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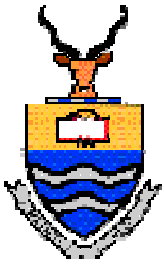

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

THE ROLE OF BUDGET SUPPORT IN THE STALLING OF DEMOCRACY IN UGANDA

By

LUKE KWEYA OKOBA

320178

A research report submitted to the Department of International Relations in partial fulfilment of the requirements for a Master of Arts degree in the Faculty of Humanities, University of the Witwatersrand.

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DECLARATION

I declare that this thesis is my own, unaided work. It is being submitted for the Master of Arts in the department of International Relations in the School of Social Sciences at the University of the Witwatersrand, Johannesburg. To the best of my knowledge, it has not been submitted before any degree or examination in any other University.

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Luke Kweya Okoba

Date:

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Supervisor, Dr. Gwinyayi Dzinesa

Date:

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Abstract

Yoweri Musevenigs tenure has been marked by a steady supply of aid in the form of budget support that covers almost half the national budget every year. The thesis argues that this form of aid with its predictable and reliable nature, combined with the free hand with which it gives the recipient country in making and implementing the budget makes it possible for the countrygs elite to steal from public coffers. This loot is later used to fund Musevenigs further stay in office beyond the acceptable two term limit thus dealing a big blow to democracy in the country.

For the country to democratise, the thesis recommends that budget support be drastically reduced, closely monitored or aid to come in a different form such as project support which is more transparent.

Acronyms

AG- Auditor General.

CI- Caleb International.

CPI- Corruption Perception Index.

CRC- Constitutional Review Commission.

DAC- Development Assistance Committee.

DP- Democratic Party.

DPP- Director of Public Prosecutions.

DS- Decentralisation Secretariat.

GDP- Gross Domestic Growth.

IGG- Inspector General of Government.

IMF- International Monetary Fund.

KANU- Kenya African National Union.

KY- Kabaka Yekka.

LC- Resistance Council.

LRA- Lordôs Resistance Army.

NFS- National Fraud Squad.

NSSF- National Social Security Fund.

NRA- National Resistance Army.

NRM-National Resistance Movement.

NRMP- National Resistance Movement Party.

ODA- Official Development Assistance.

OECD- Organisation for Economic Cooperation and Development.

PAC- Public Accounts Committee.

PU- Privatisation Unit.

RC- Resistance Council.

TANU- Tanganyika African National Union.

TI- Transparency International.

UCB- Uganda Commercial Bank.

UIA- Uganda Investment Authority.

UNLA- Ugandaôs National Liberation Army.

UPC- Uganda Peopleôs Congress.

UPDF- Uganda Peopleôs Defence Forces.

URA- Uganda Revenue Authority.

USA-United States of America

WB- World Bank.

CHAPTER ONE

1.1 Introduction

Development aid to Africa is supposed to accomplish a number of key objectives including the improvement of the economy, social conditions and, significant to this paper, to impact on political conditions. It is widely held especially by donors that development aid to African countries can contribute to increased democracy and improved governance. Notwithstanding this, however, evidence streaming from the continent tells a different story. Using Uganda as a case study, this thesis looks at the effect of development aid on democracy. The choice of Uganda was largely influenced by the countryôs unique relationship with Western donor countries such as the United States of America (USA) and international lending institutions such as the World Bank and International Monetary Fund. While other African countries faced sanctions for failing to observe the conditionalities laid down by the donors, Uganda managed to come out largely unscathed even though the Yoweri Museveni regime has failed to stick to the strict regulations set by the donors, one being democracy.

This thesis contends that Foreign Aid and more specifically budget support which accounts for more than 50% of the Ugandan governmentôs annual budget is responsible for the governmentôs reluctance to pursue fiscal policy reforms that would enable it raise domestic resources, curb corruption and acts as a hindrance to meaningful political compromises with the Ugandan electorate that could lead to reforms geared towards a more transparent and accountable regime. Budget support is also a source of unearned revenue which is more reliable and predictable thus it makes corruption less hurtful to the economy but damaging on the political arena, more so on democracy. Scars of corruption

are easily covered up with more revenue coming from outside and deliberate efforts are made to ensure donor money is handled more transparently unlike the local revenue which is brazenly stolen. With budgetary needs taken care of, the government through its senior officials engages in grand corruption that helps nourish an elaborate patronage network which in turn suffocates all attempts at democratisation through its sheer financial muscle that stretches across the country thanks to the Resistance Councils and the unproportionate number of Districts whose officials are movement sympathisers with undying loyalty to the President.

The paper examines the relationship between budget support and democracy and in the processes proves the hypothesis that the continued flow of aid to African countries is indirectly funding anti democracy forces. To be able to analyse the work, budget support is used as the independent variable while democracy is the dependent variable. This also informs the theoretical framework which has entirely been based on the dependent variable so as to effectively explain the independent variable. Corruption emerges as a very important intervening variable that helps link the two variables; budget support and democracy. Runaway corruption affords the dodgy regime an avenue to fund its further stay in power. Evidence such as irregular military deals, Museveniôs brother, Salim Saleh and other family memberôs indulgencies together with senior ministerôs involvement in graft is used to show how people with close ties to the president engage in graft with the aim of funding his stay in power. This is further compounded by the fact that their business, legal and political survival hinges on Museveniôs continued stay in office.

Uganda is used as a case study to show that budget support causes a breakdown in fiscal discipline, a situation that proves very ideal for corruption to thrive. The case of Uganda was largely influenced by President Yoweri Musevenigs successful attempt at a third term, growing murmurs about the state of corruption and democracy in the country and the seemingly healthy relationship the regime enjoys with western donors despite its many failings.

Specific aims of the study included:

- Presenting a theoretical framework for the study
- Providing an overview of budget support in reference to democracy using the case of Uganda
- Contributing to the ongoing debates of development aid in Africa, democracy in Africa and the thorny issue of third presidential term politics.

Much of the work relies on qualitative methodology with some limited use of quantitative methods to better explain figures used. For this, the University of the Witwatersrand libraries such as Cullen and the South African Institute of International Affairs provided the bulk of the desk-based research secondary data while Donald Rukare, a senior Ugandan government official working with the Good Governance and Human Rights program in the ministry of Finance, Planning and Economic Development gave crucial first-hand information about the state of democracy, corruption and aid in Uganda. The internet was also used mainly to gather information on Financial Institutions and governments including the Ugandan government. A combination of qualitative methodology and a bit of quantitative methodology ensures that the vast literature that exists on Uganda is supported by figures from governmental and non-governmental institutions which increases the validity of the work and makes it easy to understand the work.

1.2. CONCEPTUAL FRAMEWORK

Some of the key concepts that run across this work include democracy, democratisation, development aid, budget support, bilateral aid, multilateral aid and corruption. These concepts are discussed in the next section.

1.2.1 Development Aid

The Development Assistance Committee (DAC) branch of the Organisation for Economic Cooperation and Development (OECD) defines development aid as the transfer abroad of public resources on concessional terms, to bring about an improvement in economic, political and social conditions in developing countries.[1]

Development aid comprises resources that are channelled to developing countries, either directly or through the intermediary of a multilateral institution or private voluntary organisation for the purpose of supporting social and economic development. It is generally understood that aid is for independent countries with no constitutional links with the donors.[2] With this in mind then it follows that all the assistance that African countries received from their colonial masters during the occupation period does not pass as development aid. The origin of aid has elicited different views on where and why countries and institutions started giving aid.

Omatayo Argues that development aid originated in the late 50ôs to essentially describe the flow of resources from institutions in North America and Europe to institutions and people of Africa, Asia and Latin America. He cites the need for rapid

[1] The Phenomenon of Foreign Aid, http://www.petersonistitute.org.
[2]Brown, S Op cit. p 62

economic development as the reason why countries started calling for foreign aid.[3] Orjiako on the other hand traces the emergence of foreign aid to the end of colonialism when Africa nations started receiving aid from the US and later from their former colonial masters like Britain, France who aided their former colonies[4].

Caroline Lancaster cites promotion of democracy, promotion of economic development and advancing security concerns, gaining commercial advantages and achieving cultural goals as some of the reasons why the West started giving aid.[5] From the above exchanges itôs clear that different authors have different reasons but economic development emerges as the common denominator.

Africaôs rich mineral resources will count to nothing without the technological know-how and the manpower necessary to procure economic development. This is why it was necessary to source for the manpower and money in order to kick-start the economies.

High rates of illiteracy and an underdeveloped infrastructure are also singled out as some of the reasons why the continent still lags behind. Africa is still steeped in poverty hence the pouring of aid, Carlsson thinks that Africa is attracting aid in order to fight poverty by supporting the economic growth but he laments that there has never been any positive correlation between aid and growth.[6] The West started giving aid to the continent with a belief that it would serve the dual purpose of raising investments and also increasing the volumes of exports.

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[3] Omatayo, O: Foreign Aid, Self reliance and Economic Development in West Africa, Greenwood Publishing Group, Westport, CT, 1996, p.14

[4] Orjiako, H: Killing Sub-Saharan Africa With Aid, Nova Science Publishers, New York, 2000, pg. 1

[5] Lancaster, C: Aid to Africa: So much to do, so little done, University of Chicago press, Chicago, 1999, p.74

[6] Carlsson, J, Samolekae, G and Van De Walle, G: Foreign Aid in Africa: Learning from the country experience, Nordic Africa Institute, Uppsala, Sweden, 1997, p. 7.

The other reason for aid and which was on the lips of most African leaders was to facilitate industrialisation which was seen as a quick escape route from the straight jacket of underdevelopment. Omatayo reckons that industrialising at the level of import substitution alone was not enough hence the need for foreign capital which was seen as compatible with economic development objectives.[7]

Africaôs dependency on aid has been rising over the years and this is a direct reflection of the continents state of development. More aid means that the continent is still in a bad shape as far as economic development is concerned.

In 1990 the total commitments made by development assistance committee members to African economies was $ 17.3 Billion but in 2004 it had ballooned to $ 34.2 Billion[8]. In the past three decades Africa has already received more than $ 500 Billion in aid from the international community. The estimated new Official Development Assistance (ODA) that Africa can effectively use in both infrastructure and human development ranges from $ 14 billion to $ 18 billion per year for 2006- 2008.[9] During the G8 summit in Gleneagles the G8 agreed to commit an additional $25 billion in annual aid to Africa by 2010 and give Africa substantial aid relief.[10] There has been a notable increase in aid from as low as $135 in 1980 to the staggering amounts seen today.[11]The EU is singled out as having provided the most ODA, 53% of all projects and compensatory funding for Sub-Saharan Africa.[12]

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[7] Omatayo, O, Op Cit. p. 14.
[8] African Development Bank, African Development Report: Aid, Debt Relief and Development in Africa, Oxford University Press, 2006, p. 1.

[9] Loc Cit.
[10] Loc Cit.
[11] Orjiako, H, Op Cit. p. xiv
[12] Loc Cit.

1.2.2 Bilateral aid

This is the aid given directly from one government to another. Individual donor governments are both the sources and channels of assistance (via aid implementing agencies). Itôs often accompanied by certain conditions required by donor countries.[13] This is where political conditionalities comes in since the donor country might demand reform either in the economic or political structure of the recipient country as a conditionality for the aid.

1.2.3 Multilateral aid

This is aid that countries contribute to international agencies like the World Bank, its administration and governance is shared between the country that gives and the agency that gets it. An important difference between multilateral aid and bilateral aid is that, while in the later there is direct intense political and commercial pressure, the former doesnôt encounter too much pressure. Itôs also important to note that aid of this kind mostly goes towards the development needs of the recipient country.

1.2.4 Democracy

Democracy comes in contending conceptions that makes it difficult to come up with one distinct definition. However for quick understanding the concepts that will be defined under this section are those fronted by Robert Dahl and Joseph Schumpeter. Dahl

[13] Ibid. p. 71

defines democracy as the holding of regular elections which are free and fair, adherence to certain rights and freedoms like the freedom of speech, media and different political parties to be allowed to compete for power.[14] Larry Diamond echoes similar sentiments but cautions that if political authority is to be constrained and balanced, individual rights protected, and rule of law assured, democracy requires a constitution that is supreme to put things in order.[15] Liberal democracy is therefore baptised as constitutional democracy due to heavy reliance on good constitutions. On his part Schumpeter sees democracy in a narrower sense where he defines it as a situation where individuals acquire the power to decide by means of a competitive struggle for the peopleôs vote. To him the power is not vested in the electorate but in the few individuals given the mandate to lead.[16] The study adopts Dahlôs definition since it represents the modern day western democracy which is liberal democracy.

1.2.5 Democratisation

Okuku defines democratisation as the change of a non-democratic state into a democratic one. Its often taken in the context of society where it refers to the transformation in its political culture, from passive, non-participant citizens becoming more active and not only insisting that the state be alive to their aspirations, but also keeping a check on state power and providing constructive direction to its policies through regular and active participation in the political and development process.[17]

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[14] Dahl, R Op cit. p. 85
[15] Diamond, L: Defining and Developing Democracy in Dahl, R and Shapiro, I: The Democracy Sourcebook, The MIT Press, Massachusetts, 2003, p.35.
[16] Schumpeter, J: Capitalism, Socialism and Democracy, George Allen and Unwin ltd, London, 1943, p.262
[17] Okuku, J Op cit. p.9

1.2.6 Corruption

Corruption is generally described as the abuse of government authority for private benefit where an official entrusted with carrying out a task by the public engages in some sort of malfeasance for private enrichment.[18] This definition is also shared by the World Bank and Transparency International. Uganda holds position 126 out of 180 on the corruption Perception Index (CPI) released by Transparency International in 2008.

