

# Effectiveness of Public Finance Management Frameworks/Reforms in Uganda

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## ABSTRACT

In the last three decades, the Government of Uganda has put in place frameworks and executed reforms aimed at establishing an effective and participatory public finance management (PFM) system. This article examines the successes and failures of these reforms/frameworks. The main findings of this article are twofold. On the one hand, decent success in civil society and elite stakeholders' participation in budgetary processes, fiscal discipline, allocative and operational efficiency, and budget transparency have been achieved using the adopted PFM frameworks. On the other hand, there is ineffective local citizen participation in PFM processes, misallocation of public funds, a bloated administrative and legislative structure, excessive borrowing, poor absorption of borrowed funds, corruption and the impact of Covid-19 pandemic are eroding the initial success of PFM reforms in Uganda.

**Keywords:** Citizen participation, fiscal discipline, allocative and operational efficiency accountability, budget auditing, corruption.

## 1. INTRODUCTION

Public finance management (PFM) is described in this article as laws, systems and processes utilized by governments to mobilize revenues, allocate the revenues to various activities, account for how funds are spent, audit results and examine the impact of such funds on the economy or society.<sup>1</sup> PFM processes are structured around budget cycles, i.e. budget formulation, budget approval, budget execution, accounting for the expenditure and external oversight/auditing. Each of these budget cycle stages involves a number of activities/processes. Budget formulation encompasses planning for the utilization of public finances in a financial year in accordance with set and agreed-upon policy priorities and targets. Budget approval involves the translation of the budget proposal into law. Budget execution involves the mobilization, allocation and utilization of resources. Accountability is about recording budget expenditures and reporting the budget implementation processes. External oversight or auditing, which is usually done by independent government bodies, involves reviewing and submitting to parliament the findings on the entire process of government's revenue collection, budget spending, budget execution and strength of the PFM system.<sup>2</sup> An effective PFM

1 R. Simson et al., A guide to public financial management literature. For practitioners in developing countries. Overseas Development Institute (2011).  
2 Simson et al., *supra note 1*.

system has four main objectives – maintaining aggregate fiscal discipline in a country, achieving allocative and operational efficiency, transparency and accountability.<sup>3</sup>

It has been strongly argued that an effective PFM system promotes long-lasting poverty reduction, economic growth, gender equality, and generally allows societies to flourish among many other development outcomes.<sup>4</sup> In most sub-Saharan African countries, PFM was a mess during what came to be termed as the lost decades running from the early 1970s to the late 1980s. Economies had collapsed and needed financial assistance, which raised serious concern for the World Bank and the International Monetary Fund (IMF). The Berg report made observations that governments could not leverage proper finance management, corruption was rampant and there was limited, if any, citizen participation in PFM processes. From the early 1990s, an unprecedented level of attention and resources were devoted by development partners to establish or reform PFM systems in transition and developing countries including Uganda.<sup>5</sup> Assessments on the progress of PFM reforms in many developing countries have indicated that establishing effective PFM systems is a very difficult process. Success has been achieved only in a few countries. In most countries, PFM reform progress remains painfully slow and elusive.<sup>6</sup>

Most assessments or studies on PFM frameworks appear in the form of value-for-money audits, national integrity surveys and procurement integrity surveys conducted by the government. These surveys are important because they provide a clear picture about the misuse of public finances and information about citizen's perceptions about these malpractices. However, they are deductive in nature – that is, they focus on collecting shallow information from large numbers of people. These kinds of studies cannot provide in-depth knowledge on the factors influencing the continued lack of effective citizen participation in PFM, poor allocative and operational efficiency results, and terrible misuse of public finances in Uganda. Beside these studies were conducted and published before the Covid-19 pandemic, which has since changed many aspects of PFM, we knew them before in many societies including Uganda. This article provides an in-depth qualitative discussion on the successes and challenges that limit the effectiveness of citizen participation in PFM, fiscal discipline, allocative and operational efficiency, budget transparency, budget implementation, budget monitoring and PFM accountability frameworks in Uganda.

Henceforth, the article is structured into several sections. The first section presents the methodology used to obtain secondary and primary data discussed in this paper. The second section discusses literature, laws and practices on citizen participation processes generally and narrows down to the Ugandan experience. The third section discusses Uganda's fiscal discipline successes and failures. The fourth section discusses the achievements and challenges of Uganda's allocative and operational efficiency reforms. The fifth section discusses budget transparency and

information access frameworks in Uganda. The sixth section examines budget implementation and monitoring mechanisms. Finally, the seventh section discusses accountability and budget auditing processes, successes and failures.

## 2. METHODOLOGY

This study adopted a qualitative research design and relied on both secondary and primary data sources. Secondary data was obtained from various government agencies and civil society reports, newspapers and academic articles. Primary data was obtained from 20 respondents with in-depth knowledge on PFM in Uganda. These included officials in the Ministry of Finance, Planning and Economic Development (MoFPED), Office of the Prime Minister (OPM), district local governments and agencies that work on PFM or related issues. Eight focused group discussions (FGDs) consisting of 8–12 people each were conducted in four sampled districts of Amolator, Yumbe, Buhweju and Mubende. These districts were selected purposely because they are rural based and were selected from different regions of Uganda. This multiple district case study approach was purposely adopted so as to generate wider and in-depth data from a wide range of view that can be used for external generalization of the study findings.<sup>7</sup> Interviews were conducted by the researchers in English and local Luganda languages between August 2020 and December 2020.

