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This action is funded by the European Union

## ANNEX

of the Commission Decision on the individual measure in favour of Uganda to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for Strengthening Uganda's Anti-Corruption Response 'SUGAR'

<b>1. Title/basic act/ CRIS number</b>	Strengthening Uganda's Anti-Corruption Response 'SUGAR', CRIS number: UG/FED/039-173 financed under the 11 <sup>th</sup> European Development Fund	
<b>2. Zone benefiting from the action/location</b>	Uganda The action shall be carried out at the following location: The action shall be carried out in multiple locations. The project team will be based in Kampala.	
<b>3. Programming document</b>	National Indicative Programme 2014-2020	
<b>4. Sector of concentration/ thematic area</b>	Good Governance	DEV. Aid: YES <sup>1</sup>
<b>5. Amounts concerned</b>	Total estimated cost: EUR 28 000 000 Total amount of EDF contribution EUR 8 000 000 This action is co-financed in joint co-financing by: The United Kingdom of Great Britain and Northern Ireland (Department for International Development) for an amount of GBP 15 000 000	
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Indirect management with the UK Department for International Development (DfID)	
<b>7 a) DAC code(s)</b>	15113 – Anti-corruption organisations and institutions	
<b>b) Main Delivery</b>	12001 – DfID	

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

Channel				
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Not applicable			

## SUMMARY

In line with the Agenda for Change, the 11<sup>th</sup> European Development Fund (EDF) National Indicative Programme (NIP) for Uganda prioritises the strengthening of the governance sector. The proposed action is to contribute to poverty reduction and inclusive growth in Uganda by supporting Uganda's anti-corruption and accountability institutions, by increasing their ability to deter, detect and punish maladministration and abuse of office. The project will provide direct support to critical functions in the accountability chain and improve the cooperation between different institutions.

The priorities include: (a) taking action on audit findings; (b) enforcing administrative sanctions, strengthening criminal investigation, prosecution and sanctions; (c) increasing asset recovery; and (d) improving coordination amongst all institutions working to tackle corruption. Through indirect management with DfID, embedded technical assistance will be provided to key accountability institutions. SUGAR will also deliver facilitation, training and equipment. Finally, this action will also contain a strategic fund to support the investigation and prosecution of high-profile corruption cases.

## 1 CONTEXT

### 1.1 Sector/Country context

Uganda is a unitary state, comprising of the national government and four levels of sub-national government, with the President as head of government. Overall, Uganda has a sound institutional and regulatory framework in place in terms of democracy, human rights, rule of law, access to justice, accountability, civil society participation and media. However, a large

implementation gap remains, and the political economy is characterised by a political patronage system dominated by President Museveni and the National Resistance Movement (NRM) regime, incumbent since 1986. Multi-party elections have been held since 2006, with the most recent Presidential, Parliamentary and local government elections held in February 2016. Uganda has witnessed significant economic growth and poverty reduction over the last two decades, although the post 2011 election period experienced a period of unstable inflation. Uganda's recent economic performance has been favourable with gradual gross domestic product (GDP) growth recovery, but still below the medium target and with some downside risks.

Whilst the legislative and institutional framework against corruption has been reinforced over the years, a large implementation gap remains, undermining human rights and accountability. In line with the UN Convention Against Corruption (UNCAC), an inverse correlation between the prevalence of corruption and human rights standards in practice is detectable. Weaknesses in public service delivery, oversight and in the judicial system all impinge disproportionately on the most vulnerable sections of society, in particular the poor, women and children, infringing the right to development. They also reduce the effectiveness of resource allocation, are a disincentive to investment and ultimately reduce socio-economic development prospects.

The dynamics of regime maintenance and its inherently rising cost imply an increasing centralisation and the declining relative importance of democratic institutions. They also tend to inhibit public criticism and the emergence of credible alternatives. Economic and social indicators meanwhile suggest increasing discontent amongst a more politically aware electorate, as inequality grows and social provision fails to improve. Economic growth, which stood at 6.3% in 2014, is to be offset against population growth, which currently exceeds 3% per annum and shows no sign of abating. The prospects of up to 50% of government budget being financed from the petroleum revenue between 2020 and 2040 have been dampened by the global slump in oil prices in the last quarter of 2014.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

In order to achieve its good governance objectives, the Government of Uganda established the Accountability sector in 2007<sup>2</sup>. The priorities of the Accountability sector are anchored in the National Development Plan II. The delivery framework for the Accountability sector is structured around three mutually reinforcing priorities and objectives (i) prevention and deterrence (ii) detection, (iii) sanctions. The actors include constitutional bodies and public institutions, with broad and sometimes overlapping mandates, as well as civil society. The institutional architecture of the sector comprises institutions with a remit over resource mobilization, budget allocation, execution and monitoring, oversight and integrity on Public Finance Management (PFM) issues. Ministries and Delivery Agencies (MDAs) are governed by specific statutory, legal and policy mandates which, in turn, are influenced by international protocols. Non-state actors on the demand side include citizens/human rights, democratic governance, justice, accountability and equity platforms.