1.2.7 Budget support

Budget support has been defined as a method of financing a partner countryôs budget through the transfer of resources from the external financing agency to the partnerôs treasury thereby making up part of the total treasury budget.[19] Donors are allowed little if any influence on individual spending once resources are transferred. Budget support is more like a partnership where aid involving bilateral donors and international financial institutions is channelled to the recipient country. Unlike project support which creates a parallel system outside the government system and there is also increased disbursements and tends to move away from conditionalities.[20]

Another important fact about budget support is that its predictable and financial assistance is timely to those countries that are committed to sound policies.[21]

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[18] Bardham, P: Corruption and Development: A Review of Issues in Arnold, J Heidenheimer and Michael Johnston (eds): Political Corruption: Concepts and contexts, Transaction Publishers, New Jersey, 2001, p. 322.
[19] Koeberle, S and Starveski, Z: Budget Support: Concepts and Issues in Koeberle, S, Starveski, Z and Walliser, J: Budget Support as a more effective Aid? Recent Experiences and Emerging Lessons, World Bank Publications, 2006, p. 6.
[20] Loc Cit.
[21] Loc Cit.

By letting the recipient country factor in the resources into its budget it increases ownership and strengthens domestic accountability since the funds are subjected to normal parliamentary scrutiny process.[22] It also works well where both the donor and the recipient country share similar priorities in terms of budgetary resource allocation and both believe in the credibility of the governments economic policies.[23]

With a good grasp of the concepts above it becomes easier to analyse some of the materials that closely relate to this in order to fill in the gaps that might have been left.

1.3. Literature review

A look at some of the published work that relates to this thesis yields very good results. Itôs evident that extensive research has been done on the case of Uganda with corruption, democracy and foreign aid being the dominant themes. However, the authors leave some gaping spaces which this literature review shows and the research tries to fill. Authors such as Orjiako do well in articulating the relationship between donors and the Ugandan government and how this has been futile in promoting democracy. The use of aid in promotion of democracy is not a new phenomena, it started in earnest with the collapse of communism.[24] Why the sudden fixation with democracy? In his book ñ**Killing sub-Sahara Africa with aid**ò Humphrey Orjiako attributes this to the assumption in the West that democratic societies are more likely to adopt open market

[22] Koeberle, S, Starveski, Z and Walliser, J: Budget Support as a more effective Aid? Recent Experiences and Emerging Lessons, World Bank Publications, 2006, p. xvii.

[23] Muduuli, M: Workshop on Budget Support: The Ugandan Example, Muduuli is a Deputy Secretary in The Treasury; the workshop was held in 2004.

[24] Orjiako, H, Op Cit.p.65

oriented economic policies and create more growth friendly environments.[25] Aid is given(or countries are óaidedô) to adopt or maintain democratic political institutions and private enterprise ï based economies in the capitalist mould. The west does not hesitate to use all means at its disposal to democratise Africa one being aid conditionality, however he rubbishes the kind of democracy practiced in Africa terming it as a mere periodic elections usually manipulated to confirm the mandate of incumbent governors.[26] The evaluation is not far from the truth since evidence available shows that in Africa incumbents rarely lose an election. Those who lose manipulate the results in their favour. This makes him doubt the sincerity of donors in promoting democracy whom he thinks are only interested in fronting their own interests at the expense of democracy promotion.

The notion that democracy is necessary for economic growth also comes under fire from Orjiako who gives the example of China and other East Asian countries that have achieved tremendous growth without democratically elected governments in place. For Orjiako the important ingredients to growth are prudent management of the economy and the elimination of corruption and that democracy is just an excuse to front other strategic interests. He however reminds us that democracy is important to give a peaceful atmosphere which is conducive for economy to grow. In essence what Orjiako is saying is that donors knew what was important for economic growth and it was not necessarily democracy but prudent management of economy. This explains why Uganda was let off the hook and why other countries faced sanctions. To him donors invoked democracy in order to attend to a variety of vested interests in different countries at the same time. Democracy was arguably the most attractive denominator due to its popularity at the

[25] Ibid. 66
[26] Loc. Cit.

time. Stephen Brown adds that aid is much more than just a carefully administered flow of resources. It is a basis for contemporary international relationships both political and commercial, a conduit of influence as well as goodwill.[27] The donors have been met with varying degrees of success due to a myriad of factors.

In **Democracy and Multiparty politics in Africa**, Makinda does well in pointing out some of the factors that makes it difficulty for aid to be an agent of democracy. First he begins by attributing the failure of aid to yield the desired results to the fact that different countries have different histories and democracy cannot just be transplanted anywhere.[28] He cites various reasons why aid has failed to spur democracy in Africa which includes the inappropriateness of certain Western ideas and practices, the inexperience of leaders in running multiparty systems and the general political, economic and social conditions.[29] Ugandaôs economic, social and political conditions were very shaky hence the country was thought not to be ready for multiparty democracy. Structural Adjustment Programmes also come under criticism from Makinda whereby he blames them for affecting the common people and in the end they politically destabilise and undermine socio-economic conditions under which multiparty democracy generally flourishes.[30] This concurs with other authors and even Museveni who wondered how a population with so many poor people was expected to democratise.

Makinda blames donors for lacking commitment or do not follow up the political reforms as vigorously as they do the economic reforms hence the little that has been

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[27] Browne, S: Foreign Aid in Practice, Pinter publishers, London, 1990, p.xv
[28] Makinda, S: Democracy and Multiparty politics in Africa, Journal of Modern Studies, 34(4), 1996, pp 555-573.

[29] Ibid. p.10
[30]Ibid. p. 16

achieved soon crumbles. Other interests have also overshadowed the glamour for democracy; security is now given priority especially in the wake of September 2001 terrorist attack.[31]

Donors often employ different strategies with varying degrees of success in their quest to democratise the continent, some of the strategies used have been pointed out by Bruce Heilman and Laurean Ndumbaro. In ñ**Democratic Transitions in East Africa**ò they explain that in their quest to introduce democracy in East Africa donors employed two basic strategies; dialogue and political conditionality for aid. This depended on donor interests, the willingness of East African leaders to implement political and economic reforms and the desire to maintain cooperation in other fields.[32] Museveni was successful in implementing economic reforms that made the donors look the other way when it came to political reforms. The books talks of how Museveni used the excuse of insecurity and heightened ethnic tensions to avoid multiparty democracy and cites a lack of agreement among donors on the best way to promote democracy, counter measures taken by ruling regimes to maintain grip on power and individual interests of donors as some of the reasons that deflected attention from democracy.[33]

Donors were also determined to present Uganda as a success story to serve as an example to other African countries.[34] In other words he was the blue eyed-boy of the West. The Ugandan leader was bravely adopting some structural adjustment programs and the economy was doing quite well under Museveni, these were reasons enough to overlook the democratisation bit, after all Museveni had presented the movement system

[31] Ibid. p.12
[32] Heilman, B and Ndumbaro, L: ñInternational Contextò in Wafula, F and Kaiser, J. (eds): Democratic Transitions in East Africa, Aldershot: Ashgate, 2004. p.142.
[33] Loc Cit.
[34] Ibid. p. 157.

as an alternative political system.[35] The movement system is whereby he banned all political parties leaving the National Resistance Movement as the only party by which one could seek a political office. The West bought into his idea and this explains why Museveni was able to escape the purge that fell on other African leaders like Moi of Kenya because of not carrying out political reforms. Donors did more harm to Ugandaôs democracy with their ill advised intention to have Museveni as the poster boy of economic reforms. Itôs clear that from early on Museveni was a shrewd operator who knew how to arm-twist the donors into giving him money. Museveni also cut the image of a strong regional leader who could be relied on to cooperate with the West when need be. The volatile situation in the region influenced this decision. The authors did quite well in bringing out the issues that made Museveni escape democratic reforms that were sweeping Africa but just like other authors, Heilman and Ndumbaro do not make any attempt to link the money being poured into the country and how it affects democracy, the more reason why more research in this area is needed.

In the journal ñ**Authoritarian leaders and Multiparty elections in Africa**: **How foreign donors help to keep Kenya's Daniel Arap Moi in power**ò Stephen Brown analyses how the donors on several occasions thwarted attempts by the opposition to effect reforms before elections were held by pressurising the opposition to enter into a contest that was heavily tilted in favour of the incumbent [36] By going into an election with the then constitution the opposition stood little chance of emerging victorious and the process was never going to be democratic. Soon after the elections the donors were on the forefront of endorsing Moiôs government even though they were aware that the

[35] Loc Cit.
[36]Brown, S: Authoritarian leaders and Multiparty elections in Africa: How Foreign donors help to keep Kenyaôs Daniel Arap Moi in power, Third world Quarterly, Vol.22, No.5, 2001, p. 725-739.

process was not free and fair.[37] They also resumed lending soon after the two elections of 1992 and 1997 further throwing the back the reform agenda because no meaningful changes had been made, this shows that donors were more interested in the election than helping change the whole democracy component[38] Brownôs work on Kenya is useful for the research on Uganda as it highlights some of the mistakes that the donors committed and in the processes enabled the Kenyan president to easily side-step democracy and retain power. A lot can be borrowed from this journal to help understand better the relationship that donors have with the Ugandan leader and if this relationship is encouraging Museveni to overlook democracy.

He also acknowledges that more research needs to be done to find out more on the external influence on democracy. Most research has focussing on giving reasons why certain countries were coerced while others were given the option of dialogue, the attention is also on the early 90s period but since democratisation is a gradual process that takes place over a long time we need to examine the current aid regime and how the ongoing democratisation process is being affected.

Brown also concludes that donorsô involvement is bad for democracy ólimited intervention by donorsô leads to a more sustained democratisation process as seen in the case of Kenya where the movement was largely domestically drivenô.[39]

Ellen Hauserôs work in ñ**Uganda's relations with western donors in the 90s: What impact on democratisations**ò will have a great input in this research. She looks at how Ugandaôs democratisation was stalled from very early on because of donorsô soft

[37]Ibid. p .9
[38] Ibid. p.10
[39]Ibid. p.12

approach.[40] Donors opted for dialogue with the Museveni government unlike in Kenya where they preferred a coercive approach. She explains that Uganda was given preferential treatment because it was just recovering from Aminôs reign and also there was a need to maintain good relations with Uganda in order to pursue other foreign policy goals[41] she is quick to add that donor interests influenced their decisions not to threaten Uganda, ñthey wanted an ally in the East African regionò[42] She also made interesting conclusions that a countryôs level of dependency is not a determining factor. This means that a country can be heavily dependent but still democratise while others with little linkage to the donors can still go backwards in terms of democracy. The example of Uganda should therefore not be construed to mean that it is failing to democratise because itôs heavily depended but rather look at some other causes.

Hauserôs work lays the foundation which this research intends to use to come up with a more conclusive work that not only touches on the early 90s donor involvement but also focuses on how this dependency has over time created a culture of patronage and corruption. The budget support role that the aid plays will be examined to find out whether itôs responsible for the low revenue collection and how this can encourage corruption and a patronage system that cannot accommodate democracy. The journal does a great job bringing out the issues that informed the donorôs decision to give aid and also brings out the negative impact this relationship was going to have on democracy. However, the work comes out as rather vague and does not pinpoint the real area that is affected and this where my work picks up from. Unlike Hauser who looks at the broad

[40] Hauser, E: Ugandaôs relations with Western donors in the 90ôs, in the journal of Modern African Studies, Vol.37, No.4, Dec, 1999, p. 621-641.
[41] Loc Cit.
[42] Loc Cit.

spectrum of possible causes, this research intends to focus on the particular area of budget support.

Though unrelated, events in Rwanda prior to the genocide just demonstrates how a patronage system that is so entrenched and close to the leader can be so stubborn to change that the President basically operates at its whims. Its very difficult to effect change in a country where the elite is benefiting from the present set-up, a status quo is always favoured.

Juma Okukuøs book titled **"Ethnicity, state power and the democratisation process in Uganda**ö decries the conspicuous silence that the donors have treated Ugandaøs democratisation unlike in Kenya where IMF and the World Bank actually cut off aid[43] He also points out that what Western donors wanted was political and economic stability and not necessarily democracy. He observes that Ugandans have run out of patience with the international communityøs ability to help democratise their country and warns that with limited space for democratic organisation, non-democratic means might be pursued to realise democracy.[44] By allowing the donors to drive the reform agenda Ugandans are now realising its futility and are now shopping for alternative ways to bring about democracy. Okuku is worried that Ugandans might be getting impatient with the way their country is democratising and this might force people to use unconstitutional means to achieve what they want. He also prefers a situation where Ugandans take the initiative themselves instead of waiting for donors to initiate it since to him the donors might be preoccupied with other issues other than democracy.

[43] Okuku, J: Ethnicity, State power and the democratization process in Uganda, Institute for Global Dialogue, Discussion paper No 17,p. 9, 2002
[44] Ibid. 42

Kenyaôs situation although painful also offers an important lesson that the less a country relies on aid the likely its going to democratise quickly. This statement clashes with Hauserôs assertion that the level of dependency is irrelevant. The clash in the views of these scholars especially on the level of dependency highlights the need for further research in this area. The most important part of Okukuôs work is the prominence that he gives to internal forces to bring about democracy; this view is also shared by Stephen Brown whose work on Kenya demonstrates how a domestically driven democratic agenda can be successful. Kenya suffered several aid cuts but it has turned out to be a blessing as it helped the government rely heavily on its people for revenue; the result was a successful taxation system that is able to collect enough revenue which reduces the reliance on donors. A tight tax system is also reputed for taming corruption by sealing loopholes that would have been used by elites to fund anti-democracy movements. Again the political elites have a tendency to divert local revenue to other uses if they realise that they have another source from outside. With the knowledge of how the Kenyan situation has unfolded the research on Uganda will be better understood.

This literature review makes us understand how Museveniôs regime has managed to get an uninterrupted supply of donor goodies and why the goodies have not translated into the desired result which is democracy. A historical background has also been advanced shedding some light on the operation of foreign aid and how African governments have feared as far as aid and democracy is concerned.

From the literature itôs clear that no one has attempted to link the particular type of aid called budget support and democracy. That Uganda has received a lot of scholarly attention is not in doubt but this thesis goes a step further and pinpoints a particular type

of aid which has played a significant part in the state of democracy in the country. The fact that Uganda as a country is given almost a free hand in the use of aid that comes as budget support gives another dimension to the study of Uganda and the twin problems of aid and democracy.

The next chapter will look at democratic theory with a view of understanding some of the positions taken by eminent theorists in relation to the brand favoured by Museveni. It will also be useful in explaining why the continent is hesitant to embrace this concept that has now become the yardstick of governance in the world.