This study was conducted during the Covid-19 pandemic and the researchers followed the stipulated government of Uganda guidelines to stop the spread of this deadly virus. It was agreed with respondents that their identities or any form of citation that could reveal their identities would be anonymized because of the sensitivity of the ideas discussed and risks associated with being known. Thus, identities revealed within this paper were done with the express consent obtained with respondents during the data collection period. In other instances, the term key informant and the organization where they work are used. For other cases, the researchers simply synthesized the respondents' ideas without indicating their identities or organizations, as they requested purposely to protect them from any reprisals. Both primary and secondary data were triangulated and concurrently analysed to come up with this qualitative research article.

### 2.1 Citizen participation in PFM processes in Uganda

Citizen participation in fiscal and budgetary processes is a well-known tool that enhances transparency and public finance accountability.<sup>8</sup> Citizen participation is also credited for increasing chances of allocating resources to people that need it most.<sup>9</sup> It also provides an opportunity to the government to educate their citizens on their rights and responsibilities, reduces clientelism and promotes social justice in the long run.<sup>10</sup> Citizen empowerment is a key requirement for their effective participation in PFM and control of other resources and decisions that shape their lives.<sup>11</sup>

3 A. Lawson, Public Financial Management. GSDRC. Professional Development Reading Park No. 6. (2015).

4 D. Rodrik, In Search of Prosperity: *Analytic Narratives on Economic Growth*. Princeton University Press (2003).

5 Overseas Development Institute. Budget Reporting and Performance Monitoring in Uganda. Briefing Note. London: ODI (2011); Simson et al., *supra* note 1.

6 Lawson, *supra* note 3.

7 N.S. Khan, *Qualitative Research Method: Grounded Theory*. 9 Int. J. Bus. & Mgt. 11 (2014).

8 L. Marchessault, Public Participation and the Budget Cycle: Lessons from Country Examples. Global Initiative for Fiscal Transparency (2013).

9 I. Guijt, & M.K. Shah, The myth of community: Gender issues in Participatory development, intermediate Technology. London (1998).

10 OECD, Public financial management: ensuring transparent budgets. Organisation for Economic Co-operation and Development (OECD) (2012).

11 B. Babajanian, Citizen Empowerment in Service Delivery. ADB Economics Working Paper Series (2014); M. Aladalah et al., *Enabling Citizen Participation in Gov 2.0: An Empowerment Perspective*. 13 The Electronic J. of e-Gov. 2(2015).

Empowered citizens and civil society organizations (CSOs) can track a government spending and national budgeting process, which enhances budget transparency, accountability and improved service delivery. Empowerment calls for people to work together, awareness of their rights and mobilizing resources to solve problems of common interest.<sup>12</sup>

There are international laws and conventions that require signatory member states to respect and promote their citizen's empowerment and participation in the management of their country's resources. Ugandan citizen's participation in the governance and management of their country's resources is a fundamental human right guaranteed by the Universal Declaration of Human Rights, the African Charter on Human and Peoples' Rights and Article 38 (1) of the Constitution of Uganda 1995 which provides that all citizens of Uganda have the right to participate in the affairs of government through their elected leaders.<sup>13</sup> Uganda's government has put in place several laws to operationalize these constitutional provisions and strengthen its PFM system.

The law clearly states that all the different levels of government are supposed to hold open annual budget conferences.<sup>14</sup> It is the annual budget that ultimately determines how public money that is spent should be prepared in conjunction with the relevant stakeholders. In this regard, the citizens are required to effectively participate in all budget processes.<sup>15</sup> Uganda was among the first African countries to enact a right to information law, now known as the Access to Information Regulations Act 2011. This act provides a legal basis for citizens to demand access to accurate information.

The MoFPED is the key agency mandated for budget planning in Uganda. In its budget planning processes, the MoFPED is guided by national priorities as stipulated in the National Development Plans, Vision 2040 and other key frameworks. As part of the participatory budget processes, the MoFPED holds budget consultative workshops and conferences aimed at soliciting views of all stakeholders. The main objective of this is to ensure that the aspirations of all Ugandans are reflected in the national budget. At the beginning of the budget preparation process, consultative workshops involving technical officials from the central government agencies, cabinet ministers, legislators, civil society, private sector organizations, local government officials and development partners are purposely held to agree on sector financing priorities.<sup>16</sup> This participatory budgeting process has enabled non-state actors in Uganda under their umbrella organization Civil Society Budget Advocacy Group (CSBAG) to participate and influence the budgetary decisions. CSOs are also involved in sharing of budget information with citizens, capacity-building activities aimed at enhancing citizen budget literacy, monitoring service delivery, demanding for accountability budget analysis, research and advocacy. However, CSOs are also constrained by lack of funds, understaffing and a restrictive political environment.<sup>17</sup>

