



# The Road to Budget Transparency in Uganda

Rosie Pinnington\*

September 2017

# CONTENTS

<b>INTRODUCTION</b>	<b>3</b>
<i>Methodology</i>	5
<i>Scope and Structure of the Report</i>	5
<b>SECTION 1: PRE-2006 CONTEXT</b>	<b>6</b>
<i>First Rise of Transparency and Participation (1986-2001)</i>	6
<i>Stagnation of Budget Transparency (2002-2006)</i>	11
<i>Conclusion</i>	13
<b>SECTION 2: IMPROVING SERVICE DELIVERY AND PERFORMANCE (2006-2012)</b>	<b>13</b>
<i>Conclusion</i>	21
<b>SECTION 3: TIGHTENING SYSTEMS AND ACCOUNTABILITY (2012-2015)</b>	<b>21</b>
<i>How was the Budget Website Established?</i>	24
<i>Political Support for Budget Transparency after the 2012 Corruption Scandals</i>	24
<i>Challenges for Future Advances in Budget Transparency and Accountability</i>	25
<b>CONCLUSION</b>	<b>27</b>
<b>ANNEX 1. OPEN BUDGET INDEX RESULTS TABLES</b>	<b>29</b>

*\*Rosie Pinnington is conducting PhD research in the Department of Politics and International Relations at the University of Oxford. Her work focuses on foreign aid models, institutional change, and the political economy of development.*

# INTRODUCTION

This case study examines Uganda's journey toward greater budget transparency and is part of research by the International Budget Partnership (IBP) to better understand how and why some governments are able to reach higher levels of transparency while others falter. The case study research was based on findings from IBP's Open Budget Survey (OBS), the world's only independent and comparative assessment of budget transparency, participation, and oversight. Specifically, the research uses the Open Budget Index (OBI) as its starting point. The OBI is constructed from a subset of OBS questions that assess the amount, timeliness, and level of detail of budget information that central governments make publicly available in eight key budget documents, and each country assessed receives an OBI score from 0 to 100.<sup>1</sup>

OBI results show that most initial improvements are achieved by countries that start at low levels of budget transparency. Unfortunately, most countries, having achieved some progress, then get stuck at intermediate levels of budget transparency and find it difficult to move beyond an OBI score of 60, above which countries are considered as providing "substantial" budget information for citizens to understand how the government is managing public money and hold it to account.

While basic improvements in budget transparency are relatively easy to achieve, moving beyond 60 often requires more substantial efforts, such as producing and publishing new budget documents or including more detailed budget information in those currently available. This can require additional resources, greater technical skills, and adequate political support. Often, it requires all three. Despite these challenges, a number of countries have managed to raise their OBI scores quite dramatically, including Georgia, Malawi, the Philippines, and Uganda. On the other hand, some middle-income countries like Argentina and Turkey have remained stuck with OBI scores of 60 or below.

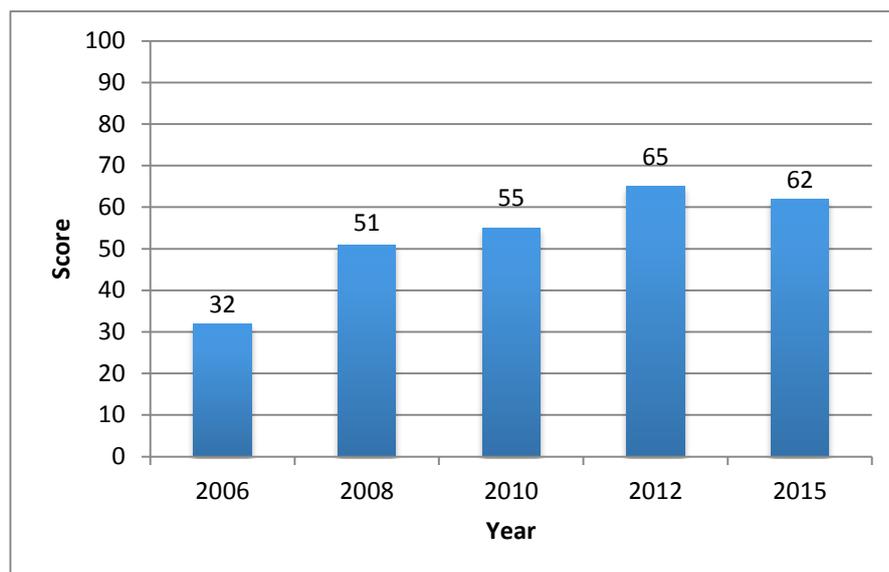
A recent background paper analyzing OBS data shows that there are many different ways for governments to move beyond 60 on their OBI score and that countries that did so followed varied paths, from publishing additional budget documents (the Philippines) to ensuring that published documents are very comprehensive (Malawi).<sup>2</sup> As can be seen in Figure 1, Uganda's OBI scores have been trending upward since 2006.