CHAPTER TWO

2.1 Theoretical framework

Aid conditionality and sanctions are used as instruments to pressure or persuade regimes to do politically what they would otherwise not do: become democratic. This is done by offering rewards or imposing costs greater than the costs the regimes perceive from the conditions demanded.[45] The mere fact that African countries are poor and underdeveloped makes them susceptible to the demands of the donors.

In order to successfully carry out this research the use of democratic theory will be vital. Democracy is the theme under the spotlight with budget support being used as a dependent variable to explain it.

2.1.1 Democratic theory

Graeme Duncan reminds us that democracy is a rare and a desirable political form which is vulnerable in theory and practice and always incomplete in certain aspects.[46] The successes and more so the failure of democratic practices in the world has been instrumental in shaping the democratic theories that are in use today, good example being the total failure of socialism in countries like Tanzania. The end of the cold war also left the socialist branch of democracy badly wounded and now all states that attempt to practice a different form of democracy other than liberal democracy are not deemed democratic.

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[45] Diamond, L: Promoting Democracy in the 1990s: Actors and Instruments, Issues and Imperatives, Carnegie Corporation, New York, 1995, p. 51

[46] Duncan, G: Democratic Theory and Practice, Cambridge University Press, Cambridge, London, 1983, p. 3.

Events have tended to influence the emergence of a scientific democratic theory which is mostly associated with Joseph Schumpeter, Here theorisation relies on evidence. However, before Schumpeter came on the scene, democratic theory was safely tucked under the classical theory or the Athenian democratic theory. This theory is notable for having both sworn enemies who criticize it at every turn and also staunch supporters who do not hesitate to defend it. It has attractive political ideals such as equality among citizens, liberty, respect for law and justice.[47] Another notable feature of classical theory is its commitment to the principle of civic virtues, which is a dedication to the republican city-state and subordination of private life to public affairs and the common good. It was also marked by unity, solidarity, participation, public deliberation and a highly restricted citizenship.[48] A closer look reveals that classical theory of democracy has contributed immensely on the modern liberal democracy.

However classical democratic theory has come under heavy criticism with most of it focusing on descriptive elements of the theory on its most basic conceptions of citizenship, representation and decision-making. The notion that citizens are active, informed and democratic comes under heavy criticism. This is due to the fact that very few such people as described in the classical theory who can participate fully in political affairs are found in the world, including those countries that claim to be highly democratic.[49]

The inadequacies observed in the classical theory especially on the issue of participation have resulted in the birth of a revisionist movement which aims to bring the

[47] Held, D: Models of democracy, Stanford University Press, Stanford, 2006, p. 13
[48] Loc Cit.
[49] Walker, L, J: A Critique of the Elitist Theory of Democracy, The American Political Science Review, Vol. LX, No.2, June 1966, P. 285-295.

classical theory closer to reality. Joseph Schumpeter was among the first people to challenge this normative and value-laden theory of democracy. His criticism came in the book *Capitalism, Socialism and Democracy* which among other important things came up with a more realistic definition of democracy.

His main criticism focused on the central participatory and decision-making role of the people which clearly rested on a shaky ground. He contends that itôs the potential decision makers who compete for peopleôs vote. He gives democracy a new definition where he defines it as a situation where individuals acquire the power to decide by means of a competitive struggle for the peopleôs vote. To him the power is not vested in the electorate but in the few individuals given the mandate to lead.[50] To some this definition is more realistic as it takes into account what is observed on the ground and doesnôt just make assumptions as is the case with the classical definition. To others the definition is narrower as it is limited to the procedural aspects of democracy thus lumping together those countries that have stifled individual freedoms and rights like Malaysia or Zimbabwe with those that observe a high degree of the same such as Japan. Interestingly there are those who use Schumpeterôs definition as long as it serves them well, itôs not uncommon for countries like Malaysia to get compliments from the West when certain interests are at stake.

Schumpeter comes under fire from Alan Crawson who takes issue with his assertion that only elected leaders have the power to make decisions, arguing that there exists sectarian interest which also have a voice, a point that was brought to the fore by

[50] Schumpeter, J, Op Cit, p.262

Schumpeter himself.[51] Critics of the democratic theory also point to the tendency of social organisations to coalesce towards orligachical control, the masses are soon forgotten and power gets into the heads of those elected. Decision making becomes centralised rather than decentralised.

Although an attempt at coming up with a single theory of democracy is elusive, Graeme Duncan suggests that an adequate theory of democracy must contain the following elements: an account of values or principles which democratic institutions are to realise like rule of the people, or popular choice between candidates for government; a specification of the political model which best or most realistically achieves that end; and a justification of the preference for those principles and that institutional set against others.[52] When you throw in rights and freedoms then you move closer to liberal democratic theory which is closely associated with Dahl.

Dahl defines Democracy as where every member can vote weight assigned to each vote and is identical meaning that equality is upheld and the person with most votes win, one is also free to choose whoever he/she likes.[53] What Dahl is referring to is the modern day liberal democracy and in a liberal democracy we have guarantees of freedoms, adherence to the constitution and regularly free multiparty elections. The introduction of freedoms and rights is what sets apart this version of democracy from what is fronted by Schumpeter. Larry Diamond stresses the need to have a good constitution in place in order for liberal democracy to succeed. He gives the example of

[51] Cawson, A: Functional representation and democratic politics: Towards a corporatist democracy? In Duncan, G: Democratic Theory and Practice, Cambridge University Press, Cambridge, London, 1983, p. 177.
[52] In Duncan, G: Democratic Theory and Practice, Cambridge University Press, Cambridge, London, 1983, p.9.
[53]Dahl, R: A preface to Democratic Theory, University of Chicago Press, Chicago, 1956, p. 84

third world countries as lacking good constitutions or not respecting the one in use as a reason why they have failed to embrace liberal democracy.[54]

In his book ñThe social contractò Rousseau acknowledges that there has never been a true democracy and never will be. It is contrary to the natural order that the greater number should govern and smaller number be governed.[55] Rousseau is notable for stressing rights in his theorisation of democracy

Other critics of democracy also point to the futility of the majority to rule; to them a small minority always assumes the mantle and starts making unilateral decisions once the dust has settled.

A useful critic of the liberal democracy comes from the Marxists who inadvertently help the democratic theory make forays into the world of economics. Marxist theory is able to expand a rather political subject into economics thereby giving a much broader democracy. Marxists see democracy as the highest form of the capitalist state, to be supported as a progressive demand against autocracy but condemned if seen as an ultimate aim.[56] Marx and Engels read sinister motives in the liberal democratic theory and did not hesitate to link it to some domination, Levin observed thus ñwe find Marx and Engels arrived at designation of a democratic political structure not far removed from contemporary notions. Thus itôs marked by an emphasise on constitutionalism, civic liberties, representative government based on universal franchise. Selfish and corrupt politicians misused democratic structures for their own

[54] Dahl, D and Shapiro, I, Op Cit p. 35.
[55] Rousseau, J Op Cit. p.112
[56] Levin, M: Marxism and Democratic Theory in In Duncan, G: Democratic Theory and Practice, Cambridge University Press, Cambridge, London, 1983, p. 79.

aggrandisement.ò[57] Could the same be said of selfish Western countries? The answer is yes going by Marxistôs assessment since the West has been benefiting immensely from Africaôs resources and this is even made easier by globalisation and this is where the dependency theory comes in. Wallenstein, a dependency theorist sees the World as basically structured as an increasingly interrelated system of strong core states and peripheral weak ones, this way the world scale division and integration of production increases.[58] Here all states are linked in one economic flow which is greatly aided by the democratic values. Fortunately, Africa is aided to remain relevant in this system by receiving aid but going by observation of the authors, the aim of this aid might be to create a situation that props Africa so that it remains a useful cog in the world system to the benefit of the West. These views are also echoed by Dudley Seers, Gunder Frank and Samir Amin.

In Africa there has been a consensus among some African authors such as Ake and Adedeji who feel that Western democracy is not appropriate for Africa, to them this kind of democracy is incompatible with the organisation and management of political power in Africa, and it rejects the socio-cultural realities of Africa.[59] Democratisation in Africa will be sustainable and credible only if it comes as an integral part of the transformation of the continentôs political and socioeconomic structures. These views were shared by Africaôs independence fathers such as Nyerere, Senghor and Kwame Nkrumah. On gaining independence African leaders faced growing pressure from former Colonial

[57] Ibid. P. 80.
[58] Wallenstein, I and Hopkins, K: World Systems Analysis- Theory and Methodology, Sage Publications, Beverly Hills, California, 1982, P. 43.
[59] Ake, C: The Unique Case of African Democracy, International Affairs, Vol.62, No.2, April 1993, p.242

masters to democratise but the general consensus was that African values were against the individualistic tendencies of the Europeans.

The idea of a uniquely African style democracy was mooted by Nyerere favouring a theory of democracy based on consensus and community but this did not mean that he ruled out democracy completely since he was also warm to the idea of a democratic scheme based on representation and accepts the idea of a parliamentary system where the elected representatives can give voice to the interests of their constituents. Nyererecs consensus is a radical one as it involves doing away with political parties and settling for one ruling party. He sees a situation where democracy is possible in one party unlike many parties that will split the country along communities. The fact that this ignores rights and freedoms of citizens was totally overlooked by Nyerere. This line of thinking does not surprise many since most African leaders have used it as a defence of their autocratic rule.

Nyerere might have been sincere in his suggestion but that cannot be said of his African counterparts who readily borrowed into the idea in order to fend off the opposition, non illustrates this better than Museveni who in 1994 lashed at liberal democracy as not ideal for Africa, he cited class as the reason why democracy thrives in Europe and the United States and wondered how Uganda with a 94% peasant population would accommodate democracy without dividing people along tribal, regional or religion lines.[60] Indeed this was the premise of his non-party democratic system. The fact that donors were willing to accommodate Musevenics idea of democracy only shows that they were not really committed to bringing political change but only interested in an

[60] Buijtenhuijss, R and Thiriet, C, Democratisation in Sub-Sahara Africa: An Overview of Literature, African studies Centre, Leiden, Netherlands, 1992-1995, p. 38

environment that can allow their structural adjustment programmes to take effect. An insightful paper by Joseph Hanlon on Mozambique best describes donor behaviour, he portrays donors as having selective amnesia as far as their interests are concerned, they see what they want to see and the ruling elite knows this thus avoids doing what upsets the donors like stealing donor funds, instead they rob banks, skim public contracts, demand shares in investments and ensure that the justice system does not work[61]. Similarly donors see rapid growth in GDP, growing exports and general growth around urban centres and ignore the poverty in rural areas, donors are also treated to stage managed elections that are far from being democratic. This work on Mozambique can be used to explain why Musevenió government continued receiving donor funding even though his sentiments and actions were ruining democracy in Uganda.

However democracy is encouraged since its believed that a democratic regime will uphold accountability, this is also one of the reasons why aid is given to democratic regimes because it is believed that such a government puts the funds given to good use, but this assertion has been contested by Paul Hirst who argues that a democracy can at times deliver very low levels of government accountability and public influence on decision making.[62] Museveniós favoured version of democracy has done exactly that; where as it has met the bare minimum requirements needed to hoodwink the donors into loosening the purse, the regime has gone off track as far as accountability is concerned.

This thesis will therefore adopt Dahlós definition as it emphasises political freedom and the government is clearly mandated to ensure individuals can access a wide range of options and values that goes along way in promoting self development unlike

[61] Hanlon, J: Are donors to Mozambique Promoting Corruption? Paper submitted to the conference ñTowards a New Political Economy of Development, Sheffield, 3-4 July 2002.
[62] Douglas, N: Law and Government: The Old meets the New, Routledge, 2001, P. 88.

Schumpeterôs definition which, among other things endorses regime types like Musevenigs Uganda where one party dominance and control of the state over state machinery to influence electoral results is the norm. Liberal democracy breeds accountability and the freedoms and values it promotes goes hand in hand with what donor aid aims to achieve at the end of the day. Donors have made it clear they are promoting liberal democracy since it promotes freedoms and rights which helps an individual to fully realise his/her potential.

The following section will look at some of the raging debates on democracy in Africa. Not all Africans share the same views as far as democracy is concerned as illustrated in the next section.

2.2 African debate on Democracy

Liberal and Participatory democracy have given rise to a lively debate among prominent African scholars on the model that best suits the African continent. The debate has drawn in heavyweights such as the late Claude Ake, Owusu, Peter AnyangôNyongô, Mamdani, Jibrin Ibrahim, Mkandawire and Issa Shivji amongst others. The debate has been revolving around those that support the Universal principles of democracy with multi-partyism taking the centre stage and those that call for a revised one that puts African realities at the forefront. AnyangôNyongô stands out as a fierce proponent of the latter while Claude Ake is the poster boy for the former. Other commentators on African democracy were also sucked into the raging debate and were forced to take sides with scholars such as Bratton and Rothchild and Bayart coming out strongly in support of the Nyongô version while the likes of Mkandawire and Zaleza sided with Claude Ake. Francis Fukuyama gave the pro-democracy activists a shot in the arm with his

controversial book titled "End of History: Last man standing. The book basically presented democracy as the endpoint of mankind's ideological evolution and the universalisation of Western liberal democracy as the final form of human government[63]. This was music to the ears for those who had started agitating for democracy especially on the African continent.

According to Ake, the drive for democracy in Africa can be traced to the failed take-off at independence.[64] Ordinary citizens felt let down and started to openly call for the second independence in order to address their sorry economic state.[65] To some, this economic independence as Ake puts it, could only be attained though democracy but others still had reasons to resist democracy.