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<sup>2</sup> The relatively robust accountability provisions in the Constitution are complemented by other legislation, including the Inspectorate General of Government Statute (1988); Leadership Code of Conduct Act (2002); Police Act 2006; Local Governments Financial and Accounting Regulations 2007; Public Service Act, 2008; National Audit Act, 2008; the Anti-Corruption Act (2009); Whistle-blower's Protection Act, 2010; Regulation of Interception of Communications Act, 2010; Anti-Money Laundering Act, 2014, the Public Finance Management Act, 2014; the False Claims Bill; Public Finance and Accountability Regulations; Public Service Regulations; and Public Service Standing Orders

Uganda's National Development Plan II (NDP II) (2015-20) provides the operational framework for delivering the government's policies and programme priorities for good governance. It is the main instrument for fiscal accountability, and the allocation of resources across the public sector. The Plan defines accountability as a key component of good governance and as one of the enabling sectors of the economy. The focus on good governance and accountability as an enabling sector for public service delivery and combating corruption is consistent with the long term development strategy in Uganda's Vision 2040. It is also consistent with development cooperation objectives in the NIP, and the strategic objectives of EU development policies: the Agenda for Change, Section 2 'Human Rights, Democracy and other Key Elements of Good Governance'.

At a strategic policy level, the operations of oversight institutions are governed by the Accountability Sector Strategic Investment Plan (ASSIP) 2013-2017. ASSIP operationalises objective (g) of the NDP strategic objectives in the area of good governance under four key focus areas (i) enhance compliance to rules and regulations; (ii) resource mobilisation allocation and utilisation; (iii) increased public demand for accountability, and prevention, (iv) detection and combating of corruption. ASSIP underwent a review in August 2014, when its main provisions were endorsed. The National Anti-Corruption Strategy (NACS) 2014-19 was launched in December 2014. It seeks to strengthen coordination among accountability institutions through the Directorate of Ethics and Integrity in the President's Office, to empower citizens in anti-corruption and to improve compliance with international and national accountability standards among public and private institutions.

### ***1.1.2 Stakeholder analysis***

The institutions with responsibilities across the accountability chain include – Parliament, the Ministry of Finance, Planning and Economic Development (MoFPED); Inspectorate of Government (IG); Office of the Auditor General (OAG); Directorate of Ethics and Integrity (DEI); Ministry of Public Service (MoPS - Inspection); Ministry of Local Government (MoLG - Inspectorate); the Public Procurement and Disposal of Public Assets Authority (PPDA); Uganda Bureau of Statistics (UBOS); Uganda Revenue Authority (URA) and Kampala Capital City Authority.

These stakeholders vary greatly in the strength of their mandate, their institutional capacity and leadership. All of them are duty bearers with a responsibility to uphold civic and human rights and to prevent their violation. The OAG is widely considered the most effective accountability institutions and has received much donor support until now. The capacity of URA has also consistently been built up over recent years. The IG has been fully constituted only in 2013 and suffers from a mismatch between a very broad mandate and limited resources. The coordinating mandate of DEI is not enshrined in the Constitution, while the independence of OAG and IG is. The oversight function of Parliament and its committees, notably the Public Accounts Committee, is hampered by a very weak opposition and interference from the Executive.

Non-State Actors include single interest and advocacy groups, media organisations and private sector umbrella organisations which together play an important role in the demand side of accountability i.e. holding the state to account over public finance management, resource allocation and service delivery. Mainly as a result of increased corruption and public sector mismanagement (both at central and local government levels), Justice Law and Order institutions (JLOS) play an important role in deterrence, and in the investigation of corruption

and financial mismanagement. Those include the Directorate for Public Prosecutions (DPP), the Police and its Criminal Intelligence & Investigations Directorate (CIID). The Uganda Public Service Commission (UPS) can impose disciplinary sanctions for mismanagement and corruption but rarely does so.

At the operational level, the accountability sector is supervised by three high level Committees: (i) Leadership Committee – which provides political leadership and policy guidance; (ii) Steering committee – responsible for formulating sector policies and priorities; (iii) Technical committee – responsible for their implementation. Their work is assisted by the Accountability Sector Secretariat as a one-stop coordinating centre and a Stakeholder Forum for engagement with Non-state actors<sup>3</sup>.

