the interest of the public service or be inconsistent with his position as a public officer; or make use of his official position to further his private interests or those of his family."

Workshops have been held across the country to introduce the code to senior government managers and to focus on their role as leaders in civil service reform and results-oriented management.

2.3.5 SUPPORTING THE REFORM EFFORT WITH AN INFORMATION PROGRAM AND COMMUNICATION STRATEGY

The public, civil servants, and the donor community are being kept abreast of developments in the reform effort through publications and regular reports describing progress made in implementing the action plan. Direct, accurate, and timely information is intended to help achieve transparency and encourage continued progress.
2.4 Introducing a Leadership Code of Conduct

The Ugandan Constitution is based on the notion that the country’s future prospects depend, to a very great extent, on the quality and honesty of its leaders. It calls for a new culture of leadership for both elected and appointed officials in the public sector, based on the principles set out in the constitution: a broad concept of what constitutes “leadership”; the role of leadership in setting an example; honest, impartial and non-discriminatory leadership; sensitivity to marginalized groups; developmental leadership; democratic leadership; respect for the rule of law; periodic testing; a “sense of shame”; and, transparency and accountability.

The Leadership Code Statute describes the expected and prohibited forms of conduct for government leaders. For example, it requires leaders to make annual disclosures of income, assets and liabilities to the Inspector General of Government (IGG). This disclosure must not only cover the leader but also his or her “nominees” (defined as anyone who controls or manages business or other activities of which the leader is principal beneficiary). Activities that are forbidden include asking for or accepting gifts or benefits in relation to the exercise of official duties and personal interests; failure to seek prior approval from the Leadership Code Committee to contract with the government or with certain kinds of foreign businesses; abuse of government property; and misuse of official information not available to the public.

In addition to setting a minimum standard of behavior, the Code establishes penalties for transgressions. However, the Code has not yet been put into effect and no provision exists for its enforcement. The debate in the Constituent Assembly has focused mainly on the sincerity of those politicians who have raised objections to some provisions of the proposed code, especially the provision that requires close relatives to declare their assets.

Discussions have been marked by considerable rancor, conveying a clear impression that Uganda’s politicians are not keen to be restricted in this way.

Aside from the Leadership Statute, the Constitution includes another provision to promote greater integrity within the public service and in political office. The provision proposes that Parliament establish a National Council of State to review the backgrounds and qualifications of individuals seeking, or being considered for, political office or senior positions in the public service. If this proposal is implemented effectively, any candidate with a questionable background involving the suspicion of dishonesty or corruption would be disqualified at the screening stage.

2.5 The Role of the Director of Public Prosecutions

Since the 1960s, Ugandan laws have provided police and prosecutors with the power to deal with corruption. For example, the Prevention of Corruption Act (8 of 1970) specifically calls on the Directorate of Public Prosecutions (DPP) to investigate and prosecute cases of corruption and bribery and confers on the DPP the right to search, seize, arrest and interrogate suspects. The Penal Code (1964 and 1987) provides for different corruption offenses while other relevant pieces of legislation include the IGG Statute, 1987; the Police Act, 1964; the Public Finance Act, 1964; the Leadership Code; Statute No. 8 of 1964; and the Evidence Act.

A special section within the Directorate of Public Prosecutions is designated to handle corruption and fraud-related cases and has preventive, investigative and prosecutorial functions.

With respect to obtaining successful prosecutions, Uganda’s Director of Public Prosecutions, Mr. Alfred P. W. Nasaba, has observed that while the legal framework is generally adequate, prosecutors have been hampered by the laws of evidence, particularly the accomplice rule. This rule states that the evidence of an accomplice
must be corroborated by independent evidence before a conviction can be obtained. Mr. Nasaba commented: “In cases of corruption, both the giver and recipient are accomplices. If corrupt people are to be convicted, this rule should be changed to allow an accomplice to give credible evidence against corrupt officials or persons.”

It is vital that only those officials who are themselves free from the taint of corruption be put in charge of corruption cases. Investigators, prosecutors and judges—especially those dealing with corruption cases—should be persons of transparent integrity.

2.6 The Auditor General
As in other countries, the Auditor General of Uganda conducts regular financial audits of government operations. In recent years, the increased frequency of these audits has helped identify poor accounting practices.

The new Constitution gives the Auditor General the authority to audit “all” rather than “some” of the accounts of the government. “Value for money” audits are now required in order to ensure that the government spends taxpayers’ money responsibly. Government departments and agencies must now submit their public accounts to audit scrutiny and publication in Parliament.

The Auditor General’s annual reports to Parliament have regularly documented corruption and inefficiencies. In 1992, for example, his report exposed a failure to account for 4.1 billion Ugandan shillings (approx. US$4 million) in the government accounts.

In addition to the work of the Auditor General, the inspectorate system in the public service has been reinstated after many years of neglect. Checks are conducted regularly within various departments to ascertain, for example, whether funds are being used for the purposes intended and whether the recipients of pay are actually working in the ministry.

2.7 The Public Accounts Committee
The Auditor General’s reports are reviewed by the Public Accounts Committee of Parliament. After several decades of inactivity, this committee is now active again in investigating the misuse of public funds. However, the fact that no members of the opposition parties are represented on the Committee weakens its effectiveness, credibility and accountability (in contrast to most other Commonwealth countries, where the chair of the Committee is appointed from the opposition). Moreover, the government is not yet obliged by law to implement the recommendations of the Public Accounts Committee in Parliament.

2.8 Other Government Reforms
Public sector reform is likely to have the most direct impact on corruption through its contribution to a more disciplined, productive and responsible civil service. However, other reforms—economic, constitutional and military—will also help to reduce the scope and incidence of corruption.

2.8.1 Economic Reforms and Liberalization
A series of macroeconomic reforms are gradually eliminating numerous distortions that encouraged corruption. Reforms have involved the elimination of monopolies, allowing the private sector to compete with the state and trade in basic commodities, and abolishing quota systems and importation rights on certain products. Export monopolies in traditional commodities (coffee, cotton) have been abolished, export procedures simplified, and a new investment code encourages investment in export-oriented activities.

The privatization of parastatals has helped reduce state control over the economy as have other liberalizing measures such as: the removal of price controls—direct and indirect—on major, locally manufactured products; the abolition of monopoly over the exports of foodstuffs; the elimination of
the Coffee Marketing Board; and the deregulation of foreign exchange markets. As a result, confidence in the shilling has returned and funds held abroad are now flowing back into the country.

The government has sought to change the delivery of services in order to "depersonalize" the transaction of public business. Customers should not have to contact any particular official for information, such as regulations and procedures required to start a company, import or export goods, or register a vehicle, that should be readily available to the public and easily can be obtained through posters, notices or other information bulletins.

2.8.2 REDUCED MILITARY SPENDING AND REDUCTION IN MILITARY ESTABLISHMENT

By reducing the size of the military—and military spending—the government is seeking to free up funds and diminish the role of the military in political life. In fact, military spending was reduced from 35 percent of GNP in 1990 to 16 percent in 1994 through demobilization and other measures. Under a plan approved in May 1992 by the NRA Council, the government is reducing the military establishment by 40 percent to 50,000 personnel over a three-year period—a savings of US$14 million per year.

2.8.3 DECENTRALIZATION REFORM

Decentralization is important in the fight against corruption because public sector decision-making in Uganda has been conducted largely in secret, through highly centralized institutions. The government has embarked on a major program to decentralize administration and the delivery of many public services to the local and regional levels in order to ensure greater public accountability and reduce corruption.

The success of decentralization will depend on the ability of district-level structures to deliver services in ways that are responsive to the populations they serve. The channels of communication are being widened, citizens are being encouraged to speak out at District Resistance Council meetings, and regular consultations are to be held between local councillors, civil servants, and non-governmental organizations (NGOs).

2.9 The Role of the Press

The role of the press is critical in fighting corruption and in providing the public with information regarding the reform campaign. The Government of Uganda has recognized the value of a free press and has encouraged its development as part of the country's movement toward greater freedom and democracy. The Government-controlled media has been fairly free to report on abuses of public office and has given the fight against corruption considerable prominence. The efforts of one paper, Uganda Confidential, have been especially striking, although according to some the paper still lacks professional reporting and has had to pay a lot of money in libel costs.

At the same time, the full potential of the media in combating corruption has not been realized hindered by a number of factors. For example, because the free press is a new phenomenon, professional journalist techniques are lacking and an unbiased approach is often not evident in investigative journalism. In some cases, professionalism has been sabotaged as underpaid reporters and editors succumb to bribery and replace reporting with what could be viewed as slander. In addition, public officials have until recently been unavailable to answer reporters' questions. Journalists, therefore, have not been fully informed of the various anti-corruption measures now being undertaken or of the details of the Government's sweeping public sector reform.
An effort to improve the effectiveness of the press in curbing corruption was launched in 1994 when the Government sponsored two workshops on investigative journalism with the assistance of the IGG, the Ugandan Journalists Association, the Danish media, DANIDA (the Danish aid agency), the World Bank's Economic Development Institute, and Transparency International.