According to Robert Dahl liberal democracy is characterised by periodic elections contested under different political parties. Under this arrangement each individual has one vote and is free to cast it for his or her favourite candidate. The person that gets the most votes is declared the winner and the party that gets the majority usually forms the government. Another important tenet of liberal democracy concerns the procedural aspect whereby elections must be held in a free and fair environment and also civil and political liberties have to be respected.[66]

Skinner points out that liberal democracy culminates in a majority rule but this has historically only been possible where the social, political, economic and industrial set-ups

[63] Fukiyama, Francis: The end of history? The National Interest, No. 16 Summer.1998, p. 4
[64] Ake, C, Op Cit.
[65] Loc Cit.
[66] Dahl, R, Op Cit p. 84

are superior.[67] This is a blow to those advocating for this kind of political dispensation on the African continent that is lacking in economic power and lagging behind in industrial development.

Schumpeter offers a different view on democracy and defines it as a situation where individuals acquire the power to decide by means of a competitive struggle for the peopleôs vote.[68] To him the power is not vested in the electorate but is in the hands of the few individuals given the mandate to lead.

Edigheji Omano decries the fact that democracy on the continent has neglected issues of economic justice such as food, shelter, medical care and housing. He reckons that liberal democracy has no place on the continent if at all itôs not addressing issues that afflict the majority of the people.[69] The autocratic regimes that reigned supreme in the eighties are loathed and people want to do away with them but thatôs not all; at the back of the peopleôs minds is how to put in place a regime that addresses their socio economic plight. Early on in the sixties, writers such as Bhagwati were convinced that democracy and economic development cannot go together. He was basically advocating for authoritarianism as the best remedy for underdevelopment especially in poor continents like Africa. In the eighties the story was not different, just before the wave of democratisation swept the continent, most developmental economists were leaning heavily towards state-led development whereby the state nationalises and becomes the

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[67] Skinner, Elliott: African governance and political cultures. Global Bioethics 13, no.1-2:55-62. March-June 2000.

[68] Schumpeter, J, Op Cit, p.262

[69] Omano, E, A democratic developmental state in Africa: A Concept paper, Centre for Policy Studies, Johannesburg, May 2005.

single biggest shareholder in most economic entities. These were the people who thought that economic development preceded democracy.[70]

Amartya Sen, the celebrated economist and a respected political commentator differs with this assumption that democracy can not thrive amidst poverty. He proclaims that the protective role of democracy maybe particularly important for the poor. People in economic need also need a political voice which can only be found through democracy. He adds that democracy is not a luxury that can wait the arrival of general prosperity.[71] Sen also doubts that given a choice poor people will reject democracy and that poor people donôt care about civil and political rights. The truth is that poor people will be happier to advance their civil and political rights but he is quick to caution that democracy and majority rule are two different things.[72] According to Sen, in addition to voting and respect for election results, democracy also requires the protection of liberties and freedoms, respect for legal entitlements and the guaranteeing of free discussion and uncensored distribution of news and fair comment.[73]

During the colonial period, the European masters were more interested in resource exploitation and democracy did not feature in their plans. The scenario was also replayed during the cold war whereby the competing powers were keen to get allies across the globe including in Africa regardless of the types of regimes they were heading.[74] The

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[70] Bhagwati, Jagdish: The economics of underdeveloped countries. London: Weidenfeld Nicholson. 1966, p. 204

[71] Amartya, S: Democracy as a Universal Value, Journal of Democracy 10.3, 3-17, 1999.
[72] Loc Cit.
[73] Loc Cit.
[74] Young, Crowford. Africa: An interim balance sheet. Journal of Democracy 7, no.3:53-68. 1996

debate on democracy on the African continent is endemic to the never ending development discourse. The opinions being raised on democracy have very much to do with the economic situation on the continent. According to Stephen Ndegwa, the economic crises that faced autocratic leaders were the main reason for the success of the challenge of authoritarianism.[75] The newly democratically elected leaders were going to be judged on how well they handled the economy and if they did not steer the economy well then the masses were going to revert back to the formerly authoritarian leaders for salvation. Ndegwa gives the re-election of Beninôs exe-president Mathieu Kereoku and Madagascarôs Didier Ratisirika as good examples.[76]

The confrontations on African democracy has seen scholars take on each other with one battle being waged between what could be called the right and the left, some viewed it as a generation gap as Jibrin Ibrahim identified the anti-liberal tendency with óconsô such as Archie Mafeje, Samir Amin, Claude Ake, Mahmood Mamdani, Issa shivji and Ernest Wamba dia Wamba.[77] All were presumed to be Marxists because they spent too much of their intellectual careers demolishing liberalism but the fact that countries such as Kenya that had just adopted liberal democracy had masses of people remaining poor vindicated them.[78] In the other corner we had the likes of Anyang Nyongôo and Jibrin Ibrahim who were ardent supporters of liberalism because they believed that liberal

[75] Ndegwa, Stephen: A decade of Democracy in Africa, International Studies in Sociology and Social Anthropology, Brill Publishers, Leiden, Boston, 2001, P. 3.
[76] Loc Cit.
[77] Mafeje, Archie: Democracy, Civil society and Governance in Africa, Addis Ababa, (available online) 1999.
[78] Loc Cit.

democracy was the answer to Africaôs economic decay.[79] Others such as Mkandawire just supported democracy and whether it brought development or not was irrelevant.

In order to fully understand and categorise the African scholars on democracy we have to go with Dickson Eyoôs categorisation

He categorised African debate on democracy into three groups:

The Universalist, the popular democratic and the nativist.

Under the Universalist perspective Eyo counts Peter Anyang nyongôo and Jibrin Ibrahim as the leading proponents.[80] These two regard multipartyism as the pillar of democracy

Universalists root for the liberal democratic model which is characterised by regular elections held under different political parties and the elections must be held under a free and fair environment.[81] Nyongôo notes that the collapse of the African state is to be blamed on the lack of transparency and accountability that is the hallmark of African leadership. He cites the failure of African states to implement socio-economic policies that can improve the livelihoods of the poor majority as one of the reasons why the continent is in dire need of multi-partyism.[82] As an instrumentalist and developmentalist, Nyongôo sees democracy as an instrument of development and itôs precisely this assertion that put him at loggerheads with Mkandawire who presented his democracy as an absolute value and doesnôt see the need to justify democracy in terms of development.[83]

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[79] Loc Cit.
[80] Eyo, D: African Perspectives on Democracy and the Dilemmas of Postcolonial Intellectuals, Africa Today 45: 3-7, 1998.
[81] Loc Cit.
[82] Loc Cit.
[83] Shivji, Issa: The Democracy Debate in Africa: Tanzania, Review of African Political Economy, No 50, Africa in a World order, Taylor & Francis Ltd, pp 79-91, March 1991.

Anyangô Nyongô faults the records of autocrats during the single party era and blames them for the current underdevelopment on the continent. He singles them out as being solely responsible for Africaôs sorry economic state. He blames the military and civilian elite that possessed power in the 80s as having used it as an instrument of personal enrichment, this they did at the expense of the majority poor. This is also the period associated with chronic corruption which further helped erode the little legitimacy that had been left in most African regimes.[84] Nyongô supports liberal democracy but his worry is that African dictators have been able to distort its meaning such that it leaves one man standing in the ring as an ideology of potentially universal validity. This is a view he shares with Fukuyama Francis who castigates the mode of democracy being exercised in Africa as an exercise in legitimising the leadership of the big man. For Africa to take off, Nyongo proposes that it must be part and parcel of liberal democracy.[85] The way individual freedoms have been curtailed convinces Nyongo that Africa is not really liberal.

Nyongo also observes that the period just after independence was the best for the continent in terms of economic development. He singles out sectors such as education, health and the general standards of living as having had a strong growth rate. Employment was also an area that grew rapidly which he gives credit to the indigenization policies.[86] Abbink disagrees with these assertions and lays the blame at the democratsô door. He blames them for raising peopleôs expectations only to crush them a little while later. People soon discovered that the democracy they had been shouting for is

[84] Nyongô, A: Democracy and Political Leadership in the context of NEPAD, A paper Presented for the Special commission on Africa during the Japan Institute for International Affairs Conference at the world Summit on Sustainable Development, Johannesburg, 2002.
[85] Loc Cit.
[86] Loc Cit.

not what they were getting. Dictators learnt fast and embraced multiparty elections to serve as rituals to divide and rule and stay in power.[87] Democracy was warmly received but soon turned out the way Schumpeter had aptly described it ósas a means for the elite to fight for peoples vote in order to use it to dominate themô.[88] They also put prominence on the universality of individual rights. This groupôs obsession with individual and the individual rights is what Ake calls the atomisation of the society and is in direct conflict with the cultural realities on the continent.[89] By prescribing a model that has worked in the West they are overlooking the fact that in the West nations have already achieved the task of looking after collective rights and thatôs why the focus has now shifted to individual rights. Africa does not boast of strong states with strong institutions and any attempt at atomisation might shake the bond experienced in our families and communities.

When it comes to external help in the push for democracy, Nyongôo and Ibrahim differ. Where as Nyongôo endorses political conditions for external aid, Ibrahim dismisses it and blames it for denying African governments the opportunity to make independent decisions.[90] The stand taken by Nyongôo can be attributed to the fact that he was one of the people who tried to make the Kenyan autocratic government adopt multi-

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[87] Abbink, J and Gerti H (eds.): Election observation and democratization in Africa. Houndmills and New York: Macmillan Press and St. Martinôs Press. 2000, p. 2

[88] Schumpeter, Op Cit.
[89] Ake, C, Op Cit.
[90] Eyo, D, Op Cit.

partyism in vain; the last option was to rely on external support which was successful.[91] Other scholars such as Barry Gills and Joel Rocamora take a dim view in relation to the external support for democratisation; they are very pessimistic about the chances of liberal democracy taking root on the African continent courtesy of donor pressure.[92] To them, the current efforts aimed at democratisation are just an integral aspect of the economic and ideological restructuring accompanying a new stage of globalisation in the capitalist world economy. They add that the word ódemocracyô is in danger of political mystification or obfuscation, serving as euphemism for sophisticated modern forms of neo-authoritarians.[93] In this regard democracy is among the many ways the west has devised to facilitate easy trade which unfortunately leaves the African continent poorer. Ndegwa acknowledges that external pressure particularly from donors especially western nations, the World Bank and the IMF might have given impetus for the reform struggle but warns that the dependence of state on external actors, especially in terms of adjustment, budget and development policy clearly undermines the legitimacy of the state.[94] But Hameso blames the over reliance on donors for political change to the incapacity and vulnerability of political actors, both the ones in the opposition and the ones in power.[95] He says that they have limited choice in terms of fresh proposals to the economic policy changes and that since the current strategic policies are already

[91] Nyongôo and other Comrades Successfully lobbied for the donors to help in the push for Multy-party democracy in Kenya, Heôs now a Minister in the coalition government and the Secretary General of The Orange Democratic Movement, The party that claims to have won in the disputed elections.
[92] Gills, Barry and Joel Rocamora, Low Intensity Democracy: Political power in the New world Order, Pluto Publishers, London, 1993
[93] Loc Cit.
[94] Ndegwa, S, Op Cit p. 7
[95] Hameso, S: Issues and Dilemmas of Multi-party democracy in Africa, West African Review, 1525-4488, 2002

determined outside Africa by the International Financial institutions without the consent of the people, the competition among parties will only be on the basis of which group executes the predetermined policies better and this clearly hinders the growth of democracy on the continent.[96]

When it comes to popular democratic perspective, Eyo identifies Issa Shivji and Mahmood mamdani as the major proponents.[97] These two object to the truncated version of democracy which they refer to as multipartyism. Their critiques emanate from the distinction between the socioeconomic versus individual rights and the historicity of liberal democracy as a class-based system of rule that emerged with and is geared toward the reproduction of capitalism in the west.[98] This group is critical of domestic elite who use multi-partyism to stay in power and this has resulted in a bloody circulation of these elites in what Shivji refers to as compradorial democracy.[99] Their fears were not unfounded since experience in countries such as Kenya and Zambia has shown that a formal declaration of all the prerequisites for western democracy does not necessarily realise liberal democracy.

According to Shivji, democracy is the question of the struggles of the popular classes.[100] Development, accountability, parties elections are but the symptomatic forms of the existence of or moment in the struggle. Shivji thinks that the position taken by the Universalists avoids historical context and social forces. He was also of the opinion that the likes of Nyongôo and Jibrin were being influenced by ófashionable bandwagonsô of the west. He accused them of indulging in unabashed celebration of liberalism. He

[96] Loc Cit.
[97] Eyo, D, Op Cit.
[98] Loc Cit.
[99] Shivji, Issa, Op Cit.
[100] Loc Cit.

submits that the centrality of democracy in the present historical context lies precisely in the fact that it expresses or constitutes an ideology of resistance and struggle of the large masses and popular classes of the people and that at the minimum it has to be an ideology which articulates anti-imperialism and anti-comprador-state positions. He dismisses liberal democracy as an ideology of domination.[101]

One of the tenets of democracy which is multiparty elections has increasingly come under sharp criticism from a number of scholars, is multi-party elections, many have branded multi-party elections as a façade, Abbink credits them for enabling autocratic leaders to remain in office by tactfully using the electoral procedures to divide and rule their countries[102]. Hameso captures this clearly when he says that one obvious outcome of sudden introduction of political competition is the manipulation of the polity by the incumbent and the opportunists who take advantage of the loopholes in the órules of the gameô for the purpose of self aggrandizement and not for the benefit of societies[103].

In much of Africa the story is that of conducting problematic elections without initiating substantive changes to the leadership or the polity. When changes seem imminent, political protagonists refuse to accept the outcome as fair. This cannot be further from the truth as recent events in some once stable countries like Kenya and Zimbabwe have shown that incumbents are ready to change the rules of the game in order to remain in power.