The broadcast and print media, as well as their associations have been vocal on corruption, although the Red Pepper and Monitor had been closed down for several days in 2013. In 2014, Uganda ranked 110<sup>th</sup> out of 180 countries in the 2014 Reporter Without Borders' Press Freedom Index, down from 104<sup>th</sup> out of 179 in 2013. The private sector in Uganda is by and large informal, with women being the majority actors in informal trade, despite the existence of many business associations, medium and large enterprises. Formal enterprises constitute around 25% of the sector (with a very small percentage being women-led or initiated) and as a result, bear the bulk of the high cost of doing business in Uganda. This cost is characterised by supply-side constraints mainly in infrastructure, energy, human resource development and the general business environment.

### ***1.1.3 Priority areas for support/problem analysis***

Despite having relatively strong legal and institutional frameworks for oversight and accountability, the effectiveness of programmes for prevention/deterrence, detection and sanctions across the public sector are constrained by structural and systemic weaknesses, limited capacities and poor coordination across accountability institutions. Those have been reflected in the consistently high scores for corruption in governance indices. Corruption impinges disproportionately on the poor and vulnerable, directly undermining development assistance and the objectives of the Cotonou Agreement. The proposed intervention would target the following identified weaknesses:

**Institutional weaknesses:** (i) limited technical capacity and skills; (ii) excessive powers of the executive and ambiguities in their mandates, compounding the a risk of political interference; (iii) overlapping mandates, e.g. in investigation between the IG, the DPP and the Police; (iv) weaknesses in Parliament, especially with the expeditious scrutiny of Office of the Auditor General report; (v) delays in implementing legislation, e.g. the full establishment of the IG.

**Coordination:** (i) weak research capacity in Parliament, especially in the petroleum sector; (ii) poor coordination and planning mechanisms between accountability institutions, resulting in delayed case management; (iii) weak leadership and governance in Ministries, Departments and Agencies (MDAs), fragmented and dated policies and a lack of adequate skills, technology

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<sup>3</sup> Among the latter, the Anti-Corruption Coalition of Uganda (ACCU) has been a prominent umbrella organisation for advocacy, direct action, service delivery, capacity building and research. ACCU includes organisations such as Transparency International Uganda, the African Parliamentarians Network against Corruption, Civil Society Today, Uganda Debt Network, the Uganda National NGO Forum, and other regional level grassroots initiatives. In response to a series of corruption scandals, public awareness campaigns have gathered momentum since 2012, when an informal coalition started the Black Monday Movement.

and information management systems; (iv) despite the lack of successful investigations and prosecutions, less emphasis and resources on prevention and deterrence; (v) complex process of interdicting public servants, with wide discretion of accounting officers and limited remit of the IG. The proposed action will support the Government of Uganda in addressing its strategic objectives in its National Development Plan II, by building the capacity of accountability institutions and targeting critical bottlenecks in the accountability chain.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
No political will or incentives to tackle high level corruption	H/M	Shift towards mid-level corruption, administrative sanctions and asset declaration. Joint high-level policy dialogue and advocacy on high-profile cases, driven by AWG. Support to greater public and media scrutiny through Democratic Governance Facility (DGF) and other civil society programmes.
Weak or uncooperative leadership in the partner institutions	M/H	Thorough capacity assessment. Embedded technical assistance (TA) will target shortfalls. Peer support and participation among institution leaders will be encouraged.
Political interference with accountability institutions restricts their mandated functions	H/H	Inter-institutional co-operation will build mutual support and political cover. Focus on politically less risky and inconspicuous strategies will avoid negative responses. Continuous political monitoring will identify issues before they become critical.
Insufficient absorption of programme support	L/M	The programme management unit (PMU) will assess the absorption and management capacity in each partner institution and adjust the programme. Embedded technical assistance will help manage absorption.
Poor coordination through disagreement over institutional mandates	L/H	The programme will identify champions of coordination and build on their influence and initiatives. SUGAR will maintain flexibility towards co-ordination initiatives.
Staff transfer and loss of trained staff undermine progress	M/M	The training programmes will have built in assumptions of staff attrition and adjust to changing circumstances. Incentive schemes will be negotiated with the Government of Uganda, as will be assurances on staff deployment.
Other donors fail to fund the account-ability institutions or continue to “cherry-pick”	M/L	Other donors remain committed to supporting accountability institutions. Other EU member states are planning programmes in this area and are signed up to the joint approach and chain-linked work-plan. SUGAR will remain flexible and coordinate with other donor interventions.
<b>Assumptions</b>		
1. Stronger, better coordinated and committed anticorruption institutions will take strong action		

to deter, detect and sanction the corrupt and thereby increase risk to those engaged in corruption.

2. Government of Uganda will continue to provide necessary funding and staffing to programme partners.
3. Anticorruption institutions themselves are not subject to corruption or other influence that prevents them from taking action.
4. Communities, individuals, civil society, the private sector and all Ugandans are increasingly willing and able to identify and report corruption to the authorities and not tolerate corrupt behaviour.