The MoFPED develops 3–5 years national indicative planning figures (IPFs), which reflect its expected revenues, expenditure and allocations for the respective sectors within that period. For participatory purposes, the Ministry of Finance gives the IPFs to district local governments to guide their own budget plans. Once the districts have received the IPFs, they review them and set their own budget priorities in accordance with the amounts of resources expected from the MoFPED and their own local revenue targets. They then organize different budget conferences (at sub-county, district and regional levels) in which people participate. Community members and key stakeholders, including representatives from CSOs, MDAs and development partners, are invited to attend using different communication methods such as radio/TV advertisement, public address system and letters. Community members and the other key stakeholders work with district officials to generate ideas and priorities that can inform the formulation of a demand-driven budget. After the budget conference, the district technical people prepare the budget. This is laid before the council for approval. The district council may choose to approve or reject the budget. After the budget is approved, community development officers coordinate communities to form community user committees to oversee the implementation of projects/programmes.<sup>18</sup>

While the process is designed to look participatory at the local level, our findings from interviewed officials in all the sampled districts indicated that, in practice, the final decision-making remains a top-down process. They all asserted that through the IPFs, the central government actually decides the amount of money each district or sector receives. What all the stakeholders at the district or lower levels do is to rubber stamp or make very limited tweaks to the provided figures, if any. They have the liberty to plan for their own locally raised revenues. However, it was also asserted that because the central government abolished most direct taxes and the Uganda Revenue Authority (URA) collects all taxes even within district jurisdictions, district local governments have very limited local revenue sources which cannot meet their competing demands.<sup>19</sup>

## 2.2 Fiscal discipline

The concept of maintaining aggregate fiscal discipline relates to ensuring that aggregate tax collections and public spending are in tandem so as to avoid huge fiscal deficits or unsustainable public debt.<sup>20</sup> President Museveni and his NRA rebels captured power in Kampala in 1986. At that time, Uganda had a ruined economy because of the economic mismanagement and bloody wars.<sup>21</sup> In 1987, with aid from the World Bank, the IMF and other partners, the new Museveni government embarked on an ambitious Economic Recovery Program aimed at economic recovery, poverty reduction and liberalization.<sup>22</sup>

The international community extended large sums of credit to

12 World Bank, *Empowerment and Poverty Reduction: A Sourcebook*. Washington, DC: World Bank (2002).

13 World Bank *supra note 12*.

14 Government of Uganda, *Local Government's Act 2015* (2015).

15 Republic of Uganda, *Public Finance Management Act, 2015* (2015).

16 PFM Regulations, *Statutory Instrument Supplement No. 17* (2016), <https://www.finance.go.ug/sites/default/files/Publications/Public%20Finance%20Management%20Regulations%2C%202016.pdf>.

17 NGO Forum, *The CSO Sustainability Index for Uganda, 2017* (2017).

18 PFM Regulations, *supra note 21*; Key Informant Interview Budget Planning Official MoFPED (August 24, 2020).

19 Key informant interviews with district officials in Amolator, Buhweju, and Mubende (September – December 2020).

20 Lawson, *supra note 3*.

21 D. Kitabire, *Debt Management and Debt Relief*. In *Uganda's Economic Reforms: Insider Accounts*, edited by Florence Kuteesa, Emmanuel Tumusime-Mutebile, Alan Whitworth and Tim Williamson, 264–76. Oxford: Oxford University Press (2010).

22 T. Holmgren et al., *Aid and Reform in Uganda Country Case Study*. Country Case Study for World Bank Project, Aid and Reform in Africa. Washington, DC: World Bank (1999).

Museveni's government during this recovery, reconstruction and peace-building phase. By 1991, Uganda's debt stock weighed at 83% of GDP.<sup>23</sup> With a collapse of agricultural commodity prices in the world market, particularly coffee, Uganda experienced a substantial strain on its fiscal accounts, a balance of payments and failed to sustain its debt service responsibilities. The government responded to this crisis by instituting a 5-year comprehensive debt strategy. By 1995, the debt crisis had reduced but still remained substantially high.<sup>24</sup>