Africa is now moving into an era of negotiated settlements and there are fears that leaders like Museveni might be getting a few useful tips which they will later use to stay in power. In an interview with Rukare, the above fears were confirmed as he sees a

[101]Loc Cit.
[102] Abbink, Op Cit.
[103] Hameso, S, OP Cit.

situation where if the incumbent loses in the next election then the incoming leader must find a way to accommodate him, possibly a power sharing arrangement that totally defeats the whole purpose of democratic elections.[104] They also reckon that patronage politics and clientilism will persist although the base will widen because of multi-partyism. To them, political and socio-economic rights ought to be pursued together to attain emancipatory democracy. Just like Ake, they stress attention to the rights of communities rather than the individual.[105]

The other perspective is the **nativist** one with Ake as the main proponent. He terms the African society as being pre-industrial and communal and whose cultural idiom is radically different from the western one.[106] He also sees the economies as being informal and highly subsistence which does not bode well for democracy. Ake also thinks that the close association between liberal democracy and capitalism makes it unsuitable for Africa; he observes that Africans are highly communal unlike their Western counterparts whom he finds to be very individualistic. According to him this is the foundation upon which democracy is build. In democracy people demand individual political rights which he thinks is not important at the moment, instead he prefers that economic issues be taken care of first before the political rights are looked at.[107]
Ake was of the view that some African leaders were only using democracy as a strategy for power and not a means of empowering people.

[104] Rukare Donald is a Program Manager of an EU and Ugandan government Human Rights and Good Government Program in the Ministry of Finance, Planning and Economic Development, He is also working on a Doctorate on Aid and Human Rights in Uganda
[105] Eyo, D, Op Cit.
[106] Ake, C, Op Cit.
[107] Loc Cit.

Efforts by the international community to promote democracy are also faulted for not taking peopleôs interests at heart but rather for pushing for an environment that would enable easy trade, these are some of the concerns that Ake had when he advocated for a customised democracy that emphasises concrete economic rights instead of political rights that are he hallmark of liberal democracy.[108] The failure by the newly democratic African states to improve the lot of its people casts serious doubts on the viability of liberal democracy on the continent and also the fact that ethnic conflicts, which democracy had hoped to eliminate intensified rather than subsided is a big blow to the democratisation efforts on the continent.

Buijtenhujss and Thiriet singles out Okamba and Adedeji Adebayo as some of the writers who just like Ake do not think multipartyism is conducive to the management and organisation of political power in Africa. Adedeji argues that the democratisation in Africa will be sustainable and credible only if it comes as an integral part of the transformation of the political and socio-economic structures[109]. This debate is also joined by Skinner who declares that liberal democracy can only take root if the society is industrially, economically and socially advanced, a view also shared by Hameso who rejects liberal democracy on the ground that it is unsuitable for Africaôs socio-economic structures.[110]

Lumumba Kasongo joined the democracy debate later by dismissing the political system adopted by most African countries as a fragment of liberal democracy known as

[108] Loc Cit.
[109] Buijtenhujss, R and Thiriet, C, Op Cit, p.105.
[110] Hameso, Op Cit.

multipartyism.[111] Just like Ake and other nativists Lumumba also thinks that it is difficult for representative democracy to succeed in the current African social and economic conditions. He cites the lack of access to resources which can promote active participation in the political process and belief in the political system as one of the reasons why representative democracy is difficult to implement on the continent.[112] He advises Africans to firmly check the system of checks and balances which would limit the chances of personalisation and individualisation of power, corruption, military ambition, political charlatanism and opportunistic politics. He is of the view that African democracies should be guided by principles of cultural diversity, social equality and equitable access to resources. It is only through a strong social state that alternative democratic practices can be fully articulated.[113]

Just like Ake and others who have little time for liberal democracy, Lumumba also thinks that representative democracy cannot flourish in Africa due to the current social and economic conditions. He advises that for liberal democracy to succeed then access to basic resources is needed to promote active participation.[114] This view is not restricted to African scholars alone as Lipset and Cutright also argued that variations in degrees of democracy can largely be explained by differences in socio-economic development, thus Africa might not be ready for liberal democracy until high socio-economic levels are attained.[115]

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[111] Lumumba, Kasongo: Africa in The New Millennium: Liberal Democracy and its critics in Africa, CODESRIA, University of South Africa Press, Pretoria, 2005

[112] Ibid. p. 22
[113] Loc Cit.
[114] Loc Cit.
[115] Lipset, S, Political Man and P. Cuthright, ñNational Political developmentò in N.W. Polsby, R.A. Dentler and P. A. Smith, (eds): Politics and Social life, Boston,Houghton Mifflin, 1963, 560-582

The main difference between nativists and popular democracy approaches lies in the nativist conviction that rural societies remain the repositories of democratic values from which to build culturally germane, participatory forms of democracy at the nation state level. Nativists depart from the view that the post colonial state is an alien system of rule designed to serve the interests of small groups of Westernised elites.[116]
Both are in agreement when it comes to atomisation of society, they think that African social realities which is defined by communal is not ready for this.[117] But Okoth Ogendo weighed in on the issue of individual rights by offering a solution that proposed for the adoption of the classical concept of individual rights by Africans but modify it to incorporate certain group rights and obligations in what he terms as ñpeopleôs rights.ò[118]

[116]Eyo, D, Op Cit.

[117] Loc Cit.

[118] Ogendo, O: ñHuman and Peoples Rights: What is Africa Trying to Make?ò In R, Cohen and Heiden, G (eds) Human Rights and Governance in Africa, Gainesville, FL, University Press of Florida, 1993, p.74-77

CHAPTER THREE

3.1 History of Ugandan Politics

Introduction

One cannot fully dissect the complex relationship between Uganda and donors without revisiting the countryøs past which has been littered by dictatorships, misrule and unprecedented economic rundown. One needs to closely look at the past rulers, the colonial legacy that bred ethnic tensions, the military, legislative work over the years then finally take a closer look at Museveni and his brand of politics which has effectively lumped him together with African autocrats. The focus will then shift to the movement system to understand why this political system has been instrumental in shaping the regimeøs relationship with donors and local political players.

3.1.1 Historical Background

Uganda was colonised by the British with the rule being formalised by the 1890 Buganda treaty. A protectorate was declared in 1894.[119] Just like other African colonies, the Uganda borders were drawn with total disregard to ethnic composition of the country. The result of this has been the simmering tension between the Nilotic-speaking northerners like the Acholi and Langi and the Bantu speaking Southerners like the Baganda. Buganda was accorded a privileged status by the British following the signing of the 1900 agreement, this agreement is said to be largely responsible for disunity of the country in the 1950øs when Buganda vehemently refused to legislative reforms that would have seen more black representation in the legislative assembly, just like other

[119] Bouckaert, P: Hostile to Democracy: The Movement system and political repression in Uganda, Human rights watch, New York, 1999, p. 28

British colonies, Uganda was also ruled indirectly with the colonial masters using compliant Baganda rulers to further conquer and administer other Uganda kingdoms[120].

Unlike other tribes, the Baganda were favoured by the British in terms of development and leadership. The Northern parts of Uganda were overlooked by the British, who only exploited them for cheap labour[121], this labour was then utilised in the more fertile Southern side of the country where cash crops were grown. This area was later to boast the best infrastructure in the country, with the North and West being left out of any development plans. Since those early days tensions have persisted between the developed parts of the country and the Northern parts which still lag behind in terms of development, this has spilled over to the army which tends to be split between different factions based on ethnicity.[122]

The British fearing that they might be entrenching Buganda, adopted a policy whereby they recruited only the northerners to the army. This helped to neutralise an already powerful Buganda but was later to prove a big problem since by the time the country was getting independence the army was highly skewed in favour of the Northerners especially the Acholi and Teso.[123] Mamdani attributes the recruitment of Northerners to the army to the need to maintain order in the cash crop growing areas in the South.[124]

The first government of Obote inherited this policy and continued staffing the military with the Northerners, a situation that Museveni tried to rectify as soon as took

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[120] Loc Cit.
[121] Griffiths Aaron and Katalikawe James: The reformulation of Ugandan Democracy in Bastian, S and Lackham, R: Can Democracy be designed? The Politics of Institutional Choice in Conflict Torn Societies, Zed Books, London, 2003, P. 95.
[122] Ibid p.94
[123] Ibid p. 95
[124] Mamdani, M, Uganda in Transition: Two years of NRA/NRM, Third World Quarterly, Vol. 10, No. 3, 1988, pp 1155-1181.

over power. The Acholi, Langi and Teso were favoured by the British for the army role because they were perceived to be more martial, a labelled that stuck even after independence.[125] The Southern part was primarily used for agriculture where the British grew cash crops, this was because the Southern parts of the country were more fertile but labour was still sourced from the Northern communities, the result was a lopsided development that favoured the South.[126]

The British relationship with Buganda was a special one which led to the signing of the 1900 agreement that set Buganda apart from the rest of Uganda. The Kabaka and his chiefs were conferred special privileges in return for their cooperation.[127]
This was later played out in the period leading to independence since the Kabaka was keen to protect his privileges at the expense of forging a unified nation. He refused to work with others to form a single unifying party that would be used to unite Ugandans at independence like was the case in Kenya under KANU and Tanzania under TANU.
In the end the Buganda kingdom was to be retained but the rest of the country was to unite. Other tribes such as Ankole, Bunyoro and Toro were allowed to retain their semi-autonomous status.[128]

Despite retaining his Kingdom, the Buganda king ended up being the first president of the republic which brought more confusion considering that the rest of Uganda was not a monarchy.[129] This arrangement involved building a coalition with the Uganda Peopleôs Congress (UPC) held for four years before finally crumbling, this is usually blamed on the independence constitution that did not authoritatively deal with

[125] Bouckaert, Op Cit p. 28
[126] Loc Cit.
[127] Griffith, A and Katalikewe, J Op Cit. p 95
[128] Loc Cit
[129] Ibid p. 96

issues such as the autonomy of Buganda and the role of the King in the unitary government.[130]

The independence government consisted of a fragile coalition between Uganda Peopleôs Congress of Milton Obote and the Kabaka Yekka Party. Under this arrangement Obote became the first Prime Minister of Uganda while Kabaka assumed largely a ceremonial presidency, this he did despite holding on to his Buganda kingdom.[131]

The coalition only lasted for a year due to disagreements over counties that had been annexed by the British from Bunyoro and given to Buganda. This led to a referendum which helped give back some of the territory to Bunyoro.[132]

The King refused to give assent to the referendum legislation which led to the political upheavals that eventually resulted in the disintegration of the coalition in 1966. The 1962 constitution was suspended due to its unworkability especially when it came to the issue of Buganda autonomy and the lost counties[133]. It was then replaced by an interim government. This happened after Obote faced opposition from his own UPC party and it resulted in promotion of Amin to the position of army commander and dethronement of Kabaka from the presidency.

The years that followed saw Obote try to consolidate his power by introducing a new constitution in 1967 which abolished the four kingdoms and further strengthened executive powers. Following the assassination attempt on Obote in 1969, the UPC banned all opposition groups and effectively created a one party state[134].However Oboteôs reign was rudely interrupted by Iddi Amin who capitalised on the disunity in the

[130] Loc Cit.
[131] Bouckaert, Op Cit p. 30
[132] Loc Cit.
[133] Griffith, A and Katalikiwe, J, Op Cit p. 96
[134] Bouckaert, Op Cit p. 30

army and the tensions that had developed between him and Obote to seize power in early 1971. This was carried out while Obote was away on an official trip in Singapore.[135]

At first many Ugandans welcomed the new developments unaware of what awaited them, soon their jubilations proved to be short-lived as Amin turned against them. The first to face Aminôs wrath were the Langi and Acholi soldiers who were systematically eliminated. Many Ugandans had to flee for fear of being killed but many more others were brutally slain by the government forces.[136]Asian businesses were next to be targeted as Amin expelled Asians from Uganda. Rachel Flanary and David Watt attribute this expulsion to the decay in Ugandaôs once prosperous economy.[137] The ejection of Asian businessmen, who were the mainstay of business and mercantile life led to a serious erosion of skills and technical know-how that was badly needed in Uganda[138]. Amin proceeded to dish out some of those businesses to his cronies who had no business skills thus plunging the country into an economic meltdown, soon corruption became a way of life. Amin relied on force and before long he suspended political activity and most civil rights. The national Assembly was dissolved leaving Amin to rule Uganda by Capricious decree.[139] Finally Tanzanian forces ended his adventures by toppling him after he attempted to annexe part of Tanzania.[140] This created the way for Oboteôs comeback.

Yusuf Lules Ugandaôs National Liberation Army (UNLA) held power for a full two months before collapsing.[141] Godfrey Binaisa, a former attorney General replaced Lule but political squabbles within UNLA made it difficult for Binaisa to unite a fractious

[135] Ibid. P. 33
[136] Loc Cit.
[137] Flanary, R and Watt, D: The state of Corruption: A Case Study of Uganda, Third World Quarterly, Vol.20, No. 3, 1999, p. 515-536.
[138] Loc Cit.
[139] Loc Cit.
[140] Bouckaert, Op Cit. p. 33.
[141] Loc Cit.

Ugandan society. In 1979 he banned party polities to try and heal the divisions in the country but he was ousted by an Obote leaning military faction in the army.[142] In December 1980 general elections were held which Oboteôs UPC won although critics claim that the election was not free and fair therefore denying the Democratic Party victory.[143] Musevenióos Uganda Patriotic Movement also took part in the elections but performed dismally with even Museveni himself failing to win his home seat of Mbarara.

After the elections Museveni went straight to the bush to start a 5 yr war under the banner of National Resistance Army. The aim was to defeat the government and institute some key changes in the countryôs system of governance. Museveni argued that his call for arms was a legitimate response to undemocratic practices. From early on Museveni fought on the ideology of bringing democracy to Uganda and heal the country from the deep divisions it had plunged into.[144]The war had a big toll on human life with the government responsible for some of the killings especially in Buganda near Kampala. Analysts estimate that the Obote-Museveni war claimed more lives than the Amin reign with the Luwero triangle gaining notoriety as the epicentre of the killings.

NRA had a strong following in places like Buganda due to the regionôs perceived persecution by the first Obote government.[145] In 1985 Obote was again deposed by Tito Okello. This coup was as a result of factional struggles within the army, the Acholi faction accused the Langi of enjoying the fruits of power while turning the Acholi into cannon fodder to fight the fast expanding guerrilla army in the Luwero triangle.[146]

In January 1986 Museveni and NRA took over Kampala.

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[142] Loc Cit.
[143] Ibid p.34
[144] Loc Cit.
[145] Loc Cit.
[146] Mamdani, M, Op Cit.