The workshops, representing one of the first opportunities for journalists to question senior government officials, helped to inform the press of the government's overall reform program and provide journalists with some training in investigative reporting. Four themes were stressed during the workshops: the need to promote a professional awareness of, and insight into, corruption and the institutions fighting it; the importance of improving professional techniques for obtaining information ethically, respecting privacy, checking references and avoiding litigation; the need to promote a sense of commitment and responsibility among journalists; and, the necessity of informing journalists about the government's civil service reform program, its impact on the country's welfare as well as its role in reducing corruption.

2.10 The Role of the President

No summary of the fight against corruption in Uganda is complete without mention of the leadership and strong support of President Museveni. The President loses few opportunities to "drive the anti-corruption message home." For example, while opening the new international terminal facilities at Entebbe Airport in 1994, he berated the corrupt practices of customs and immigration officials in a speech that enjoyed extensive media coverage.

2.11 EDI/TI Mission

By late 1994, it was apparent that corruption remained widespread and deeply rooted in Uganda despite government measures to curb it. A challenge in Uganda's political atmosphere—signaled by the debate on the new Constitution in the elected Constituent Assembly and the presidential elections planned for May 1996—combined with a growing economy, suggested that the time was ripe for the Government to intensify its anti-corruption strategy.

At the invitation of the Government (specifically the IGG), a joint mission from the World Bank's Economic Development Institute and Transparency International visited Uganda to assess the country's progress in containing corruption. The mission met with high-level officials and prominent Ugandans and was able to hear the views of individuals from a wide cross-section of civil society.

The mission report noted the achievements registered by the government in containing inflation and in promoting democracy. The transformation of the political environment into one of greater freedom and considerably reduced repression was considered nothing short of laudable and the public sector reform program was noted with approval. However, the mission expressed serious concern about the continuing pervasiveness of corruption in the country.

Many people we met even from the public sector—did not hesitate to classify corruption as rampant... Corruption is a major issue in Uganda, at all levels of society... Unethical practices, it found, were rampant throughout all levels of the civil service, from the bottom to the top... Corruption [is] primarily a means of survival on the part of junior civil servants and others; at the top, it involves spoilage and misapplication (even misappropriation) of funds on a large scale by senior civil servants and politicians.14

In its meetings with people from outside the government, a common view was expressed:

"...there was a feeling that the government may be taking steps to fight corruption but..."
not effectively enough. People argued that far too little was happening, too few were being successfully prosecuted and too many notoriously corrupt individuals were retaining high-level positions in the Government.  
This note of cynicism was also reflected in the public’s view of politics and politicians—a feeling strengthened by the debate on the Constitution. Members of the Constituent Assembly were perceived by the public to be dragging out the debate in order to maximize their daily allowances. This jaundiced view was reinforced by the heated debate over the provisions of the Leadership Code—a Code that had been in existence for two years but had not come into effect. “The general public clearly interpreted the debate as further evidence that most politicians had something to hide.”

While combating corruption loomed large among the government’s preoccupations, and the President considered it a matter of highest priority, the mission’s report noted that corruption “loomed large in the consciousness of the people” but in a different way. The general public seemed unconvinced that the leadership was serious about dealing with the problem and held these attitudes despite the fact that Uganda had taken more substantive and determined measures than most countries to deal with corruption.

The mission expressed particular concern about corruption in the following areas: procurement, privatization, vote-buying, the judicial system, and wages. The mission reports state: “Public procurement is, not surprisingly, a major area of fraud and corruption. We were even given the very specific information that the going rate on parastatal contracts was 8 percent. The payments go to the project managers for distribution to those who participate in the proceeds.” Few seemed to feel that “grand corruption” on international tenders was a problem in Uganda, although there were clearly instances of corruption.

The mission noted that although privatization seems to have been welcomed by many—particularly the business community—it is also attracting considerable criticism regarding the transparency, integrity and honesty of the process and the possible benefits being reaped by some senior public figures.

Several accounts of vote buying and suggestions that this was a widespread phenomenon during the elections for the Constituent Assembly were noted by the mission. Some candidates allegedly spent millions of shillings beyond their allowable and available means in order to win office. Those who lost must now service their debts while those who won are now expected to make good on promises made to their backers.

Everywhere the mission traveled, it heard sobering views regarding the judiciary. Despite some outstanding exceptions at the magistrates’ court level, all other players in the judicial system are generally regarded with contempt. The ethics of the legal profession are seen to be highly questionable even by practitioners themselves. Lawyers were said to bribe each other. Magistrates arrived late for court or not at all. Judges were paid for delays in rendering judgment, or for the judgments themselves, and were accused of accepting payment for granting bail, in full knowledge that defendants would skip town. Court staff also accepted payments to “lose” files or influence magistrates. Police hold prisoners “to ransom” until money is paid or charge them for transportation to and from court. A consistent pattern of corruption and unethical practice was found to exist throughout the judicial system.

The mission found that judges and magistrates have hindered the fight against corruption through their reluctance to use the provision in the Prevention of Corruption Act 1970 that reverses the burden of proof for an accused found in possession of unexplained wealth not in keep-
ing with his or her own income. The cause of the problem appears to be the combination of low salaries and wide differences in incomes. Low levels of pay within the civil service were found to contribute to the generation of income by legal or illegal means. The mission heard of people with as many as four or five jobs who also had to have gardens to provide food for their families.

After reviewing the situation in Uganda, the EDI/TI mission ascertained that the fight against corruption was having both a direct and an indirect impact. It noted that some senior civil servants involved in corruption were being removed from positions of real power and some were even being suspended, pending the outcome of inquiries. It also noted that many individuals were growing increasingly cautious or even refraining from corrupt activities as the risk of exposure and punishment increased. On the other hand, it was also clear that the general public was not convinced that the government's efforts were serious or that politicians were interested in providing a "clean" government.

In summarizing the situation, the mission determined that the scope of corruption in Uganda was influenced by the following main factors:

- the high cost of political campaigning forces politicians to rely on powerful backers who then demand special favors;
- very low levels of civil service pay, encouraging civil servants to seek additional income through legal or illegal means;
- lax enforcement of auditing systems within the government and the parastatal sector;
- the manifest failure to implement or enforce the Standing Orders that, among other things, prohibit conflict-of-interest activities by civil servants;
- the inability to monitor assets and liabilities of key decision makers in the public sector;
- manipulation of some kinds of aid flows;
- an under-resourced judicial system that has not yet fully recovered from the civil war years; and,
- a substantial privatization program that is subject to constantly changing criteria for private investment.

The mission emphasized that although the Government's efforts were remarkable and admirable, its campaign might fail if the general public were not involved in the fight and a determined effort were not made to convict people found guilty of corruption. A significant body of opinion in Uganda wished to see the process go further and supported additional measures.

A number of steps were proposed to strengthen the anti-corruption campaign, including:

- **Strengthening of existing enforcement mechanisms.** The office of the IGG should be strengthened by adding experienced investigators to the staff and by giving the IGG powers to initiate and conduct prosecutions within its jurisdiction, thereby overcoming one of the main obstacles to its full effectiveness. An alternative approach would be to follow the example set in some Asian countries and most recently in Botswana of creating a completely separate body, an Independent Commission Against Corruption, with extensive powers. Whichever path is chosen, the mission suggested there was a definite need to reallocate some of the IGG's resources towards monitoring and detecting systematic patterns of corruption and coping with an anticipated wave of new complaints once the public becomes better informed of its rights.

- **Stronger action against high-level offenders.** The credibility of the anti-corruption campaign suffered primarily because of the government's reluctance to
punish certain high-level offenders. Part of this reluctance reflected fears of upsetting national unity at a time when the government's concern for reconciliation and harmony among previously contending ethnic, regional and other interest groups was paramount. However, the public will remain cynical unless corrupt individuals are brought to justice through prosecution and conviction in the courts.

- **Involving the public in the fight against corruption.** The public should be involved in helping to identify and root out corruption, and building a public ethos rejecting corruption and the corrupt. The mission recommended that a national anti-corruption awareness campaign be launched and modeled on Uganda's successful anti-AIDS campaign. This campaign should include family and school-level education and enjoy the open, active support of the President. A number of focal points for the campaign were suggested: the public has a right to certain public services without further payment; the public should resist and report any demands for such illicit payments; there are complaint mechanisms available and how to use them; those who enrich themselves at the public expense are stealing taxpayers' money, and should be objects of contempt and derision, not role models; and, neither grand corruption nor petty extortion form any part of "African culture" but have served to diminish and debase long-standing traditions of hospitality and generosity.

To help involve the public, the mission recommended the appointment of a Public Complaint Commissioner (PCC) who would be independent of the bureaucracy, highly visible and the centerpiece of the awareness campaign.

- **Targeting the Judiciary.** One option for the reform of the judiciary was to consider the problem in a regional context and provide for the rotational service of African judges.

### 2.12 Policymakers' Seminars and New Proposals

For two days in December 1994 and again in December 1995, senior policymakers from agencies involved in the fight against corruption met near Kampala to design a program to enhance ethics, transparency and accountability in the civil service. Chaired by the former IGG, Mr. Augustine Ruzindana, workshop participants included members of the National Resistance Council, officials from the IGG's office and the Office of the Auditor General, the Uganda Revenue Authority, the Ministries of Justice and Constitutional Affairs, Education, Local Government, Finance, Economic Planning, and Public Service. The workshops were supported by the Economic Development Institute (EDI) of the World Bank and by the British ODA, and facilitated by representatives of EDI and Transparency International.