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

The needs assessment for the proposed intervention has been informed by the EU experience with the Joint Budget Support Framework (JBSF) since 2008. Following the temporary suspension of general budget support in December 2012, donors have prioritised accountability and anticorruption reforms. Most EU Development Partners (DPs) have also contributed to a donor Basket Fund under the Democratic Governance Facility (DGF). DPs employ a range of controls and measures to deter corruption and mismanagement of ODA, including rigorous risk assessments, audits and Monitoring & Evaluation frameworks.

Drawing together earlier programme evaluations, SUGAR takes a chain-linked approach to anticorruption, based on the premise that no single agency can combat corruption alone and that the anticorruption chain in Uganda is only as strong as its weakest link.

The programme will:

- i) Avoid 'cherry-picking'. In the past, the concentration of donor support on high-performing institutions tended to increase bottlenecks in the system. SUGAR will reinforce co-operation and capacity across the entire anticorruption chain, from audit and oversight to sanctions.
- ii) Insist on a joint approach, instead of fragmentation and competition. The Accountability Working Group (AWG) has secured a consensus among development partners and Government institutions to take a joint approach towards anticorruption. The approach results in joint action among those institutions and helps to build mutual confidence.
- iii) Focus on deterrence rather than criminal convictions. Less than 5% of all corruption complaints result in court cases. Those 5% of all corruption complaints that result in indictments rarely end with a criminal conviction after protracted court proceedings. SUGAR will shift the emphasis towards administrative sanctions and asset declarations which can be enforced across the public sector at low cost and provide an effective deterrent against the abuse of delegated powers.
- iv) Improved local accountability. SUGAR will work closely with accountability institutions and citizens to hold local government to account for their service delivery. The programme will also reinforce the capacity of local government officials to work more effectively and of elected local councillors to enforce integrity.
- v) Political economy analysis. The programme design has been informed by a political economy analysis of corruption. The intervention logic is based on realistic assumptions.

### **3.2 Complementarity, synergy and donor coordination**

The good governance focal sector targets accountability, employing a portfolio approach to address all aspects of the 'accountability chain'. As the NIP outlines, this chain comprises (i) State Management (ii) Oversight (iii) Sanction, and thus necessitates support to both state and non-state actors. It is underpinned by a Rights-Based Approach that focuses on outcomes for rights holders, in particular those that are most impacted by lack of accountability (disadvantaged, women, children, etc.).

Under the Annual Action Programme (AAP) 2017, a Sector Reform Contract (SRC) is envisaged as an overall umbrella to the governance portfolio, possibly addressing higher-level structural/horizontal issues, and aiming to measure Uganda's success in closing the 'implementation gap' between institutional framework and functional efficacy. A technical assistance component of the SRC will be envisaged to provide targeted support to institutions not covered by other projects (primarily in the Justice, Law & Order Sector). The SRC would strengthen our credibility as partners, increase our legitimacy and leverage, and provide both framework and benchmarks for assessing government performance. An SRC would also improve the predictability of financing and use of country systems, by introducing clear and measurable indicators. It should provide strong donor co-ordination under government leadership and maximise the synergies with SUGAR and other donor-funded projects. While the political, financial and operational risks would be higher than with a project approach, the SRC would also promote the visibility of the EU as a lead donor.

On the supply side, the Financial Management and Accountability Programme (FINMAP) and SUGAR programmes will provide support to Public Finance Management and Anti-Corruption actions respectively. Support to DGF will focus primarily (though not exclusively) on the demand side of accountability, through support to the non-state sector, accompanied by the NIP's civil society budget allocation. A governance component of the Northern Uganda Integrated Programme for Development (NORD) will provide support to both supply and demand side actors at a local level. The EU Delegation will carry a critical responsibility for ensuring, through its membership in all steering committees, that the programmes concerned will result in complementarities and synergies, rather than overlaps.

Both SUGAR and FINMAP will provide technical assistance to government entities, in broad terms relating to the management of public funds – however they come from different ends of our accountability chain, FINMAP focussing on state Management, SUGAR on detection and Sanction (in the event of mismanagement/corruption). Their proximity is intentional, to ensure the chain remains interlinked, and initiatives are already underway to ensure that both programmes are fully coordinated and complementary. Identification has also started for a SRC in the Justice, Law and Order Sector (JLOS). It is foreseen to maximise the synergies between SUGAR and the JRC, e.g. in harmonising indicators and building forensic capacities of key institutions, such as the Anti-Corruption Division of the Supreme Court, the Directorate of Public Prosecutions (DPP) and the Criminal Investigations and Intelligence Directorate (CIID) of the Uganda Police Force.

EU joint programming exercises have identified 'Governance/Accountability' as a first priority area, and the majority of EU Member States are highly active. Development Partners coordinate in a number of fora, including the Accountability Working Group, Democracy and Human Rights Working Group, and a number of PFM related groups. A joint donor approach on Accountability was agreed in 2013.