3.1.2 Uganda under Museveni

Museveniôs first major act on taking power was to ban political party activity during the transition period that was initially not supposed to last for more than four years. This he did in his first year in office. In the beginning all political players were happy with the arrangement since they believed Museveni was being sincere and would stay true to his word.[147] Museveni made it known that his government was interim, its job was to restore peace, rebuild the police, reform the civil service, judiciary and rule the country on the basis of unity.[148] Indeed he adopted the ten-point program developed during the bush war which among other things was designed to establish popular democracy, restore security, consolidate national unity, defend national independence, build a national economy, rehabilitate and resettle displaced people, ensure regional cooperation and human rights and finally to follow a strategy of mixed economy.[149] To his credit, Museveni has overseen a steady economic growth and brought democracy to the village level; however at the national level democracy has been stifled by the movement system which doesnôt encourage any form of dissent.

The No-party system through the Resistance councils has opened democratic space at the local level enabling ordinary Ugandans to take part in day to day affairs that govern their lives but when one looks at the national level the picture is different, the show is run by one man and those who have differing opinion are rendered politically impotent by the unfavourable political system. Foreign journalists stationed in Uganda at

[147] Bouckaert, Op Cit. P. 36
[148] Omara, Otunnu: The Struggle for Democracy in Uganda, Journal of Modern African Studies, Vol. 30, N0. 3, 1992, p. 443-463.
[149] Loc Cit.

that time made the new regime known to the world and ensured that the Museveni presidency was perceived favourably.[150]

However, Museveni will forever be remembered for his distaste of multiparty politics. His preferred political system has been the movement or no-party system which he fronted as an alternative to multipartyism. This would not have been possible without the backing of the donors. From the moment he assumed power, Museveni devised clever means to stay on unchallenged often giving convincing reasons for doing so. From 1986 to 1989 was declared an interim period whereby all political parties would come together under the Umbrella of National Resistance Movement.

After the completion of the interim period in 1989, Museveni further extended the interim period for another 5 years using the violence in the country as an excuse.[151] From 1989 to 1994 Museveni resorted to strong arms tactics while dealing with opponents of his regime, those who attempted to hold rallies were threatened. In 1995 the country adopted a new constitution that completely suffocated other political parties by entrenching the movement system.[152] Elections were held in 1996 under the new constitution which stipulated that a president cannot serve more than two terms in office. Museveni defeated Democratic Partyôs Paul Ssemogerere. Five years later Museveni faced-off with a one time political ally, Kiiza Besigye whom Museveni comfortably trounced by a wide margin of 40% but by this time Museveni was already campaigning to have term limits removed from the constitution[153], a feat he achieved without much of a fight in 2005, just in time to stand for the infamous third term.

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[150] Loc Cit.
[151] Bouckaert, Op Cit p. 36
[152] Griffith, A and Katalikiwe, J, Op Cit p 98.
[153] Loc Cit.

3.1.3 Quest for third terms in Africa

The early 90ôs saw multi-party politics return to the majority of African countries but in some of these states, such as Zambia, Malawi, Zimbabwe and Namibia, as the incumbent presidentôs terms of office came to an end they begun to manoeuvre for extension.[154] Later others like Kenya and Nigeria also tried to toy with the idea but the mood on the surface in their respective countries made them abandon bids for term extensions. Obasanjo went ahead and tried to amend the constitution but the senate rejected the amendment. Some resorted to sponsoring lame duck candidates with the hope of continuing to call the shots while in retirement but this too has not worked. Good example is Kenya where Moiôs candidate, Uhuru Kenyatta was defeated in general elections and Obasanjoôs pick, YarôAdua has not been keen to carry on with some of his predecessorsô policies

Anthony Okuku draws parallels between Uganda and Zimbabwe where a referendum was held in February 2000 to determine whether the country should adopt a new democratic constitution. Zimbabweôs voters rejected the proposed new constitution by 55% to 45%. The Zambian and Malawian third term bids were also defeated.[155]

In the case of Uganda, Museveni used all political tricks in the book to get the 322 member parliament lift the presidential term limit. Andrew Mwenda takes issue with Ugandan legislators whom he says were bribed, blackmailed and intimidated by

[154] Okuku, J, A: Beyond Third Term Politics: Constitutional Amendments and Museveniôs Quest for Life Presidency in Uganda, Institute of global dialogue, Johannesburg, Occasional paper No. 48, May 2005.
[155] Loc Cit.

Museveni's lieutenants.[156] In the end the constitutional amendment sailed through parliament opening the doors for the president to run as many times as he wishes. Mwenda reckons that with the nature of African politics where the opposition is usually rendered impotent by the ruling party, this was tantamount to creation of a presidential monarchy since he doesn't think the opposition will uproot Museveni.[157]

Museveni being a crafty politician had already set in motion mechanisms to see him retain power upon the completion of his constitutionally allowed term. Okuku traces this to the October 2000 split in the ruling movement. Besigye, a former close ally of Museveni broke ranks and challenged the president in the 2001 March elections. In response to Besigye's challenge, Museveni appointed the Constitutional Review Commission (CRC) to review provisions in the 1995 constitution which led to the 2005 amendment. The argument used was that term limits are undemocratic as they deny the people a chance to choose whoever they want.[158]

3.1.4 Legislation during Museveni's reign

The Odoki Commission, named after its chairperson, was constituted in March 1989 to draw up a new constitution for the country. Many argued that the commission's make-up was strongly in favour of NRM. The commission was appointed by the government apparently without due and proper consultations. The commission was made up of 21 members with most commissioners being regarded as avid sympathisers of the

[156] Mwenda, A: Personalising power in Uganda, Journal of Democracy, Vol. 18, No. 3 2007
[157] Loc Cit.
[158] Okuku, A, J, Op Cit.

NRM.[159] The commissionôs work coincided with a ban on political party activities which limited the participation of those outside the NRM circles.

The commission did well and gained public confidence by allaying fears that it was only rubber stamping the NRM positions. However the final product was widely perceived to be an elitist one that did not reflect the views of the people.[160] After successfully gathering views from every corner of the country, the final report recommended that the one party system be done away with but Ugandans be given a say to choose what they want through a referendum.

The 1993 Constituent Assembly elections necessitated the enactment of an Act which the NRM government fully exploited to convert the original ban on political party activities into a legal one. Candidates were banned from standing on political party tickets and those that went against this faced disqualification. Political rallies had to receive a nod from the government.[161]

Constituent Assembly elections were held in 1994 with all major parties taking part where a number of opposition politicians won. By this time the issue about the type of political system to be adopted remained sticky, some were of the view that the Odoki commission might have been overtaken by time and people were ready for multipartyism. Some elements within the LRA high command were critical of the stance taken by NRA to extend the interim government by another five years. These were Major General David Tingefuza and Serwanga Lwanga, both high ranking NRA officials.[162] Ultimately the

[159] Furley, O and Katalikawe, J: Constitutional Reform in Uganda: The New Approach, African Affairs, Vol. 96, No. 383, 1997, p. 243-260.
[160] Loc Cit.
[161] Bouckaert, Op Cit p. 39.
[162] Ibid. P. 40

constituent assembly adopted a constitution in September 1995 which placed severe restrictions on political party activity[163].

3.1.5 The No-Party/ Movement System

According to Museveni, the movement system was the best prescription for healing the divisions caused by former administrations. Under the movement system individuals were barred from running on any political party ticket. Though it restricted party politics, democracy at the local level was encouraged. Originally the movement was meant to be an interim measure for reconstruction but soon but soon became rationalised as the preferred mode of political system.[164] The system was designed along resistance councils which had a five tier system that ensured penetration to the village level. The Odoki commission described the movement system to be very democratic and a vehicle through which all Ugandans could participate through the expansive resistance councils.[165]

Praise was heaped on the system for its perceived role in the steady economic growth of the country besides also bringing relative calm to the once very volatile country. Museveni also cited the poverty and lack of a clearly defined class structure in Africa as the reason why an attempt at democracy would fail. He also cautioned that politicians would take advantage of voterôs ignorance and try and divide them along ethnic and religious lines. He warned that political parties were going to undo what he

[163] Ibid. p. 41
[164] Ibid. p. 46
[165] Ibid. p. 48

had done for the Ugandans and return the country into anarchy.[166] These sentiments were shared by most Ugandans who still had fresh memories of the past brutal regimes of both Obote and Amin. His campaign was crafted on fear and he successfully capitalised on Ugandanôs fresh memories of the past atrocities to drive the message home. In the end the NRM managed to have Ugandans of all walks belonging to it and anyone who dared oppose the movement was easily labelled as a sectarian.[167]

However, the Movement was to later morph into what Barkan refers to as an óold-styleô one party state reminiscent of Africa during the 80ôs. Some members of the movement became more loyal to Museveni and the movement than others and were regarded as being ómore movementô than others.[168] In 2005 the movement evolved into the National Resistance Movement Organisation effectively becoming a political party on whose ticket Museveni stood for a third term in 2006 and won.

Fighting in the North by the LRA has however taken away some of the shine on Musevenióss assertions that the movement was a cure for sectarianism. Some claim that the movement has further alienated the Northern part of the country, one of the reasons why the war in the North would not end fast.[169] Under the no-party system we have local councils that were crucial for the management of political affairs of the country.

The Resistance Council idea was conceived and first implemented when Museveni was still in the bush. He put areas he captured under the RCôs but the idea was later spread to the whole country when the NRA/M captured power[170]. The RCôs start at the

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[166] Loc Cit.
[167] Ibid. p. 49
[168] Barkhan, J, D: Challenges and Change in Uganda, presentation at a Conference titled óUganda, Africa Success past its Prime?ô Woodrow Wilson International Centre, 2005.
[169] Bouckaert, Op Cit. p. 49.
[170] Ibid. p. 54

village level (LC1) and progress through the parish (LC2) to the sub-county (LC3), county (LC4) and district (LC5). During the 1996 elections all those that wanted positions in RC faced the electorate except for a few seats which were reserved for interest groups including the army.[171] Many agree that the local councils provided citizens with a chance to participate fully in local affairs which was not the case at the national level. The village level was more democratic and participatory unlike the national level which remained largely undemocratic. However, the Local Council system did not escape criticism; some people accused it of serving interests of the movement especially in the 1996 elections. Council officials were accused of harassing those that were opposed to the movement system.[172]

The next chapter will give us insights on how this political system benefitted from the rampant corruption which has been made possible by budget support.

[171] Loc Cit.
[172] Loc Cit.

CHAPTER FOUR

4.1 Budget support, corruption and regime maintenance in Uganda

This chapter will analyse the interplay between donor aid, corruption and the effect this has on democracy. The focus will largely be on budget support which has of late gained favour with the donors as the preferred mode of giving aid and will seek to find out how certain characteristics of budget support makes it ideal for corruption to thrive.

Reasons why the continent receives aid varies from author to author, while some like Omatayo attribute this to the need to fast-track Africaôs stagnant economy, others like Orjiako cite the colonial ties as a strong reason why a particular European power would feel obliged to lend to an African country. However, the author who has come closest to pinpointing why Uganda receives aid is Caroline Lancaster, she does not explicitly mention the country but by singling out promotion of democracy, promotion of economic development and advancing security concerns, gaining commercial advantages and achieving cultural goals she manages to give us a framework that can be used to describe Ugandaôs case.

Ugandaôs strategic location in the volatile Great Lakes region combined with Kenyaôs waning credibility[173] puts it in the pole position as far as receiving freebies is concerned. A good example is the budget support that goes into funding military budget; every other year the country manages to convince the donors to adjust this budget upwards because of the situation in the region and the country itself. Fighting The Lords Resistance Army has been used a number of times to solicit more military funding.

[173] The December 2007 bungled General Elections combined with a series of corruption scandals have tainted Kenyaôs image abroad.

Museveniôs famed economic reforms on taking over from the earlier dictators have given him a great mileage especially when it comes to soliciting for budget support which he easily gets due to the relative prudence in fiscal management compared to earlier regimes. The regime is also plundering the local resources as it tactfully presents clean books where development aid from donors is concerned.

4.2 Budget support to Uganda

As mentioned earlier, Uganda qualifies for budget support because of the presidentôs economic reforms that included privatisation, civil service restructuring and general economic reforms that greatly pleased the donors. According to Michael Atingi of the Bank of Uganda, budget support that finances nearly half of the countryôs expenditures has been possible due to the countryôs commitment to the reforms and macroeconomic stability which have given confidence to the donors.[174]
Programs such as the 3 year Enhanced Structural Adjustment Facility with IMF and the second Structural Adjustment Credit from World Bank which were both carried out in 1994, then followed by the Enhanced Structural Facility of 1997 and the approval of a third Structural Adjustment Credit by the World Bank are credited for the restoration of macroeconomic stability that resulted in the growth of the economy by up to 10% in 1994-1995.[175] However, Rukare supported Atingiôs claims but added that the government has not always been transparent in its dealings judging from the annual reports released

[174] Atingi, M: Budget Support, aid Dependency and Dutch Disease: The case of Uganda in Koeberle, S, Starveski, Z and Walliser, J, Budget Support as a more effective Aid? Recent Experiences and Emerging Lessons, World Bank Publications, 2006, p. 354.
[175] Loc Cit.

by the Auditor General.[176] The assumption made when giving budget support is that the recipient country will be as transparent as possible to avoid undesirable results like what is being witnessed in the country today.