The outcome of these workshops was a four-point plan of action accepted in January 1995 as the official program of the government. The plan lays down measures to be undertaken in the following areas:

- **Public Awareness:** A public-awareness campaign will stress the evils of corruption and use a variety of media ranging from cartoon sketches to TV skits. Leading figures will be involved in its implementation. The office of a Public Complaints Commissioner will be created.

- **Enforcement:** The IGG's office will be strengthened and its investigative capacity increased. Additional resources will be provided to enable the IGG to extend its work throughout the country. At the present, the government has rejected the
idea of establishing an Independent Commission Against Corruption.

- **Preventive Measures:** The government intends to strengthen the inspectorates in key agencies such as the Customs Department, the Uganda Revenue Authority, and the key monitoring and enforcement agencies (IGG, DPP, Police).

- **Improved coordination and cooperation:** The departments and agencies involved in the workshop resolved that they would work closely together to find more constructive ways to use available resources effectively in the fight against corruption. For example, the DPP and the IGG agreed to develop new procedures to ensure that those suspected of corruption are brought promptly to trial.

A National Committee, under the leadership of the IGG, has been assigned specific tasks to ensure that the above measures are put into effect within a reasonable time frame.

### 3. Recent Developments and Conclusion

The new plan of action marked a major intensification of Uganda's anti-corruption campaign and a positive step towards real accountability and transparency. Uganda has already won international recognition for its efforts: few other countries on the African continent have carried out public sector reform initiatives of this scale and with so many components. On the anti-corruption front, EDI has facilitated a series of Investigative Journalism Workshops and is assisting the IGG in the implementation of key elements of the action plan.

To date, two additional National Integrity Workshops have been held, as has a Parliamentary Retreat on Corruption and a major Regional Conference Linking Good Governance and Private Sector Development. Future activities will include awareness raising in the judiciary, curriculum development for schools, and revised court administration.

Although the future looks positive, there has been a resurgence of violence in northern Uganda by the Lord's Resistance Army, which may undermine current efforts.
Tanzania Country Study *

1. Corruption and Its Costs

1.1 The Evolution Of Corruption In Tanzania

Soccer clubs are popular and powerful institutions in Tanzania. Tanzanians are avid fans of the game, and, at times, the sport appears to approach the status of a religion—albeit a secular one—for many.

So it was a measure of the extent of corruption in that country when, in 1993, the soccer season was marred by persistent and convincing complaints of bribery and thrown matches.

Two of the top clubs—Yanga and Simba—traded accusations throughout the year that each had bribed other teams to obtain favorable results in crucial league matches. In one instance, five Simba players were arrested after they lost a crucial match to a team that Simba club leaders had paid to lose. And bribery was not restricted to players or club officials. It was common knowledge that soccer fans regularly bribed police to gain entry to matches at prices well below those charged for tickets.

The response of the Football Association of Tanzania to these accusations—and, in some cases, public admissions of bribery—was also telling: no measures were taken against the offending teams.

The 1993 soccer season is a striking example of the pervasiveness of corruption in Tanzania. It demonstrates as well the widespread acceptance of corruption among large sections of the population and of the seeming inability of the country to deal effectively with a phenomenon that has exacted tremendous costs on the country's development and future prospects.

And this is only one example of the practices that had become commonplace in Tanzania by the 1990s. Each day, the media was rife with stories of wrongdoing, ranging from the grand corruption of rich businessmen subverting the legal system and purchasing government favors to the petty corruption of traffic cops seeking to augment their meager incomes.

However, events reached a crisis in 1994, when the international donor community jointly announced a suspension of aid to Tanzania.

* This country study is based on papers presented at Workshops on National Integrity in Tanzania, August 10–11, 1995 and December 15–16, 1996, convened by the Prevention of Corruption Bureau (Government of Tanzania) and facilitated by the Economic Development Institute of the World Bank and Transparency International.
largely in response to massive irregularities in the tax system. Donor countries, whose assistance underwrote a substantial part of the Tanzanian budget, accused government officials of deliberately allowing wealthy businesspeople to cheat on their taxes and vowed that assistance would not be resumed until the government took steps to collect evaded tax, recover exempted tax and initiate legal proceedings against corrupt tax officials.

The following year, Tanzanians were shocked again when their former President, Julius Nyerere, issued a scathing denunciation of the corruption and mismanagement of Tanzania's public affairs by the ruling party which he had helped to found many years before.

The story of how Tanzania reached this state of affairs is a long one and does not begin with independence from colonial rule. Nor does it reflect any kind of alleged African propensity towards corruption.

In fact, the absence of transparency in government was a marked feature of colonial rule in Tanzania and throughout Africa. Accountability to the local people was, almost by definition, absent during the colonial period. Colonial governments were accountable to distant capitals; state apparatus existed to reinforce colonial rule and repatriate whatever profits could be earned in overseas holdings. Government derived its authority from the imposition of foreign control, rather than from the consent of the governed. This administrative legacy was handed down to national governments upon independence.

Indeed, the patterns of corruption that typified colonial regimes in Tanzania and other parts of East Africa find a close echo in the practices that have become so prevalent today. Portuguese rule in East Africa from the fifteenth to seventeenth centuries is full of examples of illegality and corruption.

Other powers, including African, Arab, and Indian traders, also engaged in corrupt practices along Africa's east coast. Together with the colonial regimes established by Britain and Germany, they ensured that corruption thrived beyond the gradual demise of most of Portugal's empire. Customs evasion remained commonplace, taxes often went unpaid and local governments and administrators regularly demanded special commissions or payments to perform the duties entrusted to them.

Tanzanian independence (1964) did not signal a marked increase in corrupt practices. In the years immediately following independence, corruption tended to be restricted to low-level officials who demanded and received negligible sums of money. Corruption had not yet spread upwards into the higher ranks of the public service and its impact was still slight enough not to undermine the efficiency of the public service as a whole. The existence of a socialist leadership code and President Nyerere's firm commitment to fight corruption, combined with high pay for public officials and sound rates of economic growth, helped to discourage excessive corruption and keep more egregious practices in check.

The cost of living in the 1960s was relatively low and public servants earned a decent income. Higher ranking civil servants could afford their own automobiles and houses while those further down the pay scale were able to support families on their salaries without having to resort to second jobs and part-time work. Moreover, Tanzanian public servants were respected figures in a country that had just won its independence from foreign administrators while, in turn, the challenges and promises of independence offered these public officials a strong sense of integrity, commitment and service to the nation.

However, the late 1960s and mid-1970s brought the beginnings of what would prove to be a dramatic and costly decline in the efficiency, professionalism and integrity of Tanzania's public service. A number of factors came together to
create an environment ripe for the development and spread of corruption on a massive scale.

It has been argued that one of the underlying causes of the spread of corruption in Tanzania in the 1970s was the Arusha Declaration of February 1967 and the resulting massive expansion of the state into virtually every sector of Tanzanian life.

In the years following the Arusha Declaration, the Tanzanian public sector grew at a rapid rate, forcing, in turn, a corresponding decline in the role of the private sector in the economy. In the thirteen years from 1966 to 1979, the number of parastatals in Tanzania increased from 43 to 380.

Indeed, the 1967 nationalization of private corporations made the Government the single largest employer in the country, involving it in everything from retailing to import-export trade and even baking. As the scope of governmental authority grew, so too did the ranks of the public service and the opportunities for individual public servants to exploit their newfound power for private gain.

The atmosphere for private enterprise grew decidedly unfriendly. Thirteen years after independence, Tanzania enacted the Leadership Code Act No. 6. Its initial intent was to promote a socialist morality throughout the country and to ensure that its leaders acted in a manner consistent with this new morality. Civil servants, politicians, and managers of parastatals were prohibited from having more than one income, owning shares in a company, renting out houses or engaging in other acquisitive activities.

However, its tenor, like that of the Arusha Declaration, was seen as antagonistic to the free market and private enterprise.

The reaction of the private sector was to search for ways to circumvent bureaucratic procedures and regulations. The business community began to evade taxes, bypass controls on foreign exchange and circumvent regulations on exports and imports by paying off public officials or by shifting their operations into the underground economy.

The multiplication of cumbersome bureaucratic procedures for virtually every transaction with government introduced unnecessary delays and frustrations for those on the receiving end of public services—whether they be for the granting of travel documents, foreign exchange, business licenses or import/export certificates. Time-consuming and frustrating paperwork abounded and, as a result, the door was opened wide for those who sought to avoid delays by bribing willing government employees. Public officials who headed trade corporations became especially highly prized contacts and businessmen soon grew accustomed to using bribery as a means of getting business done.

In this sense, the Arusha Declaration and efforts to instill a new socialist morality in the country had the unintended result of encouraging the spread of corruption. Business became a matter governed by the individual morality of those undertaking a transaction rather than something governed by law. In effect, the rule of law was replaced by the rule of the black market, and new entrepreneurs entering the marketplace were molded in an environment of secrecy, graft, and bribery. Success in such an environment became dependent on networks of personal contacts with other corrupt businesspeople and with corrupted civil servants. Those who did not participate found their opportunities for advancement considerably restricted.