Uganda was one of the first countries to qualify for highly indebted poor countries (HIPC) debt relief in 1998. Once again, it qualified for further debt relief under HIPC II in 2001, with a commitment to spending savings from debt relief on pro-poor service delivery. In 2005, the G8 countries launched the multilateral debt relief initiative (MDRI) that aimed to cancel all debts of countries that reached the completion point under HIPC II. Uganda became a beneficiary of this scheme in 2006.<sup>25</sup> In spite of these debt cancellation benefits, the country's debt has once again increased exponentially mainly due to ambitious infrastructural investments. From June 2017 to June 2020, Uganda's debt stock ballooned by 70% from Shs33.5 trillion to Shs56.94 trillion. At the end of 2020, Uganda's stock of disbursed foreign debt stood at US\$11.68b (Shs43.2 trillion). Uganda also has a stock of US\$4.55b (Shs16 trillion) of undisbursed debt, which brings the total stock of external debt to US\$16b (Shs59.1 trillion). The huge increase in external debt stock was also occasioned by bullet disbursement loans obtained to support budget financing during the Covid-19 lockdown. The total stock of domestic debt increased by 27.3% from Shs17.3 trillion in December 2019 to Shs22 trillion at the end of 2020. The debt-to-GDP ratio set by the IMF for developing countries is 50%.<sup>26</sup> By December 2020, Uganda's total public debt had hit a record (US\$17.96b) Shs65.82 trillion up from US\$13.3b (Shs49 trillion) in 2019 due to increased government borrowing. Uganda's public debt is projected to rise to 51.9% of the GDP in the 2021/2022 FY as the government aims to borrow more money to finance other key infrastructural projects, particularly those related to the transport, oil and gas sectors.<sup>27</sup>

Owing to its debt position, Uganda's credit outlook has been revised from stable to negative by Fitch ratings.<sup>28</sup> Debt servicing is swallowing 55% of the collected Ugandan revenues, leaving many sectors starved of resources and in many instances fuelling more borrowing. There are also very limited fiscal choices to raise revenues, which include increasing taxes. From 2010 to 2017, tax

revenue performance improved from 9.5% to 13.5% and the fiscal deficit was stable and averaged 5.4%.<sup>29</sup> The Ugandan economy shrank by 1.2% in 2020 due to the Covid-19 lockdown. Taxes on products declined by 2.6% in 2019. This continued in 2021, and targeted revenue collections for 2020/2021 FY were also downgraded from Shs21 trillion to Shs18 trillion.<sup>30</sup> President Museveni and the MoFPED have routinely argued that Uganda's debt is within 'manageable levels'.<sup>31</sup> However, several NGOs, including the Uganda Debt Network (UDN), and the CSBAG have argued that the country's debt is almost becoming unsustainable. While tax collections in Uganda have improved significantly over the years, the tax-to-GDP has not grown correspondingly.<sup>32</sup>

### 2.3 Allocative and operational efficiency

Allocative efficiency refers to ensuring that public resources are allocated to strategically agreed priorities. Operational efficiency relates to ensuring value for money in service delivery.<sup>33</sup> Since the mid-1990s, macroeconomic policies in Uganda have focused on deepening economic liberalization, reducing government expenditure and improving tax administration reforms which helped curb fiscal crisis, containing inflation, stabilizing exchange rates and promoting exports.<sup>34</sup> These spurred broad-based poverty reductions from 56% in 1992 to 20% in 2013. There was also strong economic growth that averaged 7% from 1990 to 2010.<sup>35</sup> In spite of Uganda's sustained impressive economic growth, it has failed to achieve structural economic transformation. Majority of the population are employed by subsistence agriculture.<sup>36</sup>

Since 2010, Uganda has been executing 5-year National Development Plans (NDPs) aimed at helping the country attain upper-income, industrialization and prosperity by 2040.<sup>37</sup> During this period, Uganda has been focusing on huge infrastructure investments. A painful bone of contention is how and where some of the borrowed monies are spent. In this regard, there are so many documented examples of white elephant government projects, procurements with no value for money and embezzlement of borrowed funds. The untimely execution of these infrastructure, which is mainly funded by borrowed funds and sometimes acquired at exorbitant interest rates, has been a perennial problem.<sup>38</sup> This has now been aggravated by the Covid-19 lockdown that disrupted many infrastructural projects.<sup>39</sup>

Recent PEFA assessments have indicated that there are significant weaknesses in strategic resource allocation and management.<sup>40</sup> Findings from interviewed key informants in

23 Kitabire, *supra* note 22

24 J. Mawejje, & M.N. Odhiambo, *Uganda's fiscal policy reforms: What have we learned?* 1 Public Budgeting & Finance (2021).

25 Kitabire, *supra* note 22

26 F. Musisi, *Uganda's debt spills over amid shrinking revenue, rising expenditure*. Daily Monitor, (April 05 2021), <https://www.monitor.co.ug/uganda/special-reports/uganda-s-debt-spills-over-amid-shrinking-revenue-rising-expenditure-3350024>.

27 F. Draku, *Each Ugandan now owes Shs1.5m as national debt hits Shs65t*. Daily Monitor, (April 26 2021), <https://www.monitor.co.ug/uganda/news/national/each-ugandan-now-owes-shs1-5m-as-national-debt-hits-shs65t-3376968>.

28 Musisi, *supra* note 27.

29 A. Guloba, *Uganda's Fiscal Policy (2000–2016): Implications for Public Investment Management (PIM)*. 8 American Journal of Industrial and Business Management 03(2018); World Bank, *Financing Growth and Development—Options for Raising More Domestic Revenues*. Uganda Economic Update, 11th edition. Washington, DC: World Bank (2018).