Before the turn of the Millennium, budget support flows were less than US$200 Million a year, or about 3 % of the countryôs GDP but from the year 2000 it doubled to 6% of the GDP peaking at 8% in 2001.[177] Budget support accounts for about 60% of total aid recipients. Of this the bilateral budget support makes up to 60% of total budget support. The major bilateral donors include the United Kingdom which is the largest donor and accounts for over 40% of total bilateral budget support, Ireland, Denmark, Japan, Netherlands, Germany, Sweden, Norway, Austria and the USA make up the other donors.[178] The World Bank has consistently been the largest multilateral donor peaking at US$225 Million in 2001 which represented more than 50% of total budget support for that year.[179]

Budget support creates ideal conditions for corruption especially if the recipient country is not honest in its dealings. Ugandaôs budget for sectors such as defence is debated then presented to the donors for approval but when the country includes in its payroll a list of ghost soldiers as we shall find out in the next section then budget support becomes another great avenue to enrich the ruling elite. By actually supplementing the national budget to up to 50% the donors also dampen local revenue collection as observed by Rukare. The government relaxes in its tax collection and under such circumstances some favoured businessmen start receiving tax reprieves from the

[176] Rukare, D, Op Cit.
[177] Ibid. pg 355
[178] Loc Cit.
[179] Loc Cit.

government, Rukare says that this is what happened in the neighbouring Kenya whereby some Asian businessmen were exempted from taxation and itôs the same business people that later contributed millions of dollars for the incumbentôs re-election.[180] Some fundraising events were organised in the Kenyan capital including the infamous 1 Million per plate dinners with the proceedings funding the campaign machinery of the ruling partyôs candidate.[181] The strong government and first family connection that most prominent businessmen enjoy in Uganda raises a real possibility that they might be enjoying tax reprieves and the government is not feeling the pain due to steady and predictable flows of aid from donors.

4.3 Corruption and regime maintenance in Uganda

According to research carried out by Alesina and Wader, more corrupt countries are the ones that receive more aid.[182] There is no better portrayal of this than goings on in Uganda. As mentioned earlier in this study, the country holds position 126 out of 180 on the Corruption Perception Index (CPI) released by Transparency International in 2008. Corruption has emerged as a formidable threat to Ugandaôs political and economic stability. The symptoms are hard to spot partly because of Ugandaôs turbulent past that usually dwarfs current problems but with political and the business climate becoming more competitive, there are real fears that Museveni might be using the massive patronage system he has built over the years to try and win a fourth term dealing a devastating blow to democratisation efforts. The period leading to 2006 elections

[180] Rukare, D, Op Cit.
[181] Loc Cit.
[182] Alisena, A and Wader, B: Do Corrupt Countries Receive Less Foreign Aid? National Bureau of Economic Research May 1999.

witnessed unprecedented corruption scandals which observers linked to Museveniôs fight for a third term, in order to get a shot at another term in office he first needed to amend the constitution which barred him from running for another term.

The country is still in good books with donors meaning that budgetary needs are usually taken care of especially the development budget thus opening avenues for grand graft. There have been well documented cases of graft involving people close to the president including his own brother, Salim Saleh. With sights set on a fourth term, the scandals have started increasing both in frequency and magnitude, recently two high ranking cabinet members, Amama Mbabazi and Sam Kutesa who occupy Security and Foreign Affairs ministries respectively were mentioned in corruption scandals that had some Members of Parliament claiming that the money was to be used to target non-compliant members.

Crony capitalism started taking shape in the 90ôs but intensified in the lead up to the 2001 general election. The first eye-catching scandal was the privatisation of the state owned Dairy Corporation to a Thai investor for 1$[183]. Itôs understood that $15 million meant for Universal Primary Education School feeding programme was being diverted in this scam. Some members of parliament were furious with this since it was clear that someone high up in government was lining up his pockets from this deal. Assumption was that Museveni was a beneficiary because of the urgent need to fund elections. This particular case is important as it also highlights the potential avenues for corruption created by the World Bankôs conditionality of privatisation. Later that year members of parliament were bribed with $2800 each to pass a motion in favour of the extension of the

[183] The monitor newspaper, July 7 2005

presidential term limit[184]. The current constitution allows the president to run as many times as he wants. Election campaigns have become a very costly affair making Parliamentarians susceptible to bribery especially when an election is just around the corner. Museveni and his men baited Parliamentarians with bagfuls of goodies towards the last general election first to ensure that the clause barring him from running was removed and secondly to ensure his re-election in actual polls.

Barkan believes that Museveniôs regime is propped by a small group of people who have grown very rich from corrupt dealings and will do anything to ensure that the status quo remains in order to avoid prosecution under a different regime. These people have not only enriched themselves but also provide a flow of income and patronage that sustain the regime.[185] Names that come to mind include Museveniôs brother, Salim Saleh, a retired army Lt. General who has a string of business interests that specialise in procurements for various government ministries including the defence. Good example is Caleb International, a firm associated with Caleb and other members of the first family including Museveniôs son that used to procure equipment for the military[186].

In 2001 the government sold the Uganda Commercial Bank to a Malaysian firm whereby the government is believed to have been swindled colossal sums of money. The government is said to have lost up to $5 million[187]. With such large sums of money being misappropriated towards Museveniôs ólastô days in office observers started questioning his political intentions, surely the war chest for an extended stay in office was being built.

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[184] http://www.globalintegrity.org/reports/2006/uganda/notebook.cfm
[185] Barkan, J: Uganda: An African Success Past its Prime, Woodrow Wilson Centre for Scholars, Africa Program, presentation at a conference held on June 2005, p. 20
[186] Loc Cit.
[187] Global integrity: Op Cit.

The government loses such amounts but it does not really feel the pain since donors will step in and ensure the books balance.

More recently national security minister Amama Mbabazi, a close ally of Museveni with ties stretching back to the bush war days has been embroiled in a corruption scandal involving the sale of land belonging to the National Social Security Fund, a government body charged with safeguarding workers retirement benefits. Mbabazi faced censure from the house and some members of the cabinet but the President intervened and was able to rally the cabinet to Mbabaziôs defence[188]. The NRM dominated parliament was prevailed upon to clear him and on 6th November 2008 he was cleared although it was clear that he was guilty for using his vast influence to have his land sold to the statutory body at an inflated price.

Some Members such as the Kibaale MP Frank Tumwebaze are on record as having said that Mbabazi intents to use the cash to sponsor NRM compliant Members against them (rebels) in the 2011 general elections, he in particular cited a Mr Godfrey Mutabazi, a Mbabazi ally and an NRM insider as being lined up to take him on in the coming general elections[189]. Apart from holding the crucial Security docket, he is also the partyôs secretary general, a position that enables him to use his vast corruptly acquired wealth to ensure Musevenigôs regime endures. He does this by sponsoring compliant candidates against reform minded candidates to ensure that the Museveni regime survives; he is hardly censured by the president when he engages in corruption.

In the 90ôs Mbabazi was also in the news for his links to the Luwero Industries, a government owned firm that produces ammunition for the Ugandaôs Peopleôs Defence

[188] Daily Monitor, Nov 8th 2008.
[189] Daily Monitor, Nov 15th 2008.

Forces whose managing director was Jackie his wife[190]. At that time Mbabazi was the Defence Minister, this was not surprising considering that the defence usually gets the lionôs share of the annual budget and it is common for the defence ministry to embezzle funds knowing very well that the donors will always ensure that the ministry is well nourished. The never ending war with the Lords Resistance Army in the North has been used time and again as a reason for increasing the budget of the defence ministry and donors, fearing that LRA might collude with terrorists do not hesitate to pump more money into the ministry. Some observers believe that the figures being produced to be used in that particular war are highly inflated. The defence ministry is therefore a reliable cash-cow for the regime hence the reason to put it under Musevenigs close allies.

Another of Musevenigs close ally, powerful Foreign Affairs Minister Sam Kahamba Kutesa is currently under investigation by the Public Accounts Committee for alleged influence peddling, conflict of interest and abuse of office. It is alleged that he used his law firm to swindle public funds, he used his position as a minister of foreign affairs to negotiate and authorise a disputed payment of $750,000 to a London law firm Hunton & William that was contracted to project a good image of the country ahead of the 2007 Chogm, and the actual cost was $488,592.33. [191]Kutesa was also instrumental in the 90ôs scandals when the Movement was starting to feel the heat from Anti-movementists. He was censured by the 6th Parliament for alleged conflict of interest by owning a stake in the Cargo handling Company, Entebbe Handling Services which had a

[190] Barkan, J, Op Cit. p. 21.
[191] Daily Monitor, Nov 22nd 2008.

monopoly at Entebbe. The other shareholder was Saleh. His law firm Hunton and William which is headed by his daughter is still retained by the government up to now.[192]

Electioneering periods often witnesses a surge in corruption scandals apparently to help fund the campaigns. The last election was not different and the government capitalised on the World Bank backed privatisation to sale the government owned Uganda Telcom Ltd to a company owned by the Libyan government at a price that was below the market valuation. It is understood that the company was sold at 25 billion Ugandan Shillings to the Libya African Portfolio Greencom[193]. During this transaction there was no advertisement as it should be the norm and also there was no independent valuation, Finance Minister Dr Ezra Suruma was deeply involved in this[194]. The fact that this happened in an election year raised numerous eyebrows. The neighbouring Kenya also had a similar corrupt deal which ironically involved the same Libyan government. The deal involved the sale of a Hotel (Grand Regency that was once owned by a controversial businessman which the government later repossessed due to the businessmanôs corruption cases). It also happened in an election year (2008) and was highly shrouded in secrecy but in this case the Parliamentary Accounts Committee was able to arm-twist the president to suspend the minister involved[195].

Mwenda, a fierce Museveni critic attributes the elaborate patronage system put in place by Museveni as the main reason why he is able to extend his stay in power. This he has done by exploiting the avenues created by economic reform programs initiated by

[192] Barkan, J, Op Cit. p. 21.
[193] Daily Monitor, 17th Nov 2008.
[194] Loc Cit.
[195] Grand Regency Hotel was sold to Libyan Investors at a higher price than what Finance Minister disclosed raising suspicions that the money from this deal was used to finance last yearôs Re-election of the incumbent and the subsequent violence. The finance Minister was later suspended but he has already been reinstated.

both the state and the donors.[196] Mwenda points fingers at the numerous semi-autonomous, bodies that were built to sidestep the civil service. They include the Uganda Revenue Authority which is charged with collecting revenues, the Uganda Investment Authority, the Privatisation Unit and the Decentralisation Secretariat among others. These bodies have created a cash flow that the regime uses to push the National Resistance Movement Agenda in the country and spread the patronage web far and wide.[197] Of the estimated $8.5 Billion in GDP, $280 Million is used to run these 95 plus semi-autonomous government agencies.[198]

The fact that donors encouraged formation of these agencies highlights the role they have had in knowingly and unknowingly funding Musevenigs stay in power. By the time Museveni was heading into the 2006 General elections, there were 81 Districts from the 33 that existed in 1990.[199] Districts are funded by the central government and Museveni uses this to ensure that only NRM leaning people are at the helm. Almost the entire budget of the districts is footed by the central government and since the donors are responsible for close to half of annual budgets it goes without saying that they are funding Musevenigs regime.

Another interesting observation comes from Tangri and Mwenda who asserts that Musevenigs apparent inaction where graft is concerned points to a tactic which has been perfected by African Big Men such as Moi; they turn a blind eye when senior members are engaged in graft in order to retain their loyalty. Any attempt to move from NRM or oppose Museveni is met by prosecution and confiscation of the ill-gotten wealth.

[196] Mwenda, A, Op Cit.
[197] Loc Cit.
[198] Loc Cit.
[199] Loc Cit.

Ministers, senior government functionaries, senior army officers are all involved in an elaborate scheme that ensures they fund the NRM activities to ensure Museveni stays in power and they need not have anybody motivate them since they know that once their man gets out of power it could spell doom for them.[200]

The army has proved to be a very reliable source of income for Museveni and his cronies; itôs no wonder that Musevenióbrother and sons have been highly visible in the military. There was a marked increase in the military expenditures in the late 1990ôs which was not surprising going by the growing calls for democracy at that time. This is the time that the military begun acquiring more and larger military hardware mainly through third parties and it also marked the beginning of grand graft. Tangri observes that the deals at that time and indeed up to now involve bribes, kickbacks and massive overpayments from which army officers, top government officials and middlemen profit. Worst part is that the donors are the ones who finance these shoddy deals as they take care of most of the military budget.[201]

Operations to combat insurgents are also proving very profitable for senior military officers who by design are very close and loyal to the regime. These officers are mandated to draw up budgets and also get lucrative contracts from the field operations which run into Millions of dollars. Interestingly no single leader has ever been successfully prosecuted or punished owing to a number of factors one being the protection that the culprits receive from the head of state. This is not surprising since in the end the real beneficiary is the National Resistance Movement Party. Saleh, the

[200] Tangri, R and Mwenda, A: Politics, Donor Aid and the Ineffectiveness of Anti-corruption Institutions in Uganda, Journal of Modern African Studies, Vol. 44, No. 1, 2006, p. 101-124
[201] Tangri, R and Mwenda, A: Military Corruption and Ugandan Politics Since the late 1990ôs, Review of African Political Economy , Vol.30, No. 98. p. 539-552, 2003.

wayward brother to Museveni was also embroiled in another corruption scandal that involved the purchase of junk helicopters for the military, it is understood that he was bribed to the tune of $800,000 but Museveni forgave him and directed him to use the money in operations in the North.[202] If at all the bribe money was to be used to counter resurgence then why was it first withdrawn from the treasury and given back as a bribe, money to fight resurgence could have easily been factored in the defence budget. Also to benefit in this deal was Museveniôs foster son Kwame Ruyondo and Emmanuel Kato, a prominent Kampala businessman with close ties to the first family, he is also a brother-in-law to the chief of Defence staff of the Ugandan Army, General James Kazini.[203] These two are believed to have pocketed similar amounts to what Saleh got. In total the government lost close to $8 Million in this deal, it made payments of up to $12.2 Million instead of $4.7 Million.[204]

Again in 1999 the defence ministry colluded with an Israel businessman to supply Jet-fighters which turned out to be old. The government paid $50 Million which was said to have been highly inflated by $40 Million. During the subsequent repairs the government again lost large sums of money to unscrupulous army officers and businessmen related to the senior military officials.[205] Earlier in 1995 the defence ministry had budgeted $ 12 Million for the repair of a 1975 purchased plane, a figure which was inflated by $ 10 Million.[206]

The 1998 Congo war turned out to be a big blessing for the regime as so many military officers benefited in one way or another. During this war Saleh set up a lucrative

[202] Loc Cit.
[203] Loc Cit
[204] Loc Cit.
[205] Loc Cit.
[206] Loc Cit.

transport business involved in ferrying military personnel and equipment. He secured himself a tender worth $0.4 Million a month. Another businessman, Andrew Rugasira who has close links with military officers was also awarded a tender worth $4.5 Million during the same conflict to transport equipment and military personnel.[207] It should also be remembered that Kazini, Saleh and Salehôs wife, Joviah were adversely mentioned in the 2001 report by the UN panel of experts for plundering Congoôs wealth.[208] The figures especially in the smuggling of gold are mind-boggling. After the publication of the report it did not surprise many when Museveni came out strongly to defend his men against the accusations terming them as baseless. Museveni was heavily involved in all of this as he was personally involved in choosing companies to award tenders and this was done without any bidding. By the turn of the Millennium Musevenigôs men had stolen Hundreds of Millions of dollars meaning that by the time elections were held in 2001, Besigye, the opposition candidate found it difficult to compete with Musevenigôs juggernaut. All those involved in these military scandals had personal or business ties to the first family and it was not lost to observers that this money was to be used to fund the General election campaigns. After this election attention was focused on 2006 which required a lot of money because of the various tasks one being the amendment of the constitution to enable Museveni run again.