The spread of corruption in the 1970s was greatly aided by the steady decline in economic growth and prosperity in Tanzania during this period. Various factors contributed to Tanzania's economic woes, including the 1973 increase in prices for petroleum products, the 1974 drought that destabilized a mainly agricultural economy, the 1977 collapse of the
East African Community and the 1978–79 war with Uganda that consumed much of Tanzania’s already meager foreign exchange reserves.

Internal mismanagement of the economy must also shoulder some share of the blame. Often, government policies stifled economic growth. For example, excessive taxation of locally produced goods stunted the growth of local factories. The villagization campaign demoralized small farmers and led to low agricultural production. The shilling was devalued and consumer goods grew in short supply. The Government established monopolistic public enterprises—such as the Regional Trading Companies—and abolished local government and cooperatives. Massive amounts of public funds were misappropriated and put to unproductive use. Tanzania’s high rate of taxation was also a major inducement to corruption for business, which preferred the smaller stipend demanded by the tax collector than the charge assessed by the tax system.

The growing economic crisis, and the Government’s response to it, inevitably affected the livelihood of Tanzania’s public servants. As the cost of living rose at an unprecedented rate, essential commodities grew scarce, wages remained static, and a “culture of survival” emerged within the ranks of the public service.

As their purchasing power declined, corruption set in to offset the imbalance. Civil servants began to look for any means—legal or illegal—to supplement their incomes. Public servants became more concerned with their secondary sources of income, regardless of the implications for their official duties. At the same time, the government introduced a system of permits, or “vibali,” that allowed individuals occupying strategic positions within the public sector the opportunity to amass huge sums of money in exchange for the “vibali.”

Supervision and accountability of public servants began to weaken, leaving many employees with the mistaken sense that they were accountable to no one and were free to perform their duties as they saw fit. This made the performance of public duties highly dependent on the integrity—or lack thereof—of individual public servants and greatly increased the opportunities for abuse.

Finally, public service morale and a corresponding sense of duty plummeted. In the 1960s and 1970s, the public service had been staffed by many dedicated and honest individuals. This began to change in the mid-1970s, as the impact of Tanzania’s economic decline was felt within the ranks of the public service. Public servants could no longer be assured of a decent wage or of a comfortable retirement; over time, the temptation to use public office for private gain became increasingly difficult to resist.

The cumulative effects of these changes were pivotal. A foundation for systematic and pervasive corruption had been laid.

By the mid-1970s, corruption reached into virtually every sector of Tanzanian life. In 1979, it reached crisis proportions as the Tanzanian economy collapsed. Social services and the country’s physical infrastructure had disintegrated. Civil service wages dropped below subsistence level and corruption among the nation’s elite reached epidemic proportions.

Tanzania’s ruling party sought to control corruption by moving towards a more orthodox Marxist position and by launching a campaign on March 25, 1983, against “economic sabotage” and “economic saboteurs.” The targets were black marketeers, embezzlers of public funds and poachers. Hundreds of people were arrested and detained.

A month later, Parliament enacted the Economic Sabotage (Special Provisions) Act. This was amended after three months’ operation, then repealed and replaced by the Economic and Organized Crimes Control Act. Yet, the campaign failed to make even a dent in the spread of cor-
ruption within the country. If anything, corruption gained even wider acceptance within Tanza-

nia as an essential means of getting things done. In 1985, Julius Nyerere retired as President and was replaced by Ali Hassan Mwinyi. Mwinyi moved immediately to liberalize the economy. For example, restrictions on business, including the leadership code, were relaxed.

Liberalization did promote economic growth; however, in the absence of any penalties for the dubious conduct of one’s business affairs, it also intensified corruption. For example, businesspeople with funds outside the country were allowed to import goods without being asked about the sources of their capital. Those areas most susceptible to corruption were found across the public sector, including the Ministry of Finance—especially the tax department—parastatal banks, customs, traffic police, magistrate courts, immigration, the Ministry of Lands Office and the Dar es Salaam City Council, which was responsible for land allocation and title deeds.

The Government’s efforts to contain corruption were largely ineffective, consisting mainly of tackling individual cases, amid much fanfare, without dealing with the overall administrative and management context that fostered the spread of corruption. A large part of the response involved the anti-corruption squad that was narrowly focused on enforcement and often susceptible both to political pressure and to the very corruption they were intended to eradicate.

Alarmed by the rapid rise in corruption and its inability to check the spread, the Government issued the Presidential Circular No 1 in 1990. It set out guidelines for strategies to deter corruption and for measures to ensure that the principles of transparency and accountability would be reflected in the policies and procedures of the civil service.

In the early 1990s, Minister Augustine Mrema, who was later dismissed for violating the principle of collective responsibility in his anti-corruption enthusiasm, launched a campaign against corruption that relied on extensive use of ad hoc commissions of inquiry. These commissions, appointed by the Minister, looked into accusations of financial mismanagement or inefficiency, but were soon caught up in their own controversies amid charges that they were guilty of financial irresponsibility. The commissions were criticized for being lax in issuing reports. Moreover, it was noted that when reports were issued there was typically little action taken on them by the Government.

As Tanzania shifted from a one-party to multiparty system in the mid-1990s, the attention of both the Government and the public became more sharply focused on corruption, particularly as the electoral process itself became imperiled by corruption. Preceding the October 1995 elections, the Government launched a radio campaign against electoral corruption and warned the public against selling its vote or giving in to intimidation.

Benjamin Mkapa was elected President in the 1995 vote and immediately set about to demonstrate his commitment to ending corruption. He began with a sweeping cabinet shuffle that removed many of the long-standing ministers—some of whom were perceived to be implicated in the massive fraud of the preceding years—and reduced the number of ministries from 29 to 18. Mkapa stressed that he was only appointing ministers with sound reputations, and both he and his Vice President set an example for other public figures by declaring their assets within days of being sworn into office.

The President used the Public Leadership Code of Ethics Act No 13 of 1995 to encourage high standards for present and future ministers. New cabinet ministers, as well as top civil servants, would be required to declare their assets and sign a code of ethics. A breach of this code would constitute a violation of Tanzania’s consti-
tution and could cost the offender his or her job. The Leadership Code stipulated that any property or asset acquired by a public official after the initial declaration of assets and not attributable to income, gift or loan approved in the Code, should be deemed to have been acquired in breach of the Code unless proved otherwise.

The extent to which the campaign launched by President Mkapa will succeed will only be clear with time. However, for many Tanzanians it is clear that the stakes involved are substantial and involve nothing less than the development prospects of the country and its people.

1.2 The Costs Of Corruption For Tanzania

Corruption has many costs for any society. Its price is especially high for a country like Tanzania that is already grappling with difficult, sometimes intransient, development challenges. When corruption becomes a widespread, habitual way of doing business as it has in Tanzania, its effects are far-reaching and destructive to social, political and economic life.

That corruption has already taken a heavy toll on Tanzania is clear. It has contributed to economic stagnation and helped to concentrate power and wealth in the hands of a few. Huge amounts of tax revenue have gone uncollected because of widespread tax evasion and irregularities in assessment and collection.

The kickbacks and commissions demanded by public officials who are in a position to negotiate and award contracts on behalf of the government and public institutions have drained money from more productive use and distorted public priorities and decision-making. Too often the result of dubious contract-awarding in such areas as transportation and communications can be seen in shoddy work that is soon in need of repair and further government investment.

Given the distortions corruption introduces into the economy and into public and private decision-making, it is virtually beyond doubt that the losses resulting from corruption greatly exceed the sum of individual profits derived from it. Decisions that are taken for reasons completely unrelated to economic logic or the social good are unlikely to reap much reward for society as a whole. The Chavda episode (described later in this case study) and the resulting flight of capital clearly demonstrates how vulnerable Tanzania’s economy is to pervasive corruption.

Corruption has also led to a crisis in public administration within Tanzania. It has distorted public decision-making and transferred responsibility for government priorities and spending away from vested public authority to the individual civil servant or politician and their corrupt sponsors. Public sector decision-making should be subject to, and reflect, the laws and regulations governing the public service. When public servants succumb to bribery they surrender responsibility for decision-making to those who bribe them. In effect, government priorities and services are purchased and determined by the highest bidder, rather than by the public at large and the policies of the state.

As corruption becomes more widespread, the decisions of corrupt public servants, made in defiance of official regulations and stated priorities, irrevocably undermine the efficient management of public affairs. Moreover, as corruption spreads, it steadily erodes the integrity and dedication of the people who make up the public service. Public office is seen less as a way to serve one’s country and contribute to the public good and more as a means to acquire wealth and privilege.

Corruption in Tanzania has had a separate, potentially dangerous effect: it has contributed to political instability and increased ethnic tension. In 1990, a number of wealthy businessmen, including some Asians, took part in a series of fund-raising ventures. Some involved purchasing photographs or personal items from prominent
Tanzanian politicians. Others won tickets offering them the opportunity to dine or travel with the country’s leaders. Some of these businessmen began to use the fund raising schemes for their own purposes.40

For example, several used photographs of themselves with Tanzanian leaders to bolster their claims to have close ties to the Government—ties that enabled them to influence the decision-making process. With the photographs as evidence of their clout with government, a number of the businessmen then sought to obtain payoffs from members of their own communities in return for favorable public sector decisions on a range of matters.