### **3.3 Cross-cutting and other issues**

Women and women-headed households in particular suffer disproportionately from the effects of corruption, as they tend to have lower incomes and are directly confronted with poor service delivery in the health, education and local governance sectors, where petty corruption is widespread. Women are also under-represented in Parliament and other oversight institutions and, where they have presence, the need for strengthening their knowledge-base, leadership skills and capabilities is essential for effective participation. Women leadership in the oversight bodies needs to be supported to navigate the multi-party decision making structures and work consciously across the party divide on issues that are of common interest to them, for example, in education, health and employment.

The proposed intervention will seek to improve gender equality by improving the effectiveness of accountability institutions, their responsiveness to the needs of vulnerable groups and by empowering women both as their agents and clients. The monitoring and evaluation framework will be gender-sensitive and indicators will be gender-disaggregated from the baseline survey onwards. They will also be included in the reporting on the goal 17 of the Gender Action Plan 2015-2020: "Equal rights and ability for women to participate in policy and governance processes at all levels." The intervention will use a rights-based approach in promoting gender equality. The action will mainly target the supply side of accountability and anticorruption by ensuring that duty bearers are held accountable for ensuring the right of citizens to live in a corruption-free society.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of sustainable development goal (SDG) targets, i.e. target 16.5 (substantially reduce corruption and bribery in all their forms) and target 16.6 (develop effective, accountable and transparent institutions at all levels). In addition to SDG 16 (institutions), the proposed action also promotes progress towards Goals 10 (Reduce inequality within and among countries) and 1 (end poverty in all its forms everywhere) This does not imply a commitment from the country benefiting from this programme.

The overall objective of SUGAR is to increase the risks for those engaging in corrupt activities.

The specific objective is a strengthened anticorruption chain and improved accountability in selected institutions under transformation. DfID has established a programme management unit (PMU) and team of embedded technical advisers (ETAs) to deliver the first five outputs of the SUGAR Business Case and to provide coordination support to all donors providing support to the anticorruption chain.

The outputs/results of SUGAR correspond to five critical government anticorruption priorities, namely (i) the use of audit findings and parliamentary oversight; (ii) the use of administrative sanctions against the misuse of office; (iii) the tracing and recovery of assets belonging to the corrupt; (iv) the investigation, prosecution and adjudication of corrupt individuals and companies; and (v) inter-institutional co-operation across the anticorruption chain.

The programme management unit (PMU) and embedded technical advisers (ETAs) will support the eight key institutions in these priority areas. These partner institutions are (i) The Office of the Auditor General (OAG); (ii) The Public Accounts Committee (PAC); (iii) The Inspectorate of Government (IG); (iii) The Public Service Commission (PSC); (iv) The

Financial Intelligence Authority (FIA); (v) The Central Investigation and Intelligence Department of the Police (CIID); (vi) The Department of Public Prosecutions (DPP) and (vii) The Anti-Corruption Division of the High Court (ACD).

Following the baseline study, the results have been revised during the inception period and now include: (i) improved mechanisms and processes for overcoming the problems to detection, reporting and oversight of corruption, including the identification of assets; (ii) improved mechanisms and processes for overcoming the problems to investigation and prosecution of corruption, as well as asset tracing; (iii) improved mechanisms and processes for tackling the problems to admin, civil and criminal sanctions, including recovery of assets; (iv) improved leadership coordination and monitoring of interventions to tackle the problems undermining the anticorruption chain.

## **4.2 Main activities**

A rolling 5 year work-plan has been created by donors and partner agencies and is structured against the same priority areas as SUGAR. The PMU will align to the priorities in this work-plan. The PMU will also provide technical support to the members of the Accountability Working Group (AWG) and their delivery partners to help coordinate assistance across the chain; promote alignment to the AWG work-plan; and monitor results against the work-plan. The latter remains tentative and the PMU will need to support revisions and additions to include agreed SUGAR inputs and innovations in the priority areas.

In the inception phase from May 2015 to April 2016, the PMU carried out diagnostic studies to inform the annual work plans, which will spell out the activities in details. During that phase, the PMU built relationships with the different programme stakeholders, developed programme management and monitoring tools. It also undertook a political economy analysis pertaining to anticorruption institutions, defined its approach to supporting institutional and sectoral transformation, completed the SUGAR intervention logic and commenced with technical assistance in some instances. For the four programme outputs, the following nine work streams have been identified and assigned to dedicated technical advisers: (i) audit follow-up and financial integrity; (ii) investigation and prosecution, (iii) criminal, administrative and civil sanctions; (iv) leadership group and Data Tracking Mechanism (DTM).