30 Musisi, *supra* note 33.

31 Musisi, *supra* note 27.

32 Musisi, *supra* note 27.

33 Lawson, *supra* note 2.

34 M. Henstridge & L. Kasekende, *Exchange Reforms, Stabilization, and Fiscal Management*. In *Uganda's Recovery: The Role of Farms, Firms, and Government*, edited by Ritva Reinikka and Paul Collier. Washington, DC: The World Bank (2001).

35 R. Hill & C. Mejia-Mantilla, *With a Little Help: Shocks, Agricultural Income, and Welfare in Uganda*. Policy Research Working Paper No. WPS 7935. Washington, DC: The World Bank (2017).

36 M. Brownbridge & T. Bwire, *Structural Change and Economic Growth in Uganda*. Working Paper No. 03/2016. Kampala: Bank of Uganda (2016).

37 National Planning Authority, *Uganda Vision 2040*. Kampala: NPA (2013).

38 World Bank, *Unleashing the Power of Public Investment Management*. Uganda Economic Update, 7th edition. Washington, DC: World Bank (2016); Guloba, *supra* note 39.

39 Musisi, *supra* note 33.

40 Government of Uganda (GoU), *Uganda Public Expenditure and Financial Accountability (PEFA) Assessment 2016*. Government of Uganda (2017).

sampled districts agree with the PEFA assessment. They also revealed that management by crisis is one of the major reasons or tools used for irregular spending of public money. The PFM rules of Uganda stipulate that any money sent to local governments, which is unused by the end of that specific financial year, should be returned to the central government. It has been a known phenomenon for the MoFPED to disburse funds meant for local government activities just a few months to the end of a financial year. It is practically impossible to fully utilize such funds. To avoid returning the money back, local government officials usually engage in abrupt or unplanned procurements with less value for money.<sup>41</sup> These insights are collaborated and exemplified by the many examples of procurements conducted outside PPDA procurement regulations in many district local governments.<sup>42</sup>

Corruption in the form of stealing or embezzling public money has also reached preposterous levels in Uganda. In 2005, the World Bank estimated that Uganda was losing over US\$ 300 million to corruption each year.<sup>43</sup> Many commentators have commented that this figure could have doubled or even tripled because corruption in Uganda has increased year after year.<sup>44</sup> In December 2018, President Museveni announced the creation of a new anti-corruption unit within the State House mandated to investigate, expose and fight corruption in Uganda. It started working in January 2019 and has since exposed several syndicated corruption scandals and flouting of PFM rules, particularly in local governments, as shown in some examples below.

On 14 February 2019, the unit conducted investigations in Arua district and arrested several people for an alleged misappropriation of over Uganda Shillings (Ushs) 1 billion. These included the Arua Municipal Chief Finance Officer; Internal Auditor; Municipal Engineer; Senior Assistant Engineer and a Store keeper. The head teacher and the Bursar for Arua Public Secondary School were also arrested in several cases, including alleged mismanagement of more than Ushs140 million which was accrued from hiring a school bus to UNHCR to transport refugees for two years.<sup>45</sup> On 24 February 2019, the same unit conducted an impromptu visit to Mbarara district and conducted two investigations (one at the district administration and the other at the municipal administration) after a tip-off from whistle-blowers. Within a few days of these investigations, several technical officials and politicians were

arrested for various corruption scandals.<sup>46</sup> In the same month of February 2019, four senior officials in Tororo districts were arrested with several corruption charges. These included a town clerk of Tororo, an acting engineer of Tororo municipal council and a road inspector, who were charged with cases relating to defrauding the government of Ushs115 million and abuse of office.<sup>47</sup> The good work of the State House Anti-Corruption Unit was disrupted by the outbreak of the Covid-19 pandemic, particularly due to the stringent lockdown measure instituted by President Museveni. Uganda borrowed and also received an extensive amount of funds to respond to the Covid-19 pandemic. However, high-level corruption, greed, inefficient and misallocation of public funds raised their ugly faces very high in Uganda during this pandemic time.<sup>48</sup> A weakness in the strategic allocation of public finances was aggravated by the impact of Covid-19, with the MoFPED thrashing budget allocations to key priorities previously set in NDP III.<sup>49</sup>

In recent years, the creation of unnecessary districts, cities and constituencies by the Museveni government has been blamed by many commentators as a misallocation of public resources.<sup>50</sup> Uganda had 18 districts and one city at independence in 1962. That number had only increased to 33 when Museveni came to power in 1986. In 1996, just 1 year after the promulgation of the constitution, Uganda had 42 districts and one city of Kampala. In 2021, Uganda had 135 districts, more than 10 cities, a new 364 sub-counties and 352 town councils. For years, citizens, technical experts in the MoFPED, CSOs and academic studies have all been united against the continued creation of these unviable administrative units and their huge costs on public coffers.<sup>51</sup>

## 2.4 Budget transparency and information access

Transparent PFM processes enable governments to build trust with citizens, as well as allow citizens and other stakeholders to scrutinize government's policy intentions, fiscal projections, adequacy, efficiency and effectiveness of public resource allocation across different priorities and the correctness of spending reported.<sup>52</sup> Transparency in PFM involves the extent of openness about budget intentions, formulation, implementation, disclosure and access to relevant fiscal information to citizens by their government in a timely and systematic manner. For information to

41 Key Info. Interview, Mubende District Planning Officer, (Dec 11, 2020).

42 PPDA, Investigation Report on Tender for Procurement of Works for Periodic Maintenance of Buyala-Mutai Road Jinja District Local Government (2014).