News of these ventures became public and created a backlash against minorities in Tanzania, intensifying racial animosity. Many Africans felt the Asian community had used its wealth to win support and favors from the country’s political leaders. An unregistered opposition party, the Democratic Party, quickly capitalized on this resentment and used it for its own political purposes. Its leader, Reverend Mtikila, claimed that 181 wealthy Asian businesspeople, in collaboration with African leaders, were transferring the country’s wealth abroad and impoverishing ordinary Tanzanians.

The Reverend also charged that the Government was selling the country to Arabs and Zanzibaris. After one particularly inflammatory speech, angry Africans stoned cars driven by Asians, dragged their occupants into the street and beat several of them.41

Racial tension intensified during the October 1995 elections and some politicians sought to exploit it. As a result, there was an enormous capital flight from Tanzania before the elections and many Asians made ready to flee to other countries with their belongings in the event the country erupted into racial conflict following the elections.

Clearly, the pervasive corruption that has beset Tanzania for the past two decades has felt in virtually all aspects of life. Corruption has had a devastating impact on the effectiveness of nearly all government programs. It has sabotaged economic development and subverted the rule of law. For the ordinary Tanzanian, it has meant countless frustrations—and added costs—to obtain services that are rightly theirs. Medical patients find themselves required to pay special commissions for treatment, even though they qualify for public services or have paid the requisite consultation fees. Parents are asked to pay illegal stipends simply to enroll their children in schools.

Corruption in Tanzania has reached the stage where the future prospects of the country will depend to a very large extent on how successfully corruption can be contained. The new government in Tanzania seems determined to bring an end to widespread corruption within the public service and within its own ranks.

2. Approaches To Curb Corruption

Three decades after independence, Tanzania was a society in which corruption was rampant and made its presence felt in virtually every aspect of daily life.

Yet, throughout this period, laws and institutions were in place that were designed to keep corruption in check and to punish those who would use bribery and fraud for personal gain. For example, standards for the public sector had been codified in the Civil Service Act, along with regulations governing the operations of the civil service.

Standing orders passed by Parliament in 1971 prohibited civil servants from giving or accepting personal benefits or valuable presents, whether in the form of money, goods or travel. Part II of Tanzania’s 1977 Constitution established goals for government that included the provision that public affairs should be conducted
for the common good and in ways which prevented corruption.

In spite of these legal strictures, the 1970s were marked by the rapid spread of corruption throughout the country. It is instructive to review existing mechanisms and policies to identify strengths and shortcomings and to apply these lessons to current efforts to bring corruption under control.

2.1 Institutional Approaches to Corruption
In Tanzania, three key organizations have been entrusted with special powers and responsibilities to safeguard against corruption. They are:

- the Permanent Commission of Inquiry,
- the Anti-Corruption Squad (later renamed the Prevention of Corruption Bureau); and
- the Commission for the Enforcement of the Leadership Code (now the Ethics Secretariat). In addition to these bodies, an Office of Controller and Auditor General has been in operation since independence.

2.2 The Permanent Commission of Inquiry
The Permanent Commission of Inquiry, known as the Office of the Ombudsman, was established in 1966 to safeguard the rights of Tanzanians against the possible abuse of power, maladministration and arbitrary decisions of public officials.

When it was established, President Julius Nyerere explicitly recognized the need for it:

...the nature of our economic problems in Tanzania demands that many officers of the government, the party and the law itself should be entrusted with great powers over other individuals. At the same time, our recent history, and the educational backwardness of the majority of our people means that automatic checks on the abuse of power are nonexistent. To the people in the villages and scattered homesteads of our country, it is the policeman, the magistrate, the TANU official who represent government in their everyday life. And in the district and regional headquarters it is the commissioners who wield direct and effective power in a manner which affects the life of our fellow citizen. This is inevitable and necessary. Only by entrusting real responsibility to such people can our nation be transformed. But we have to recognize that these powers can be and have been—abused. And the sufferers are the people on whose behalf Government is and should be conducted.42

The Commission has the jurisdiction to inquire into the conduct of any person in the exercise or abuse of his or her office or authority (Section 129 (1) of the Constitution). This gives the Commission the power to investigate a wide range of acts, including arbitrary arrest, negligence or omissions in the performance of duties, improper use of discretionary powers, nepotism, decisions made in bad faith, with malicious motives or with unnecessary or unexplained delays, and decisions which are contrary to law, unjust, or oppressive.

The Commission has provided citizens with a means of voicing complaints of corruption and abuse, and has helped in the process of education. Since its establishment, the Commission has been involved in a number of regional tours where it sought to make the peasantry and workers aware of their rights, including their right to appeal grievances with the Commission. In the early 1990s, it received approximately 3,000 cases each year. Half of all complainants were generally referred to other authorities. About 20 percent of the complaints were found to be justified and remedies provided. A further 20 percent were found to be unjustified and 10 percent were withdrawn or declined for a variety of reasons.
However, the Commission has clearly failed to stem the rising tide of corruption throughout the country and its efficiency and effectiveness have been questioned, with criticism focusing on the following areas:

- **Independence**: The Commission's independence has been questioned because it has operated at the pleasure of the President. Its members have been appointed by the President who also holds the power to stop any investigations.

- **Confidentiality**: Transparency is vital for combating corruption, yet the proceedings of the Commission have been conducted in private and the public has not been kept informed of its deliberations.

- **Awareness and Accessibility**: Many Tanzanians remain unaware of the Commission's existence. Still others have only the vaguest understanding of its functions and mandate, especially those who live outside Tanzania's main cities and towns. As a result, many who could use the Commission's help have failed to avail themselves of its services.

- **Delay**: Commission investigations can be lengthy and time-consuming. Some delays are unavoidable due to the complexity of a case, the type of evidence to be gathered and the effort required in its collection (e.g., travel), the need to call witnesses or experts and the extent of cooperation of the authorities concerned.

The poor communications system in Tanzania contributes to these problems. The result has proved frustrating for many and has fueled suspicions of foot-dragging and a lackluster commitment to fighting corruption on the part of the Commission.

2.3 **The Anti-Corruption Squad**

The Anti-Corruption Squad was established in 1975 and entrusted with three key functions:

- To take necessary measures for preventing corruption in the public service and parastatals and other offenses involving corrupt transactions;
- To investigate, subject to the direction of the Director of Public Prosecutions, and to prosecute offenses under this Act and other offenses involving corrupt transactions; and
- To advise the Government and its parastatal organizations on ways and means to prevent corruption.

Its creation came in response to the rapid spread of corruption in Tanzania during the 1960s and 1970s. Until then, the police had been charged with checking its spread; however, it was clear that its scope put it beyond the realm of everyday police work and that the skills required to deal with the problem were considerably different than those possessed by the average police officer.

The Anti-Corruption Squad is located, institutionally, within the office of the President and its Director General is appointed by the President. Its officers have both police and legal training and some have backgrounds in economics and sociology.

The activities of the Squad focus on two broad areas. The first is policing. To ensure the Squad would be able to perform its functions effectively, Parliament granted it the same prosecutorial and investigative powers as those allowed senior police officers. This included the power to arrest suspects, as well as to search and enter premises.

The second function has more to do with prevention rather than enforcement and punishment, and involves awareness and educational activities. For example, the squad carries out studies of public organizations and identifies those areas where corruption—or the temptation for wrongdoing—is likely to arise. It identifies
deficiencies in procedures, regulations and accountability systems and makes recommenda-
tions for improvements to public organizations.

Public work involves radio programs, educational pamphlets, workshops and seminars. The
aim of these programs has been to raise public awareness of corruption and its costs in the hope
that this will encourage the public not only to report corruption, but also to refuse to partici-
pate in it—for example, by refusing to pay commissions for services they are entitled to, such as
admission to hospital, and reporting those asking for the commission.

However, the Squad has suffered from weak-
nesses similar to those experienced by the Perma-
nent Commission of Inquiry. It has lacked suffi-
cient resources to fulfill its mandate, and its ef-
forts have been hampered by its reporting re-
quirements. The Squad—or, as it is now called,
the Prevention of Corruption Bureau—is not
required by law to report on its function to Par-
liament.

2.4 Tanzania's Code of Ethics
Thirteen years after independence, Tanzania en-
acted the Leadership Code Act No. 6. The initial
intent of the code, as noted earlier, was to instill
a socialist morality in Tanzania under a one-party
system. Twenty-two years later, in 1995, the Pub-
lic Leadership Code of Ethics Act No. 13 was
enacted to replace the earlier act.

The 1995 Act is aimed at building transpar-
ency and integrity to restore public confidence
and national ethics. It establishes a statutory ba-
sis for the development of a code and standards
of ethics for public leadership. The basic prin-
ciple of this Act is that a public leader should be
of incontestable integrity—honest, clean, impar-
tial and transparent.