## **4.3 Intervention logic**

The approach of SUGAR to corruption in Uganda consists of two types of intervention, i.e. strengthening the links in the "anticorruption chain", from detection to sanction. This approach rests on the premise that underperformance in the anticorruption chain can be attributed to technical capacity gaps or information asymmetries, so that the principals of these institutions can meet their management and leadership responsibilities.

# **5 IMPLEMENTATION**

## **5.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

## **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements

implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9 (4) of Regulation (EU) 2015/322.

### **5.3 Implementation of the budget support component**

N/A

### **5.4 Implementation modalities**

#### **5.4.1. Indirect management with a Member State agency**

This action may be implemented in indirect management with the UK Department for International Development (DfID) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails providing EU funds to SUGAR, to oversee implementation and to procure audit services. This implementation is justified because of the successful inception of SUGAR with DfID funds, the fragmented nature of the accountability sector and the risk of political interference with the project. An alternative would have been a Financing Agreement with the Ministry of Finance, Planning and Economic Development, which would also act as a supervising authority. This option would have introduced an element of Government of Uganda operational control over the EU contribution to SUGAR, which does not exist with regard to DfID funds.

The entrusted entity would carry out the following budget-implementation tasks: managing and enforcing the contracts concluded and also running the procurement procedures preceding the conclusion of such contracts, including the award and rejection decision.

If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in indirect management with the Gesellschaft fuer Internationale Zusammenarbeit mbH (GIZ). The implementation by this alternative entrusted entity would be justified because it has an established track record in providing long-term technical assistance to the Office of the Auditor-General, the Public Procurement Disposal of Public Assets Authority (PPDA) and the Inspectorate of Government. The alternative entrusted entity would undertake the same type of project activities and budget implementation tasks as described above.

### **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

All budget headings constitute procurement through indirect management.	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (in GBP)</b>
5.4.1. Indirect Management with Member State agency		
Result 1: improved mechanisms and processes for overcoming the problems to detection, reporting and oversight of corruption, including the identification of assets; composed of	1 400 000	2 263 600
Result 2: improved mechanisms and processes for overcoming the problems to investigation and prosecution of corruption, as well as asset tracing; composed of	1 400 000	2 263 600
Result 3: improved mechanisms and processes for tackling the problems to admin, civil and criminal sanctions, including recovery of assets; composed of	2 000 000	3 123 600
Result 4: improved leadership coordination and monitoring of interventions to tackle the problems undermining the anticorruption chain; composed of	2 000 000	3 123 600
Project Management and Advisory	1 200 000	4 225 600
Totals	8 000 000	15 000 000

## 5.7 Organisational set-up and responsibilities

The SUGAR programme will be overseen at high level by a Leadership Group, consisting of the Heads of DfID, contributing donor agencies and crucially, all partner institutions. The group is foreseen to be chaired by the Inspector-General of Government (IGG). The Leadership Group will convene quarterly during the first year, after which the periodicity will be reviewed. It will decide on the strategic direction of SUGAR. On a monthly to quarterly basis, a Steering Group consisting of the contributing donor agencies at technical level will provide direct programme oversight, approve work plans and progress reports, commission annual reviews and agree action plans on the basis of these reviews. DfID reserves the final decision in cases where no consensus can be reached. The Programme Management Unit (PMU) will provide secretarial and advisory services to the Leadership and Steering Groups. As lead donor and implementing partner, DfID will channel all reporting and communication from the PMU to other contributing donor agencies.

## 5.8 Performance monitoring and reporting

As part of its monitoring strategy, DfID foresees annual, other periodic and ad hoc reviews, in order to analyse the results of specific outputs, methods of support and the ability of programme interventions to influence organisational change and incentive structures. These studies will inform the evaluation framework. In the second half of 2015, DfID and the newly established SUGAR PMU carried out a an "evaluability" study in order to determine the key

evaluation questions and feasibility of evaluating, as well as making recommendations for the Data Tracking Mechanism, i.e. the principal anticorruption monitoring tool of the Inspectorate of Government. All logframe data were collected by the SUGAR PMU from a range of sources and discussed with the Government of Uganda accountability institutions and development partners. During the latter part of the inception phase until May 2016, the PMU fine-tuned the indicators, milestones, targets and means of verification in the SUGAR logframe.

The day-to-day technical and financial monitoring of the implementation of SUGAR will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. In line with the seven-pillar assessment, the DfID and EU reporting formats are considered equivalent.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components through a joint mission. The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to an adjustment of strategic priorities, management arrangements and the advisability and usefulness of launching an extension of the action. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that SUGAR uses a chain-linked, innovative approach to the accountability sector.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The financing of the evaluation shall be covered by another measure constituting a financing decision.

In order to allow for differences in terminology, the mid-term and end-of-term reviews foreseen in the DfID programme document may be considered equivalent to evaluations. In case of substantial divergence, the above evaluations may be carried out additionally.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. All procurement in relation to the communication and visibility plan and its implementation shall be undertaken by the implementing partner.