43 UDN, Dossier on Corruption in Uganda from 2002–2012. Uganda Debt Network (2013).

44 Y. Mugerwa, *Probe reveals new ways of stealing money from the government*. Daily Monitor, (July 23, 2016).

45 The Independent, *State House anti-corruption team arrests six from Arua over corruption*. The Independent, (Feb 14 2019), <https://www.independent.co.ug/state-house-anti-corruption-team-arrests-six-from-arua-over-corruption/>.

46 A. Ayoreka, *Two arrested, offices closed by Anti-corruption unit in Mbarara*. New Vision (March 5 2019), [https://www.newvision.co.ug/new\\_vision/news/1495323/arrested-offices-closed-anti-corruption-unit-mbarara](https://www.newvision.co.ug/new_vision/news/1495323/arrested-offices-closed-anti-corruption-unit-mbarara); URN, *Mbarara CAO arrested by State House Anti-Corruption Unit*. The Observer, (Feb 24 2019).

47 J. Kigongo, *Four charged as Museveni's new anti-corruption unit starts to bite*. ACCU (February 8 2019), <https://accu.or.ug/four-charged-as-musevenis-new-anti-corruption-unit-starts-to-bite/>

48 O. Kobusingye, *Surviving the COVID 19 pandemic: the view from a Ugandan surgeon and epidemiologist*. Oxfam Blog (May 12, 2020). <https://oxfamblogs.org/fp2p/surviving-the-covid-19-pandemic-the-view-from-a-ugandan-surgeon-and-epidemiologist/>; P. Nambatya, *Uganda's Covid-19 supplementary budget: pandemic response or cash bonanza?* U4 Anti-Corruption Resource Centre (July 24 2020), <https://medium.com/u4-anti-corruption-resource-centre/ugandas-covid-19-supplementary-budget-pandemic-response-or-cash-bonanza-3296d8f338b6>; P. Akankwasa, *COVID-19 exposes true cost of corruption*. The Independent (Feb 4 2021), <https://www.independent.co.ug/covid-19-exposes-true-cost-of-corruption/>; M.T. Kahungu, *Govt fails to account for Shs 56 billion Covid-19 cash*. Daily Monitor, (March 12, 2021). <https://www.monitor.co.ug/uganda/news/national/govt-fails-to-account-for-shs56-billion-covid-19-cash--3320674>

49 D. Mukhaye, *Shs 41.2 trillion Budget misses NDP III priority targets*. Daily Monitor (April 22, 2021), <https://www.monitor.co.ug/uganda/news/national/shs41-2t-budget-misses-ndp-iii-priority-targets-3372318>.

50 P. Gumisiriza, *Patronage and the Politics of District/City Creation in Uganda*. In A. Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance*. Springer, Cham (2019); Daily Monitor Editor, *Many districts are costly; do we get it?* Daily Monitor, (April 06, 2021), <https://www.monitor.co.ug/uganda/oped/editorial/many-districts-are-costly-do-we-get-it--3350570>.

51 J. Ayeko-Kümmeth, *Districts creation and its impact on local government in Uganda*. 8 African Journal of Political Science and International Relations 3(2014), [https://epub.uni-bayreuth.de/2094/1/article1397812258\\_Ayeko-Kümmeth.pdf](https://epub.uni-bayreuth.de/2094/1/article1397812258_Ayeko-Kümmeth.pdf); D. Opoka, *Govt suspends creation of new districts, sub-counties*. Daily Monitor (April 05, 2021), <https://www.monitor.co.ug/uganda/news/national/govt-suspends-creation-of-new-districts-sub-counties-3349778>.

52 OECD, supra note 14.

be meaningful, it should be relevant, provided in a timely manner and available across boundaries.<sup>53</sup> As required by the PFM Act 2015, the MoFPED publishes several annual budget documentations that are deemed desirable for transparent public financial management.

The MoFPED established a website (<https://www.budget.go.ug>) that hosts all information relating to budget issues. With this website, the public can access all documents with key fiscal information. The website also includes contact details and a dedicated help desk to respond to issues raised by the public.<sup>54</sup> The MoFPED also frequently use radios and TV programmes as key tools to dispense information budget initiatives. At the local level, district local governments are required by law to display public funds, expenditures and ongoing projects on public notice boards in public places such as health centres. They should also have a complaint desk staffed with full-time officers to address any concerns. Because of these frameworks, Uganda has been ranked first in budget transparency in the East African region. In 2016, they were rated at 'A' grade by PEFA.<sup>55</sup> Because of such assessments, the main narrative portrayed by government sources, particularly at the central level, is that budget information is accessible to the public, and budgetary processes in place are transparent, robust and working well. In areas where these frameworks are not yet robust, government officials argue that it is because of challenges sometime beyond their means or that efforts are being put in place to strengthen them. However, the local people interviewed for this study contradicted the above assessments and the government narrative, particularly regarding the access to budget information. Many participants revealed that they have not used or seen the published annual budget documents. Many reported that the budget documents are largely beneficial to the elite and not to the general public, especially peasants.