The code covers a wide range of issues and
areas. It includes the following main provisions:

- Ethical Standards: Public leaders shall,
  while in office, act with honesty, compas-
sion, sobriety, continence and temperance
  and uphold the highest possible ethical
  standards so that public confidence and
  trust in the integrity, objectivity and im-
  partiality of Government are conserved
  and enhanced.
- Public Scrutiny: Public leaders shall have
  an obligation to perform their official du-
  ties and arrange their private affairs in
  such a manner that would bear the closest
  public scrutiny, an obligation that is not
  fully discharged by simply acting lawfully.
  In relation to all public leaders whether
  in elective or appointive offices, there is to
  be established a procedure for declaration
  of all property or assets owned by, or li-
  abilities owed to, public leaders, their
  spouses or unmarried minor children,
  without prejudice to the right of wives
  and husbands of public leaders to own
  property independently of their spouses.
- Decision-making: Public leaders shall, in
  fulfilling their official duties and responsi-
  bilities, make decisions in accordance with
  law, in the public interest and with regard
to the merits of each case.
- Private Interests: Public leaders shall not
  have private interests, other than those
  permitted by the Code, that would be af-
  fected particularly or significantly by gov-
  ernment actions in which they participate.
- Public Interest: Upon appointment or
  election to office, and thereafter, public
  leaders shall arrange their affairs to pre-
  vent real, potential or apparent conflicts
  of interest from arising, but if such a
  conflict does arise between the private
  interests of a public leader and his offi-
  cial duties and responsibilities, the con-
  flict shall be resolved in favor of the
  public interest.
- Gifts and Benefits: Public leaders shall not
  solicit or accept transfers of economic
benefit other than incidental gifts, customary hospitality or other benefits of nominal value, unless the transfer is pursuant to an enforceable contract or property right of the public leaders.

- **Preferential Treatment:** Public leaders shall not step out of their official roles to assist private entities or persons in their dealings with the government where this would result in preferential treatment to any person.

- **Insider information:** Public leaders shall not knowingly take advantage of, or benefit from, information which was obtained in the course of their official duties and responsibilities and that is not generally available to the public.

- **Government property:** Public leaders shall not directly or indirectly use, or allow the use of government property leased to the government, for purposes of according economic benefit to the leader.

- **Post-employment:** Public leaders shall not act, after they leave public office, in such a manner as to bring the service to ridicule or take improper advantage of their previous office, so that the following possibilities are minimized:
  - allowing prospects of outside employment to create a real, potential or apparent conflict of interest for public leaders while in public office;
  - obtaining preferential treatment or privileged access to government after leaving public office;
  - taking personal advantage of information obtained in the course of official duties and responsibilities until it becomes generally available to the public; and
  - using public office to unfair advantage in obtaining opportunities for outside employment.

The Act imposes on the President the duty to keep under continuous scrutiny and development the principles and ethical standards for leaders in the country. The Code also established an Ethics Secretariat to inquire into any alleged or suspected breach of the code by public leaders who are subject to the Act. It is too early to determine the effect that this code will have on corruption in Tanzania. It does establish a high standard of ethics for public leaders and, if observed, should generate greater public confidence in the government and reduced tolerance of corruption among the public.

**2.5 The Controller and Auditor General**

In Tanzania, as in other countries, the Controller and Auditor General is vested with the authority to oversee and report on administrative ethics and financial accountability and its independence is guaranteed in the Constitution.

It is responsible for auditing accounts, appropriations and spending to ensure compliance with Government's own rules and regulations and with sound accounting practices. This gives it considerable power to investigate and report on maladministration; however, it also suggests a mandate that is narrow given the corruption of the magnitude faced by Tanzania.

For example, the office has been unable to perform a strong role in examining Government revenues and the functioning of the taxation system, from original assessment through to collection. Yet, this has been one of the areas of the Tanzanian Government most affected by corruption and the specific focus of donor concern when aid to Tanzania was suspended in 1994.

In Tanzania, the Controller and Auditor General has also not been able to undertake more comprehensive audits, in large part because of a severe shortage of qualified and trained staff, especially at the senior professional levels. The Office has been underfunded and the indepen-
dence of its operations compromised by the fact that its budget has been subject to Executive approval, rather than approval of the legislature.

These limitations have been reflected in the office's inability to investigate properly the spending and accountability of Tanzania's public enterprises. During the 1970s and 1980s, public enterprises consumed enormous amounts of government revenue and typically did not meet the expectations held of them. Shortages of trained staff and insufficient financial resources have severely limited the ability of the Controller and Auditor General to assume responsibility for auditing these enterprises. Instead, they have been audited by the Tanzania Audit Corporation, composed mainly of civil servants or those serving on in *ex officio* capacity. This is clearly in sharp conflict with the most fundamental precept that the audit function must be entrusted to an organization independent of the Executive.

As part of their responsibilities, the Controller and Auditor General prepare an annual Audit Report in English and Swahili. The report is made public and examined by the Public Accounts Committee of the National Assembly. The Principal Secretaries to the Ministries of Government or their Deputies can be called before the Committee to discuss the report's findings and to answer the Committee's questions. Afterwards, the Committee can issue directives for suitable remedial action.

Although the Controller and Auditor General has been able to bring flagrant maladministration to public attention, its work has been hindered by financial constraints and its inability to attract, train or keep suitable staff. This problem has grown worse as private sector growth in Tanzania has resumed and offered more rewarding employment to professionals. As a result, the Controller and Auditor General is now faced with an even higher turnover in staff and increased difficulties in attracting new employees.

The limited achievements of the organizations tasked with addressing corruption in Tanzania reveal that all have been in need of strengthening and, in some cases, refinements to their mandates to better shield them from conflict of interest and the influence of their political and public service masters. All have needed better funding to provide them with the means to improve the quality and reach of their services and to attract staff with the training and qualifications required by the institutions' mandates. Because of these weaknesses, these organizations have been unable to fulfill their mandates, with the result that public accountability in Tanzania has been weak in many key areas and the public sector has been left vulnerable to a great variety of corrupt practices.

The Auditor General of Tanzania himself wrote in 1993:

> The Executive must take early and adequate steps to overcome weaknesses in several areas of public administration, right from the stage of planning to the final stage of completion. The design, management and operation areas should be substantially reoriented towards public accountability, and the monitoring and control system effectively strengthened. Absence of financial discipline (resulting in fraud, waste and extravagance), abuse of privilege and the insidious cancer of corruption and similar ills in public bodies have led to a crisis of accountability. These have to be tackled as a war with vision, foresight and earnestness in the interests of the welfare of the nation and of the generation to come.44

2.6 The Role of Parliament

In 1971, the Prevention of Corruption Ordinance was repealed by Parliament and replaced by the Prevention of Corruption Act that increased the penalties under the law from seven to ten years and increased the fines as well. The new
Act also gave the Attorney General the power to prohibit the transfer of property or assets that had been improperly acquired.

In 1975, Parliament acted again to strengthen the Prevention of Corruption Act through amendments that established a stronger institutional framework for its enforcement, mainly by the creation of the Anti-Corruption Squad. In 1991, Parliament sought to give the Anti-Corruption Squad a new, more powerful image by renaming it the Prevention of Corruption Bureau.

Although much of the Parliament's approach to fighting corruption has involved the enactment of laws, it has also played a role through its debates, by its questioning of government officials and through the work of its committees. In 1988, the Tanzanian Parliament enacted legislation providing it with parajudicial powers to summon and interview witnesses on a variety of matters. In the following years, parliamentary committees investigated a number of diverse issues, including some of the most broadly publicized of recent corruption scandals. For example, in November 1994 a member of Parliament asked the Finance Minister about Norway's decision to freeze development aid to Tanzania because of widespread irregularities in the payment of taxes and other duties. After initially denying any knowledge of the truth of the allegation, the Minister was forced to acknowledge a substantial loss of tax revenue over the course of 1994.

The Ministry of Finance was strongly criticized in Parliament for its failure to collect taxes owed to the Government; this failure was clearly linked to corruption and bribery on the part of those who sought to avoid Tanzania's high taxation rates. As a result, the President shuffled his cabinet and replaced his Finance Minister. Several Ministry officials were retired and criminal proceedings were launched against others.

During this period, the Constitutional and Legal Affairs Committee investigated the accusation that Mohammed Enterprises Company Ltd. had imported and sold adulterated food that was, in some cases, unfit for human consumption. The committee found that, although the food was found to be unsafe by the Government's own Chief Chemist, the owner of the company had colluded with government and public service officials, as well as with Radio Tanzania Dar es Salaam, to cover up the Chief Chemist's finding. The company continued to sell the food to consumers, even though government officials and the company's owner knew it was not safe.

The Finance and Economic Committee probed the accusation that Mr. V.G. Chavda had misused funds provided for the Debt Conversion Program and intended for the development of seven sisal estates in Tanga. The Committee discovered not only had Chavda misused funds and colluded with government and parastatal officials, but also that high-ranking officials had helped him obtain a class A residence permit though he was not a citizen of Tanzania.

Another investigation was led by a Select or Special Committee that probed the Wildlife Department in the Ministry of Tourism, Natural Resources and Environment. The Committee was able to substantiate accusations of favoritism in the creation and allocation of hunting blocks.

The permission granted by the Government to Bregadie Mohammed Abdul Rahim Al-Ali to hunt in the Loliondo area was determined to be contrary to the benefit of the nation and her people and to have been granted over the objections of villagers whose views had not even been considered.

The Committee found as well that although hunting licenses had been issued, the department had little, if any, idea of the state or number of wildlife in the area because the censuses required by law had not been conducted. The Committee noted that Presidential hunting permits were illegally issued.