The EU and DfID agree not to introduce any visibility measures which would be detrimental to the effectiveness of the action.

**INDICATIVE LOGFRAME MATRIX FOR 'STRENGTHENING UGANDA'S ANTI-CORRUPTION RESPONSE (SUGAR)'**

	<b>Results chain</b>	<b>Indicators</b>	<b>Baselines (2016)</b>	<b>Targets (2020 unless differently specified)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	Increase in the risks for those engaging in corrupt activities;	1. Data Tracking Mechanism of the Inspectorate of Government (IG) 2. Control of Corruption (Worldwide Governance Indicators); 3. Corruption Perceptions Index (CPI), East African Bribery Index (EABI).	(Baselines to be provided by the implementing partner at the latest in inception stage)	(To be determined at inception following baseline establishment)	Annual and Special Reports of the IG Various Government of Uganda Annual Sector Performance Reports Worldwide Governance Indicators, Country Policy and Institutional Assessment (World Bank); Transparency International Annual Reports	

<p><b>Specific objective(s): Outcome(s)</b></p>	<p>Strengthened anti-corruption chain and improved accountability in selected institutions under transformation;</p>	<p>1. Reports of the Parliamentary Accountability Committees that are adopted by Parliament and sent to the executive as a % of reports submitted to the Plenary; 2. % of Treasury Memoranda submitted on time by the executive; % of clean audit opinions in MALGs*; 3. % of cases handled (by PSC) resulting in disciplinary sanctions; 4. % of cases handled (by Judicial Service Commission (JSC) resulting in disciplinary sanctions; 5. % of cases handled (by ESC) resulting in disciplinary sanctions; 6. % of cases handled (by HSC) resulting in disciplinary sanctions; 7. Funds recovered as a percentage of the total value awarded (by the courts) and collectible; 8. Convictions as a % of cases filed.</p>	<p>(Baselines to be provided by the implementing partner at the latest in inception stage)</p>	<p>(To be determined at inception following baseline establishment)</p>	<p>Annual Reports of the Auditor General; Parliamentary records  National Service Commissions  Anti-Corruption Court Division; Attorney General's Office; Appeals tribunal</p>	<p>That there is a correlation and causality between the capacity and commitment of anti-corruption institutions and their effectiveness in detecting and sanctioning the corrupt..</p>
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Outputs	Improved mechanisms and processes for overcoming the problems to detection, reporting and oversight of corruption, including the identification of assets;	<ol style="list-style-type: none"> <li>1. % of STRs analysed by Financial Intelligence Authority (FIA) % of analysed Suspicious Transactions (STRs) sent by FIA to IG;</li> <li>2. % of analysed STRs sent by FIA to Police;</li> <li>3. National Risk assessment (NRA) process initiated (working groups to assess AML risks established and inception workshop conducted) by June 2016;</li> <li>4. Revised procedures for exchanging information between FIA, IG and Police in place by June 2016;</li> <li>5. % of investigations by the IG initiated on the basis of audit findings by the OAG;</li> <li>6. % of investigations by the CIID initiated on the basis of audit findings by the OAG;</li> <li>7. % of investigations by the IG initiated on the basis of audit findings by the PPDA;</li> <li>8. % of investigations by the CIID initiated on the basis of audit findings by the PPDA;</li> <li>9. Finalized partnership framework between audit institutions and investigative agencies by June 2016;</li> <li>10. % of the reports of the accountability committees that are completed on time;</li> <li>11. Revised OAG briefing paper to parliament completed by June 2016;</li> <li>12. Standard Operating Procedures (SOPs) for the three(3) accountability committees of parliament developed by June 2016;</li> <li>13. Revised parliamentary rules of procedure drafted by June 2016.</li> </ol>	(Baselines to be provided by the implementing partner at the latest in inception stage)	(To be determined at inception following baseline establishment)	<p>Financial Intelligence Authority (FIA), Inspectorate of Government (IG), Police</p> <p>Office of the Auditor General (OAG), Public Procurement and Disposal of Assets (PPDA), Inspectorate of Government (IG), Police</p> <p>Public Accounts Committees (PACs)</p>	<p>That OAG will continue to provide high quality audits that allow for identification of those engaged in corruption or financial mismanagement</p> <p>That increasing the availability of usable audit information will provide better information for anti-corruption institutions and agencies to take action upon</p> <p>That increased cooperation between the OAG and its “consumers” will strengthen coordination and capacity amongst programme partners</p> <p>That FINMAP and other programmes will provide core support to OAG and fund the up-skilling of OAG auditors</p>