Only a few local people (respondents interviewed in FGDs) were aware of its existence on the MoFPED budget website. Besides, it is costly in terms of buying internet bundles for one to access it. Moreover, many of the local people can neither afford a smartphone nor internet from a café to access the websites. This was re-echoed by district officials during interviews that much needs to be done in terms of sensitization and training the local people not only on how to use the website but also the information it hosts. It was noted that although districts had planned to ensure that the local people are acquainted with budget information, this has not been implemented because of limited resources in terms of finance, human resource and equipment (computers, internet).<sup>56</sup>

Only a few of the FGD participants observed that they had seen the budget releases in the newspaper. Many did not know the implication of the regular releases. As such, they cannot use the information to hold service providers accountable. Others noted that they cannot afford the costs of accessing such information as it requires buying a newspaper that many rural poor people cannot afford or even access the newspapers themselves.<sup>57</sup>

The findings of this study revealed that there are radio

programmes that encourage the citizens to participate in an interactive discussion with policy makers and implementers in their communities. The study disclosed that the majority of the population use radios and TVs as major sources of information. However, some participants noted that they cannot confidently say that the radio or TV programmes had helped them to effectively influence national budget decisions or outcomes. This is because such programmes run for a short time (normally one hour); not all people are aware of these programmes, their specific time and stations on which they are aired.<sup>58</sup> There is regular posting of contract award notices on accessible procurement notice boards. However, some sensitive information such as the kind that may expose irregularities is not always displayed or readily accessible when it is required.<sup>59</sup>

## 2.5 Budget implementation and monitoring

The OPM is responsible for monitoring the implementation of government programmes (execution of the budget) and evaluating whether the intended objectives are being met or not and why. The OPM uses several mechanisms to allow citizens to participate in the monitoring and evaluation process of the budget expenditures by their local government. One of the most important methods used is to hold quarterly *Barazas* (*public meetings*). *Barazas* are a presidential initiative through which central and local government officials and other public service providers are made accountable to the public about how they have used public resources. The *Baraza* meetings involve assessments as to whether the planned services for the community were delivered, as well as the issues and challenges that could have emerged.<sup>60</sup>

During the FGDs, it was found that local people have not effectively used this platform to hold service providers accountable because it was a one-time event introduced by the central government but later abandoned without explanation to the people. This was confirmed through an interview with district officials who observed that *Baraza* was a good initiative that ought to be conducted regularly but due to lack of resources, years elapsed without holding even one *Baraza* meeting. Besides, some FGD participants recalled that the previous *Baraza* had no meaning as far as discussing issues of service delivery in the area was concerned. They turned out to be a witch-hunting and counter accusing platform between politicians and the district technocrats. The local people were not sensitized properly on their participation and how to engage the service providers. As a result, there were no tangible results from the *Baraza*. It was not surprising that many people were not sure whether the *Baraza* initiative could bring something new to improve service delivery (views expressed in FGDs).

It has also been asserted that effective citizen participation in public decision-making requires a positive perception – that is, it is a feeling that their input is valued and their voices are heard through adequate responses and feedback to their consultations.<sup>61</sup> However, when they have a negative perception towards

53 S. Bastidas, The Role of Public Participation in the Impact Assessment of Trade Process. Speaker paper for the Impact Assessment for Industrial Development – IAlA'04 (April 28th, 2004, Vancouver) (2004).

54 PFM Regulations, *supra* note 21

55 PEFA, Framework for Assessing Public Financial Management (EN) - Second Edition (2016).

56 Interview, District Council Speaker, Yumbe District, (Dec. 04, 2020).

57 FGD, Amolatar District, (Dec 08, 2020).

58 FGDs, Buhweju District, (Sept 2020)

59 KI Interview, Councillor Amolatar District, (Dec 06, 2020).

60 Key Informant Interview, OPM Official, (Oct 26, 2020).

61 . Y. Durmaz, & I. Diyarbakirlioglu, *A Theoretical Approach to the Role of Perception on the Consumer Buying Decision Process*. 1 Business Management Dynamics 3 (2011).

participation – when they perceive that nothing would change – they will not effectively participate in decision-making processes.<sup>62</sup> The dominant view obtained from FGDs about common people’s perception on whether they think that their voices influence PFM decisions was negative. Most people argued that it is the responsibility of their elected representatives to decide their priorities and how to allocate money. They also suggested that in most cases, their representative’s decision-making is influenced by corruption, selfish interests, partisan politics, gender chauvinism and ignorance of people’s real needs.<sup>63</sup>