The findings of these committees exposed
Petter Langseth and Rick Stapenhurst

corruption in Tanzania to national and international view at a pivotal time: before the 1995 elections and in the period when the donor community was expressing its view that the country had to deal more effectively with corruption. The reports submitted by the committees were discussed openly in the legislature in February 1995. The work of the committees demonstrated Parliament's ability to carry out thorough investigations and make sound recommendations. The Government congratulated the committees, agreed with their findings and assured Members of Parliament that it would take necessary actions to follow up on their recommendations.

Still, there is cause for concern. It is not yet clear that Parliament can fully play the role of guardian of public ethics. Many of the candidates running for office in political campaigns have been tainted by allegations of corruption, and bribery of potential voters has been reported as widespread. Given these realities, it is clear that parliamentary ethics need to be strengthened if Parliament is to play its role in the fight against corruption.

This is particularly the case because, with the advent of a multiparty system, Parliament has never been in a better position to exercise its power and represent the popular will. Multiparty politics should strengthen the people's voice in Parliament and serve as a check on the powers of the Executive. Indeed, Parliament can now impeach and remove from office a corrupt President and pass votes of no confidence in the Government. However, the use of these powers can only be exercised legitimately by a body whose own integrity and honesty are above reproach.

2.7 The Judiciary and Law Enforcement

The judiciary and the police can be powerful allies—or enemies—in the fight against corruption in any society.

Unfortunately for Tanzania, its legal profession and police force lost much of its integrity during the 1960s and 1970s.

One problem was the role of the party as the supreme authority. The legal profession was encouraged to have sympathy for the aspirations of the people, as defined by the party, and President Nyrere encouraged judges and magistrates to attend party meetings. Party offices were established within the judiciary and the 1977 Constitution formally subjugated the judiciary to the party.

The police were in a similar situation. Until 1992, the police were an institution of the party, and one could not become a police officer without first being a party member.

During this time, corruption in the legal profession grew apace with corruption in Tanzanian society at large. Decisions rendered by the courts were often incomprehensible and bore hardly the slightest resemblance to the most fundamental sense of justice. The outcomes of many cases were often entirely unpredictable.

Corruption became so widespread that even Tanzania's Chief Justice openly acknowledged its pervasiveness. The police for their part relied on bribery and extortion to supplement their declining incomes.

This began to change in the 1990s as Tanzania began its transformation to a more liberal, multiparty state. The legal profession has responded positively to this transformation in a manner that suggests a fundamental change in the way it sees its function and in the way it views the role of laws within a society. For example, the judiciary has upheld the right of the individual to sue the Government and to hold the state accountable to the rule of law. It also upheld the right of citizens to run for Parliament without membership in any single party.

At the same time, the legal profession has been restrained in its criticisms of the judiciary and its sometimes corrupt practices. Their reluctance to be too vocal in their criticisms stems, in
part, from the substantial power still wielded by members of the bench to discipline advocates, smear lawyers' professional and personal reputations with their judgments, and ensure that cases handled in court by outspoken lawyers meet with failure.

Tanzania’s police forces have also undergone a transformation in roles and operations during the 1990s. Since 1992, recruits are no longer required to be members of the ruling party. In fact, police officers are not allowed to be a member of any political party. The police force is no longer an instrument of party power, but has taken on its proper role: to uphold the laws of the country in a fair, objective manner.

Other initiatives have been undertaken to reduce the risk of corruption within police ranks. Salaries and incentives for police officers are reviewed annually to remove one of the most powerful inducements to corruption, and police training now incorporates strong anti-corruption messages.

Clearly, after years of economic decline, increased poverty and the rampant spread of corruption, there is strong momentum for change in Tanzania. There is a growing awareness that large-scale corruption cannot be dealt with through a single institution or in a piecemeal fashion. Instead, it must be addressed in an integrated fashion through a strategy involving and drawing on all sectors of Tanzanian society.

2.8 The National Integrity Workshop in Arusha

On August 11–12, 1995, a National Integrity Workshop was held in Arusha to devise a more comprehensive strategy to address corruption. It brought together leading Tanzanians from Government, business, the Judiciary, academia, and the media to discuss the crucial issue of corruption. The workshop's main objective was to develop, in general terms, an outline of a national integrity system that would be geared toward fighting corruption.

Organizers of the workshop invited participants to:

- discuss the needs of post-election Tanzania in the context of building a workable national integrity system and in light of experience of contemporary corruption in the country;
- prepare an outline document, drawing on best practices, which can serve as a focus for informed public discussion and political debate in the run-up to the elections;
- determine how Tanzanian society as a whole might participate in continuing debate on the issue of integrity and work with like-minded political players in a creative and constructive fashion; and
- establish ownership of, and commitment to, the conclusions and action plan on the part of the participants.

The workshop's themes were wide-ranging and included the administration of justice, the role of government, Parliament, civil society, the media, the private sector, the police, professionals, the National Electoral Commission, and the role of the Controller and Auditor General.

The workshop concluded with the agreement that urgent action was required on a broad front to counter the menace of corruption and noted that the coming elections provided a historic opportunity for all Tanzanians to unite in tackling corruption. Participants called on all candidates for election to sign the Arusha Integrity Pledge, committing members of civil society to doing all that they can to stop corruption.

Workshop participants acknowledged that a clean start could occur only if political parties ran "clean" candidates in the election. Moreover, voters would have to be encouraged to choose honest candidates over those with tarnished or suspect reputations.

The workshop recognized that committees
in the new parliament—particularly the Public Accounts Committee—would need greater power if they were to hold the Executive to account. All committees would have to include fair representation of opposition members.

The workshop identified a number of institutions requiring restructuring, including the Controller and Auditor General, the senior judiciary, the Attorney General, the Inspector General of Police and the Permanent Commission of Inquiry. It also called for a clear definition of the roles played by the President, the National Assembly, the Judiciary and the civil service.

Mandatory disclosures of wealth and sources of income were recognized as critical to success. The workshop recommended that these disclosures should be required for political leaders, senior civil servants, the judiciary and senior police officers.

The role of the media was deemed vital, particularly since many journalists participated in the corruption of past decades and, as it transpired, in the October elections as well. The workshop recommended that unnecessary restrictions on a free press be removed and a Freedom of Information Act be established. The media, it was agreed, needed to be more vigorous in its own regulation, to provide fair and objective coverage and to refuse to accept bribes for favorable reporting or the suppression of unfavorable news.

The workshop concluded with a detailed plan of action, including a proposal to hold a similar workshop after the election to which newly elected political leaders would be invited. The following important themes emerged from the deliberations of the workshop:

- The Government must lead the fight against corruption and become a role model through its own example. It must act in a transparent manner and be accessible to the people it serves. It must rid its ranks of corrupt elements to create transparency and accountability in all institutions. Only this can restore hope among the people.
- An informed public is a strong countermeasure against corrupt tendencies and practices. Those government institutions charged with fighting corruption must work in concert with civil society to educate Tanzanians about the costs of corruption, their rights and duties as citizens and the redress they can seek in cases of maladministration and injustice.
- The private sector has been complicit in corruption and must refrain from continuing to corrupt officials. This will help set the stage for renewed growth in the economy, benefiting the business community far more than favors bought by corruption.


The commission appointed by the President in January 1996 to examine the problem of corruption in Tanzania and make recommendations on how to combat it, submitted its report to the President on December 7, 1996. The report, compiled by a team of nine commissioners and headed by former Prime Minister Joseph Sinde Warioba, states that the colonial era laws on corruption, which was adopted in 1958, was full of loopholes. The report also reiterates some of the issues already discussed in this paper, for example, that the public institutions set to wipe out corruption, including the judiciary, were corrupt. According to the report, the trend of corruption in Tanzania partly stems from low wages and inadequate fringe benefits which fail to satisfy workers' needs. Public servants are forced to demand bribes in order to make ends meet—this could be corrected by better income and wages.

 Ministries and departments singled out in the report as being corrupt include those of edu-
cation, health, home affairs, treasury, judiciary, attorney general's chambers, trade and industry, lands, natural resources, tourism, and public works. The report blames unscrupulous businessmen who have corrupted top officials to win tenders and favors, especially tax evasion. High-ranking ministers under the previous government of President Mwinyi were named as corrupt. The report also accuses these ministers of having access to many facilities of resorting to corruption because "they want to accumulate wealth."

The media, which should, in principle, help in exposing corruption was also not spared by the report. The report affirms that the Tanzanian media has been infested with "checkbook journalists." Although the President said the report "only gives scientific ways on how to deal with and eradicate corruption," the public and media have gone further and suggested that measures should be taken against top officials cited in the report as being corrupt. To clamp out corruption, the report suggests that the President has to summon reports of all top officials tarnished by the report, and all top government officials should declare their property.

At the time of this writing (January 1997), one minister has resigned as a result of the Presidential Commission's report, and the Prevention of Corruption Bureau has begun a number of investigations. At the same time, EDI is planning to assist the Bureau in implementing a wide range of workshops, seminars, and other activities to strengthen Tanzania's "pillars of integrity."