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	<p>Improved mechanisms and processes for overcoming the problems to investigation and prosecution of corruption, as well as asset tracing;</p>	<ol style="list-style-type: none"> <li>1. % of investigations (initiated by IG) on the basis of various sources (STRs, whistle blowers, audit reports, asset declaration)</li> <li>2. Briefing paper to strengthen the intelligence and investigation function at the IG developed by June 2016;</li> <li>3. Draft (SOPs) on intelligence gathering and investigation in IG's office completed by June 2016;</li> <li>4. % investigations receiving timely input from IG prosecutors</li> <li>5. % of Police investigations receiving timely input from DPP</li> <li>6. Attrition rate of investigation cases</li> <li>7. Work plan for the establishment of a specialized (IG-based) investigator-prosecutor team in place by June 2016</li> <li>8. % of asset declarations analysed by IG;</li> <li>9. USD value of suspected illegal assets identified by IG;</li> <li>10. A comprehensive strategy for the asset declaration function in place by June 2016</li> <li>11. Task force for the development of SOPs for financial profiling and asset tracing established by June 2016.</li> </ol>	<p>(Baselines to be provided by the implementing partner at the latest in inception stage)</p>	<p>(To be determined at inception following baseline establishment)</p>	<p>IG and Directorate of Public Prosecutions (DPP)</p> <p>IG</p>	<p>The legislative framework for asset declaration, tracking and recovery is improved to strengthen the ability of anti-corruption institutions to enforce asset declaration, forfeiture and compensation orders.</p> <p>The Government is willing to provide necessary capacity and resources to create a Financial Intelligence Authority, as AML legislation and FATF regime requires.</p> <p>The increased threat of asset forfeiture helps strengthen anti-corruption institutions and increases risks for those engaged in corrupt activity.</p>
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	<p>Improved mechanisms and processes for tackling the problems to admin, civil and criminal sanctions, including recovery of assets;</p>	<ol style="list-style-type: none"> <li>1. % of accounting officers retained from previous year</li> <li>2. % of internal audit recommendations implemented by MALGs*</li> <li>3. Concept note completed by June 2016 for the establishment of a formal mechanism for audit follow-up (by MoFPED);</li> <li>4. Concept note completed for the establishment of a transparent mechanism for appointment of Accounting Officers;</li> <li>5. % of corruption offences submitted by MDAs handled through the public service disciplinary process;</li> <li>6. % of cases withdrawn or dismissed (by DPP and IG) and sent to service commissions (Public Service Commission (PSC), Judicial Service Commission (JSC), Education Service Commission (ESC), Health Service Commission (HSC);</li> <li>7. % change in number of cases heard by service commissions (PSC, HSC, JSC and ESC);</li> <li>8. % change (in duration) it takes to complete a case at PSC, ESC, JSC; HSC;</li> <li>9. Improvement plan for client feedback and complaints handling procedures at the Ministry of Health (MoH) regional referral hospitals by June 2016;</li> <li>10. Taskforce to revise disciplinary procedures and guidelines established by June 2016;</li> <li>11. Length of time to conviction; Length of time between conviction and final disposal;</li> <li>12. % appeals resulting in conviction;</li> <li>13. Taskforce to review appeals and sentencing process</li> </ol>	<p>(Baselines to be provided by the implementing partner at the latest in inception stage)</p>	<p>(To be determined at inception following baseline establishment)</p>	<p>Secretary to Treasury and Internal Auditor General (IAG)</p> <p>Service Commissions, DPP and IG</p>	<p>Better coordination across the criminal anti-corruption chain will help create a stronger criminal response to corruption</p> <p>The Government ensures relevant institutions and staff are kept in their positions for long enough for institutions and agencies to maintain a core of skilled and experienced staff</p> <p>JLOS programmes continue to boost core functions of criminal justice system</p> <p>Improved systems and capacity in service commissions and related organisations will enable a stronger regime for administrative action against corruption</p> <p>The Government supports stronger performance contracts and easier procedures to deal with those who mismanage public funds</p> <p>The Public Service Management programmes help strengthen wider public service human resource management systems</p>
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	Improved leadership coordination and monitoring of interventions to tackle the problems undermining the anti-corruption chain.	<ol style="list-style-type: none"> <li>1. % of actions (in the action log) of the Leadership Group actually implemented;</li> <li>2. Leadership Group draft Terms of References by June 2016;</li> <li>3. Function-based meetings with members of the leadership group instituted by June 2016;</li> </ol> <p>% of anti-corruption effectiveness indicators incorporated into the Data Tracking Mechanism (DTM); DTM recommendations adopted and incorporated in the outline for DTM 5; Set of revised DTM effectiveness indicators.</p>	(Baselines to be provided by the implementing partner at the latest in inception stage)	(To be determined at inception following baseline establishment)	<p>SUGAR Programme Management Unit (PMU) records, Leadership Group action log</p> <p>SUGAR PMU, IG directorate for prevention and education</p>	
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