## 2.6 Accountability and budget auditing

Accountability in PFM terms refers to the process by which public officials record, explain and justify how they applied or utilized resources/funds they received and the punishments involved for any wrongdoing. Accountability is generally assumed to increase government revenues, promote democracy and increase the capacity of governments to deliver services to their citizens. Reliable accounting systems, strong anti-corruption institutions, transparent access to information, an independent media and judiciary are some of the key pillars upon which accountability can be built.<sup>64</sup>

In Uganda, the Office of the Auditor General (OAG) audits the accounts of central, local and administrative units of government every financial year.<sup>65</sup> Available reports indicate that the OAG has faced significant challenges in its endeavours to undertake audits for all lower local and central government entities as required by law.<sup>66</sup> Information obtained from district officials in all the districts sampled in this study indicated that there has been an annual audit of districts and lower administrative units. Most of them revealed that they obtained unqualified opinion (desirable) in the previous audit. However, it was disclosed that public awareness of the periodic audit is low because there has been limited and or no effort to sensitize communities. As a result, this exercise has been largely left to technocrats and to some extent to politicians.

*Every year, we have an independent review of our operations and financial records. But what I can say is that the public is not aware of this routine exercise, so they do not know the meaning of qualified opinion. We need to step up sensitization of our people on audits and why we need them.*<sup>67</sup>

The same sentiment was echoed by many people during FGDs. Many expressed ignorance of the annual audits conducted at the district and sub-counties. They noted that they had not been sensitized on the importance of annual audits and their benefits. Lack of awareness coupled with lack of local people’s involvement implies that external auditors are left at liberty to produce any kind of opinion that may not give a clear picture of how public resources are being expended.<sup>68</sup>

## 3. CONCLUSION

Based on both secondary and primary findings discussed throughout this paper, it is apt to conclude that Uganda has performed well at adopting or producing PFM instruments, policies, strategies and laws that rank highly in the region and Africa

generally. In addition to existing citizen participation mechanisms, the government has put in more strategies running from 2018 to 2023. These are meant to strengthen the government’s governance and participation structures at all levels of government. Uganda’s fiscal reforms and frameworks have been credited for maintaining core inflation under check and reducing absolute poverty significantly over the last 20 years. The Government of Uganda has put in place strong institutions aimed at preparing, implementing, monitoring and auditing the use of public finances. In spite of the government’s efforts to create systems to manage public finances, the efforts in the implementation remain problematic in many instances. This study identified areas where PFM reforms have performed badly and the factors that inhibit their successful implementation. These include corruption, political interference and politicization of PFM reforms, as well as the rural–urban divide in terms of technological access and information such as websites. In the rural context, majority, if not all, do not have smartphones; therefore, accessing electronic information is hard. They rely largely on radio and little on television that also requires a monthly subscription. The programmes are broadcast on the radio only for a short period of time and when some people are doing other work. It is also highlighted that the presenters on radio stations usually lack adequate and empirical evidence on the subject; thus, they end up not discussing relevant issues. The radio services are not adequate given the low airtime provided for such programmes. Moreover, primetime on most popular radio stations is dedicated to listening to politics, sports and music programmes aimed at benefiting commercial radio owners.

Apart from the inadequate media programmes, there is a general challenge of not displaying sensitive information on the district notice boards that would raise awareness on the faults in PFM. The only issues that are posted relate to contract/tender procurement, land fees and funds transferred to the local government. Denial of the information on public finance makes the demand for accountability very difficult. This is the same reason why people are not sensitized on budget-related issues to keep them ignorant as the bureaucrats and politicians engage in embezzlement. The creation of Baraza in the OPM did not take off in many places. Where it happened, politicians and technocrats used it as a platform for witch-hunting one another instead of deliberating on issues that matter in their districts.

The government provides digital and printed information through the MoFPED, but this comes with problems because it is mainly consumed by the elite who can read English. The elitist nature of documents excludes the majority who do not have the ability to read English. The assumption that those who can read can disseminate that information is faulty. The establishment of an anti-corruption unit in the State House without empowering the other poorly performing anti-corruption agencies is not helping the fight against corruption very much. The demand for accountability by the people must be increased through mass sensitization, which is the sole responsibility of the government with the help of NGOs dealing with budget and financial management issues.

62 C. King et al., *The Question of Participation: Toward Authentic Public Participation in Public Administration*. 58 Pub. Admin. Rev. 4 (1998).

63 These views were expressed by most participants in FGDs in Buhweju, Amolator, Mubende and Yumbe (Interviews conducted between September – Dec. 2020).

64 P. Lyn, Public Sector Accountability through raising concerns. Controller and Auditor General (2016). <https://oag.parliament.nz/2016/accountability/docs/accountability.pdf>.

65 MoFPED, Uganda Public Financial Management Reform Strategy, 2018-2023 (2018).

66 E. Waiswa, *Strengthening East Africa’s Decentralization through Community Participation*. The Local, July 17, 2017).

67 Interview, Buhweju district Official, Buhweju district (Sept 05, 2020).

68 Key Informant Interview, MoFPED Kampala, (Oct 19, 2020).