4. Conclusion
The strongest message emerging from the workshops and from the experience of Tanzanians is that pervasive and systematic corruption can be dealt with only through a broad-based campaign involving all sectors of society. A successful campaign against corruption requires the sustained political will of a country's leaders to create an atmosphere in which corruption is not tolerated; causes and acts of corruption must be addressed fairly and swiftly. Conversely, the absence of political will and support totally weakens any campaign against corruption, undermining the incentive and morale of those who seek to eliminate it. Effective use and enforcement of the law is crucial for defining acceptable and unacceptable practices, as well as for setting out the penalties for wrongdoers. Effective use and enforcement must include safeguards to ensure that the law is applied fairly and without favor and that the agencies charged with enforcement are provided with the powers, resources and independence needed to carry out their mandate in an efficient and effective manner.

However, overreliance on the law and its enforcement cannot be the only answer for the simple reason that law only comes into force when a crime has been detected. Though it may have a deterrent effect, law enforcement does not address the root causes of corruption.

The failure of the 1983 campaign against economic saboteurs to stop the spread of corruption points to the limitations of law enforcement as a means of checking corruption. The experience in Tanzania—where strongly worded laws against corruption have been on the books for decades—clearly demonstrates that efforts that focus only on the symptoms of corruption are ultimately ineffective.

A successful campaign against corruption must include measures aimed at its roots. This includes the reform of laws, regulations and procedures which, because of their poor design, afford opportunities or temptations for corruption to dishonest public servants.

It includes as well public education because an informed and angry public can be a vital tool in any anti-corruption campaign, especially once it is aware of the costs of corruption to society and its impact on the public welfare.
Public service reform is also critical. In Tanzania, as in other countries, a sense of service to one's country and its people must be re-instilled within the public sector. This can come, in part, through providing decent wages for public sector work and reinstituting a system that rewards merit rather than patronage and cronyism.

Regular reviews of the salaries and incentives offered in the public sector—especially where opportunities for corruption are greatest, e.g., police and customs—should be carried out and remedial measures undertaken so that civil servants no longer feel the need to augment their incomes through bribery and graft. Monitoring the lifestyles and incomes of public officials, as well as enforcing the leadership code—in particular, the declaration of assets—can act as a strong deterrent to corruption.
Conclusions: Managing Change for National Integrity

The issue of corruption has come to center stage. The economic consequences of pervasive corruption and recent trends toward democratization have increased the pressure for accountability and transparency from those in public office.

This paper, and its companion ("The Role of a National Integrity System in Fighting Corruption"), do not suggest there are easy solutions that can be applied in the fight against corruption; neither do they suggest any country has yet found an ideal model, or indeed that such a model exists. What they do argue is that while each country or region is unique in its own history and culture, its political system, and its stage of economic and social development, similarities do exist and lessons learned are often transferable.

This paper indicates differing approaches and points of emphasis in the anti-corruption efforts of Uganda and Tanzania. These cases show that a few successful and substantial measures can demonstrate to the public that government leaders and representatives are seriously fighting corruption.

In both countries, strong political commitment at the level of the head of state has been evident. Both President Museveni in Uganda and President Mkapa in Tanzania have made repeated public pronouncements about the need to fight corruption and have followed these words with action. It is the view of the authors that such a commitment, at the highest political level, is a necessary but insufficient condition to fight corruption. Uganda has adopted a far-reaching civil service reform; Tanzania has at least started such a program, but more needs to be done.

Both countries have put emphasis on "watchdog" agencies—the establishment of the Inspector General of Government in Uganda and the beefing up of the Prevention of Corruption Bureau in Tanzania; both need to consider strengthening the Office of the Attorney General and both, too, have held "Integrity Seminars from MPs," although it is likely that Parliamentary oversight could further benefit from a strengthening of the Public Accounts Committee. Media development and investigative journalism is underway in both countries, in part to heighten public awareness of the costs of corruption. EDI is developing, with the Tanzanian Prevention of Corruption Bureau, a "social marketing campaign," which should further assist in public education.
A recent Corruption Survey, commissioned by the Presidential Inquiry Against Corruption in Tanzania, highlighted the problem of corruption in court administration—clearly an institution needing strengthening.

The broader societal and political context within which reforms are undertaken will condition the effectiveness of a national integrity system. A democratic political framework creates different incentives for corruption than an authoritarian regime. Opportunities for bribery will vary in market and state-run economies.

In all countries, regardless of the stage of development, it is crucial that promotion of a national integrity system and the fight against corruption be as politically-inclusive and citizen-friendly as circumstances allow. This requires:

- a committed political leadership (where possible, on an all-party, non-partisan basis), that shows its commitment by willingly submitting to a comprehensive monitoring of assets, incomes, liabilities and life-styles;
- public involvement and participation in the reform process, with proposed changes debated widely to generate a sense of ownership among the public and reinforce the values embodied in reform;
- participation by civil service unions and other employees' groups; and
- involvement of professional groups as well as community and religious leaders.

Performance targets and monitoring systems are necessary to measure progress towards reduced corruption. To be effective, results-oriented management must create incentive structures and an enabling environment to encourage achievement of civil service reform targets and quality results. These results should be disseminated to the public at large; sharing information with civil society represents a significant step in ensuring transparency and accountability in government.

International influence can play a significant role in spurring states to take stronger measures against corruption. International financial institutions and bilateral donors should be more willing to assist governments to improve governance. Donor countries also have a responsibility to ensure their own practices do not contribute to corruption in developing countries.

These twin responsibilities were highlighted by Uganda at the East and Central African Seminar on Corruption, Human Rights, and Democracy, held in Entebbe in December 1994:

A major element in corruption at higher levels is massive corruption in international transactions. This distorts decision-making, creates white elephant projects and drives up the costs of necessary projects, so adding further to the impoverishment of our people. It contributes in a major way to the African external debt crisis.

In this context, the Government expressed strong disapproval at the fact that the bribes paid by most foreign businesses from the North are tax deductible in their home countries and that most developed countries refuse to recognize the bribery of foreign officials as being a criminal offense.

It therefore called on all African leaders to make the voice of Africa heard loudly in all international fora. In this respect, the Conference gave full support to the current recommendation by OECD member states to make transnational bribery illegal, and it proposed that African governments should actively associate themselves with the initiative.

It also called on African leaders to follow the excellent example set by the leaders of the Americas at the initiative of Ecuador at their hemispheric summit in Miami last week, by being prepared honestly and
openly to face up to the problem of corruption, and without trying to hide it under the carpet or pretending it is under control. Only in an environment of honesty and frankness can effective international instruments be developed and enforced.\(^5\)

In the end, a successful campaign against corruption must be addressed at both the national and international level. It must be dealt with in its broad social, economic, and political context with a variety of instruments and approaches. As the cases of Uganda and Tanzania demonstrate, corruption cannot be rooted out through any single course of action.

A sound anti-corruption strategy must involve prevention, enforcement, restructuring incentives in public and private institutions, institutional strengthening and strong commitment from political leaders. Perhaps, in the end, the most important challenge is to change public perceptions and values so that corruption comes to be seen as aberrant and immoral, rather than as a critical means of surviving and prospering in an environment where resources and opportunities are often all too scarce. \(^*\)
Endnotes

1. This chapter summarizes some of the concepts in the EDI Working Paper "The Role of a National Integrity System in Fighting Corruption" (World Bank 1997).
4. See Rose-Ackerman (1996a) and Gould and Amaro-Reyes (1983).
5. See Rose-Ackerman (1996a).
6. Corruption in the private sector is outside the scope of this paper.
10. Michael Johnston notes that "a full discussion of the implications of corruption in any given system must be constructed in the context of system-specific factors. The existence of ethnic factions among elites, the extent to which kinship norms mean that citizens and/or officials take a different view of patronage practices than does the law, or the exclusion of certain economic interests from decision-making processes, for example, can all be critical parts of the corruption story in specific settings." Ibid., p. 463.
11. See Quah (1982).
12. See Noonan (1984). Judge Noonan's classic study of bribes records that reciprocities classified as bribes were censured, among others, in the ancient kingdoms of Egypt, Mesopotamia, and Palestine and, even more harshly, in Cicero's Rome.
14. See, for example, Rose-Ackerman (1996a).
17. See Wade (1982) and Manzetti and Drake (forthcoming).
21. The conventional view—which virtually relates poverty to dishonesty—is attacked vehemently by a number of critics, who see this alleged linkage as being little short of a blanket defamation of the poor. "Can a person not be poor yet honest?" they ask. They point to the fact that many officials remain honest. General Obasanjo observes that:
"Sharp practices have characterized the banking industry in Nigeria in recent years. Most bank officials were more than well paid, yet their fraudulent and corrupt practices have been outrageous. Contrast these with other officials, much less well paid, who have maintained their integrity and incorruptibility throughout." See Financial Times (1994).

22. Computerization has generally and substantially decreased the numbers on the public service payroll—for example, in Uganda.


24. The various ways in which this is done, including public procurement rules laid down by international lending institutions, are described in the Good Business Guide to Bribery Against Corruption (1996) by George Moody-Stuart (1994).

25. This list reflects the consensus view of participants at EDI/TI seminars and workshops designed to promote national integrity. An alternative taxonomy, covering essentially the same issues, is presented in Rose-Ackerman (1996b).


38. Ibid., p. 11.

39. Ibid., p. 11.

40. Ibid., p. 19.

41. See Kpundeh and Heilman (1996).

42. See Muganda (1995).


46. See Aboud (1993).

47. See "Corruption, Human Rights, and Democracy."


49. See Government of Tanzania and EDI (1997)

50. See Warioba (1996).


References


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