

UGANDANS TO THE RESCUE

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The 'Resource Curse:' Uganda's Upcoming Oil Wealth is a Global Challenge on Multiple Fronts

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Posted By Musa.

Heartening as they were, don't be fooled by the scenes of celebration following the fall of dictator Idi Amin captured in news footage of the time or in the compelling film *The Last King of Scotland*. Corruption in Uganda neither began nor ended with that butcher.

In fact, Uganda is still considered by international observers to be among the most corrupt nations in the world, while the World Bank reports that some 40% of its population lives on less than \$1.25 a day. In such a milieu, the discovery of Ugandan oil reserves five years ago, and an anticipated \$2 billion per year in new revenue, pose as much of a problem as an opportunity. PLEASE READ [Instead of the economic progress we'd expect to see, we see that several senior Ugandan government officials, including the prime minister, are already accused of taking millions in bribes from oil companies. It's called the "resource curse."](#)

Importantly, the potential transformation of the nation's economy should prompt additional reflection on the global anticorruption regimes set up to ensure that, in such situations, newfound money enriches the nation itself rather than a Machiavellian handful. *This is exactly what RadioMunansi.com is preaching about! Uganda's wealth is only benefiting a handful connected to Uganda's 26 year dictatorship.*

It would be totally counter-productive – and defamatory to Uganda itself – to simply assume that global anticorruption laws and resources now in place cannot possibly be practicable in a nation so entrenched in a culture of corruption. Quite to the contrary, Uganda's Parliament voted in October to [freeze all oil contracts](#) and [begin investigations](#) of the country's prime minister and others close to the president. They are accused of taking bribes from [Tullow Oil](#), a British company in Uganda. Tullow vigorously denies that accusation. **Ok, what came out of the parliamentary investigation? Does the parliament even have the nerve to conduct an independent investigation?**

The bad news is that the allegations are said to be politically motivated and serve the interests of people who may be no better than the current crew. Possibly even worse news, production might be delayed, and the Ugandan people need money now. (Under current agreements, the government will get around 33% of revenue until the oil companies recover their investment and, after that, around 80 %.)

The good news is that anticorruption is a language that Ugandans, including some of its leaders, are willing and able to speak. Many citizens of this country want to do the right thing and have the courage to insist on it.

In this context, one burgeoning anticorruption initiative is particularly relevant. The [Extractive Industries Transparency Initiative](#) (EITI) is a multinational association of 35 countries supported by 60 major oil, gas, and mining companies. Member nations are required to report all money received as a result of extractive investments as well as how the money is spent. EITI reports also include disclosures by oil, gas, and mining companies of all direct and in-kind payments to governments. The U.S. is not yet a member nation but is moving in that direction and has pledged to implement EITI's specific [provisions](#).

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The problem with such anticorruption regimens is in their limitations. It's not just that EITI lacks enforcement teeth. Membership can also be used by governments as political cover to pacify critics, especially their own corruption-weary citizens. In that sense, such voluntary initiatives could cause greater long-term damage if the forces of political change are lulled into a false sense of progress.

In Uganda, for one, those forces are alive enough to evoke images of the Arab Summer. Earlier this year, you may recall, protesters brought [Kampala to a standstill](#), torching roadblocks throughout the capital city. In such an environment, the information that an EITI can gather and disseminate is a double-edged sword. Yes, it can anesthetize a populace with rosy half-truths. But disclosure of payments and revenues is also one way to further empower citizens to hold their leaders to account and, importantly, rally global support for grassroots opposition to governments that fail to abide by international standards or simply refuse to join organizations that would pressure them to do so. (Uganda is not now an EITI nation.)

The crucial information flow to people in countries like Uganda may be further enhanced by important, albeit controversial, legislation stateside. If EITI is mainly a "country-side" anticorruption initiative, Section 1504 of Dodd-Frank is a "company-side" law [requiring disclosure](#) of payments made by natural resource companies to governments for the commercial development of oil, gas, or minerals. This provision has been overshadowed by Dodd-Frank's more overtly dramatic requirement for disclosure of activities related to "conflict minerals." Yet its potential significance should not be underestimated.

It's a question, really, of just how much information gets to circulate as a result of both these country-side and company-side initiatives, be they voluntary like EITI or compulsory like Dodd-Frank. The average sub-Saharan may not know what Dodd-Frank is, but the law's "publish what you pay" mandate can only contribute to the total fund of information that could ultimately seep through to where it will do the most good.

Maximizing transparency in every way possible isn't just about good corporate governance. It's also about fomenting outrage and toppling tyrants

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