During the 2004/5 financial year donors predictably refused to endorse the Ugandan budget due to a high increase in the defence budget which had shot up by 19% that year and 48% since 2002. Reasons cited for this were that the military was very corrupt and inefficient but after some modifications the money was eventually

[207] Loc Cit.
[208] Loc Cit.

disbursed.[209] However this was not the end of the scandals since in 2006, an election year, $25 Million was lost by UPDF by paying up salaries to ghost soldiers. Those behind the scam were arrested, court martialled but their cases were never pursued to completion lending credence to rumours that someone high in the government was the real beneficiary[210]

From the cases mentioned itôs clear that corruption in Uganda is used to fund Museveniós regime and this could not be possible without assurance from the donors that more funding is forthcoming. Budget support gives a regime an assurance of taking care of any deficit in the budget thus giving a regime the green-light to use money from any other source to prop itself. However in the corruption involving the military it was clear that the government was inflating its budget in order to steal as much as possible. The donors had a chance to stop what was happening but they continued dishing out money that ended up in personal pockets and which was eventually crucial in funding the re-elections of Museveni.

The following section looks at some of the efforts directed at fighting corruption in Uganda.

4.4 Institutional framework for fighting corruption

Credit goes to Museveni for having initiated the war on graft. He took over leadership of a country that had broken down in terms of institutions like the judiciary, the civil service was also bloated and in tatters. Corruption was outlined in point 7 of

[209] UN office for Coordination of Humanitarian Affairs, Uganda: Donors reject proposed budget on grounds of defence spending, www.irinnews.org/report
[210] Tangri, R and Mwenda, A, Op Cit.

Museveniôs ten-point programs designed to map the way forward for the new administration. However, as Ruzindana aptly puts it, the inevitable was soon to happen since in Africa those who gain power for the first time are often poor people and are suddenly surrounded by the trappings and perks of power hence canôt resist corruption. Soon corruption not only becomes a way of the rich enriching themselves but also for political survival.[211]

Because elite corruption is part and parcel of defeating democracy in Uganda, thereôs little hope that the instruments erected by the government to combat the vice will achieve the desired results. Recent events involving the NSSF saga convinces sceptics like Rukare that indeed the president has engaged in a selective graft war since the ministers involved were left untouched but the managers at the firm were suspended, it is a case of going for the small fish while letting the big fish swim[212]. It should be noted that the ministers involved are very important for the presidentôs re-election campaign hence the decision to let them of the hook did not go unnoticed.

Donors have the ability to eliminate the vice by invoking the considerable influence they have over the country but the fact that they have constantly portrayed Uganda and Museveni as success stories in effective governance its highly unlikely that they will have a go at Museveni. Voices against graft in Uganda have been muted partly because of the donorôs disinterest in fighting corruption and also due to Museveniôs machinations that has built an elaborate patronage network incorporating those that would have resisted graft

[211] Ruzindana, A: The Importance of Leadership in Fighting Corruption in Uganda in Kimberly, A, Corruption and the Global Economy, Peterson Institute for International Economics, Massachusetts, 1997 p. 134.
[212] Rukare, D, Op Cit.

The global integrity Report of 2006 brings both good and bad news on the corruption war. While the legislation enacted to fight graft earns a maximum 100% mark, the law enforcement which is supposed to complement the actual legislation fairs badly and earns a miserly 50% which is a weak score[213]. This effectively means legislators are doing their bit by enacting appropriate laws but so long as the enforcement of those laws remains weak then the war on graft will not make any headway.

Significantly, the executive and political financing get very low scores which concur with the findings of this paper. The executive gets 63% and political financing gets 57% which are weak and very weak scores respectively; this in effect is a guilty verdict on the executive for not doing enough to fight graft[214]. Party activities are also not financed in a transparent manner. The fact that budget processes manage a moderate score of 57%[215] vindicates this paperôs assertion that the looters are carefully and usually cover their tracks, thanks to the free hand that budget support affords them in making and implementing deceitfully transparent looking budgets.

The next section looks at some of the measures put in place to tackle corruption:

4.4.1 Inspector General of Government (IGG)

This has been in existence since 1986 and was provided in the 1995 new Ugandan constitution. Its mandate is to look into the conduct of leaders in public institutions, politicians and those in courts, army and those in other security organisations.[216] It is also supposed to protect human rights and rules of law, at first it was directly responsible to

[213] Global Integrity-Uganda scorecard: http://www.globalintegrity.org/reports/2006/uganda/scorecard.cfm
[214] Loc Cit.
[215] Loc Cit.
[216] Flanary, R and Watt, D, Op Cit.

the president but after the change of the constitution in 1995 it was meant to be answerable to the parliament.[217]

In 2002 it was granted powers to prosecute corruption cases but the powers were watered down a year later by the parliament. To its credit, it has unearthed a number of corruption cases which have led to the suspension and dismissal of those found to be involved in acts of corruption. Lack of funds and proper funding are hindering its operations.[218]

The IGG boasts of an average of 4000 complete investigations annually giving it a good PR in the face of the donors and the expectant public. However when one takes a closer look its evident that the big shots have not been touched by this body.[219]

With a politically inclined figure such as Jotham Tusimwegyue at the helm, few expect the war on corruption to succeed given that he was a long serving NRM official.[220]

4.4.2 Director of Public Prosecutions

His mandate is to support investigations and institute criminal proceedings in all branches of law in Uganda. He has been given immense powers by the prevention of corruption Act 1970 which dictates that he investigates and prosecutes cases of corruption and bribery but like other bodies created to fight corruption he has not made any headway.[221]

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[217] Sahr, J. K: The Institutional Framework for Corruption control in Uganda in Heidenheimer, A and Johnston, M, Political Corruption: Concepts and context, Transaction Publishers, New Jersey, 2002, p. 427.
[218] Loc Cit.
[219] Loc Cit.
[220] Loc Cit.
[221] Loc Cit.

4.4.3 National Fraud Squad

Despite constantly leading in corruption, the police force is expected to play a crucial role in the anti-corruption crusade by investigating and detaining those singled out. The National Fraud Squad was formed in 1996 with its operations mainly concentrated in Kampala. It begun operations with a core team of 35 officers but the force increased and some officers were dispatched to other Districts. With a watchful public the NFS can apprehend culprits and at the same time act as an important deterrent.[222]

4.4.4 Judiciary

Itôs charged with prosecuting those found to have engaged in acts of corruption but that has not always been successful due to loopholes in anti-corruption legislations. Other cases are usually lost due to an inefficient prosecuting team which is usually led by the police.[223] Good example is when Saleh appeared in court to answer charges of receiving US$0.8 from businessman Mr. Katto for the junk helicopters. The case just died without any progress due to a compromised judiciary.[224]

4.4.5 Auditor General

Articles 154 and 163 in the constitution empowers the Auditor General to control withdrawals from public coffers and to audit public accounts of the republic of Uganda The AG audits and reports on the public accounts of Uganda and accounts of all public offices including courts, local governments, administration and other public institutionsô

[222] Loc Cit.
[223] Loc Cit.
[224] The Mornitor, April 6th 2005

annual reports to the minister of finance who then submits it directly to the speaker of Parliament within two weeks. The Public accounts committee is then required to assess the report in liaison with permanent secretaries who are usually the accounting officers of each ministry.[225]

4.4.6 Public Accounts Committee

Its major role is to scrutinise the report of the AG. Under the Ugandan constitution the PAC has the same powers as the high court and can order the police to investigate and initiate disciplinary and legal proceedings. However PACôs work has not been smooth in a parliament dominated by NRM Members and where Museveni wields considerable influence.[226]

4.4.7 Ministry of Ethics and Integrity

Was created in 1998 and mandated to come up with new laws to deal with corruption. The ministry immediately established a Directorate of Ethics and Integrity to lead and coordinate efforts to fight corruption. The directorate has come up with a plan which among other things aims to coordinate government efforts and chase the high profile cases which the government has adopted.[227]

Efforts by the President to fight corruption through multiple agencies are commendable since it shows a political will to deal with the problem on the presidentôs part. This approach however makes coordination difficult due to the sheer number of institutions involved. These institutions lack real power as was the case with the police

[225] Loc Cit.
[226] Loc Cit.
[227] Sahr, J, K Op Cit. p. 426

prevention of corruption Act which failed to lack of a strong anti-corruption law. Now thereôs the whistleblowers Protection Bill on parliament and a new Anti-corruption Bill is in the offing but with so much at stake, people are cautioned not to be too optimistic. Political interference where at times the president steps in to terminate some of the cases greatly hampers the work of these institutions; there is too much political interference which goes to the appointment of politicians with close ties to the president to head some of the institutions. The President might also be creating these bodies to hoodwink the international community into believing that indeed he is serious with the war on corruption.

CHAPTER 5

5.1 Conclusion

This thesis manages to implicate budget support in thwarting Ugandanôs quest for a democratic country. This conclusion is drawn from a critical examination of the symbiotic relationship between the Ugandan predatory elite and donors who have been careful not to tarnish the success myth of the Museveni regime. By opting to give aid in the form of budget support, the donors have knowingly or unknowingly supplied an endless flow of cash that has funded the regimeôs further stay in office. Ugandan elite are allowed to steal from the state coffers as long as they are still fulfilling the donorôs priorities which are purely economic ignoring the urgent political needs of the Ugandan people. Donors also come under serious pressure to meet certain aid targets and more often Uganda being a ósuccessôstory becomes a beneficiary. This is usually helped by the perception that the country has managed to manage its economy better than most African countries

The fact that budget support puts emphasis on economic reforms enables Museveni to use his late 1980ôs and early 1990ôs economic credentials which has ensured that he remains in good books with the donors. The predictable and reliable nature of this form of aid allows the predatory elite to steal by awarding themselves inflated contracts knowing very well that more money will be forthcoming from the donors to offset any deficit in the national budget. Museveni becomes an accomplice when he openly defends those that engage in graft and the fact that all of them have close ties with the first family lends credence to the claim these people are funding National Resistance Movement Party activities, this will help them continue looting and it will also shield them from possible prosecution unlike in a scenario where another regime takes over. Corruption

cases usually increase just before general elections and during important legislations which is not surprising since most of the loot is used in campaigns to bribe voters and Parliamentarians in the case of legislations. Museveni was able to amend the constitution in order to have another shot at presidency after openly bribing legislators; this proved that all the major scandals that had been taking place just before 2005 were aimed at funding his extended stay in power. Similar scenarios have been witnessed during other elections. Amana Mbabazi, the NRM Secretary General and Internal Security Minister together with his Foreign Affairs counterpart, Sam Kutesa together with others have come under fire for their involvement in corruption which some legislators have linked to Musevenigs fourth term, some have gone on record to say that Mbabazi is pouring money to ensure that those members who dongt subscribe to NRM ideals are not re-elected in the 2011 General elections. Museveni on his part has continued to defend these men meaning that he is the real beneficiary of their activities

The militarygs role in Ugandan politics can not be ignored. Senior military officials wield immense powers due to their closeness to the President and evidence suggest that they engage in corruption not only to enrich themselves but also to fund Musevenigs extended stay in office. Donors place great premium on security and have been too willing to adjust military spending upwards which explains why the military has been involved in some of the biggest scams and also why the president always ensures that close family members are in charge.

Anti-corruption institutions should be shielded from political interferences in order to work effectively. The president has demonstrated a willingness to fight graft by supporting crucial Bills aimed at curbing the vice but the lack of political will in actual

implementation of the law hampers the efforts. This then calls for donors to be on the forefront of fighting corruption and can be done by pressurizing the president to reign on some of his men and if this does not work then aid suspension should be considered. Donors can exercise the immense powers they wield and ask the president to take certain steps geared towards increasing the democratic space in the country; one such step would be to call on the president to ensure a level playing field for all political players and to enact and adhere to laws guiding political funding. Donors also need to monitor the spending of the cash they are pumping into the country to curb cases of corruption. It beats logic to continue complaining about corruption but fail to put in place mechanisms to deal with the problem. If budget support is the preferred mode of transferring aid then some of its main tenets should be reconsidered to improve accountability instead of only relying on past records and reputation to lend.

For Uganda to truly embrace democracy and for the regime to be more accountable and receptive to the wishes of the people then budget support needs to be reconsidered, a more transparent form of aid like project support should be tried. Project support will ensure that donors have representatives on the ground to monitor the use of donor funds and this will greatly reduce cases of corruption.

Another option would be to drastically reduce the reliance on donor funds. This is not an easy option and it will face a number of obstacles but once Ugandans learn to live within their means then the regime will be forced to be more transparent in its spending and also there will be less money at their disposal to steal. With reduced aid the Museveni regime will be forced to source for alternative ways of getting revenue locally which will call for stringent measures that will in the end improve fiscal discipline. This will see the

government tighten regulations governing taxation thereby putting a seal on a major corruption outlet. Regulations governing government tenders also need to be looked at to avoid a situation where the executive awards tenders unilaterally. If the recommendations above are observed then the regime will no doubt be transparent, and in the end democracy will be a big winner, however, if action is not taken then Museveni will get a fourth term and the possibility of a life presidency will be high.

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