---

<sup>1</sup> The next round of the biennial Open Budget Survey will include 115 countries and will be released in January 2018. For more on the OBS, visit: <http://openbudgetsurvey.org>.

<sup>2</sup> Babacar Sarr and Joel Friedman, "The Road to 61: Achieving Sufficient Levels of Budget Transparency," *IBP Paper* (Washington, D.C.: International Budget Partnership, July 2016), available at: <http://www.internationalbudget.org/publications/achieving-sufficient-levels-budget-transparency/>.

**FIGURE 1. UGANDA OBI SCORE (2006 – 2015)**

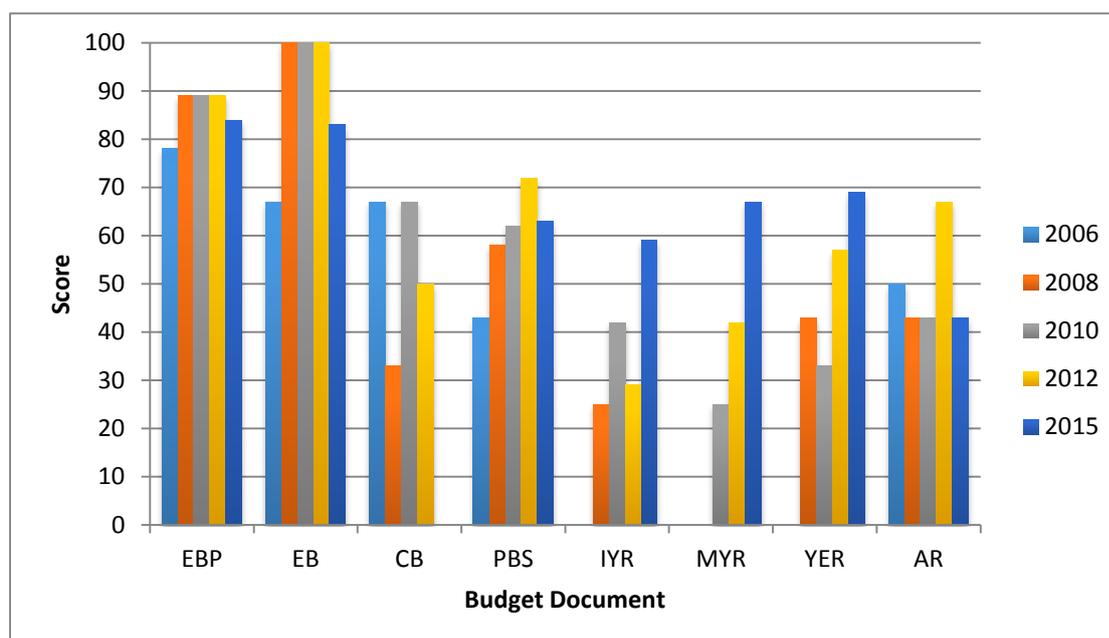


Source: International Budget Partnership, Open Budget Survey and Index

Uganda's OBI score was 31 (provides "minimal" budget information) in 2006, rose to 51 ("limited") in 2008, rose slightly to 55 (still "limited") in 2010, and then rose to 65 ("substantial") in 2012 and 62 (slight drop but still "substantial") in 2015. In 2010 and 2012, all the eight key budget documents were made publicly available, but in 2015 the country failed to publish the Citizens Budget for reasons of cost. That Citizens Budget has since been published.<sup>3</sup> The improvement in Uganda's OBI score since 2006 is primarily attributable to an increase in the number of documents published. In the last decade, Uganda has made substantial progress in providing more information on how the budget is being executed and its impacts through publishing more, and more detailed, implementation reports: the In-Year Reports, Mid-Year Review, and Year-End reports. However, this progress has been partly offset by a decrease in the comprehensiveness of the Executive's Budget Proposal and the Audit Report (Figure 2).

<sup>3</sup> Interviews with various members of the BSI Staff, Ministry of Finance, Kampala, Uganda, December 2016.

**FIGURE 2. UGANDA SCORES BY BUDGET DOCUMENT (2006 – 2015)**



Key: **EBP** (Executive’s Budget Proposal); **EB** (Enacted Budget); **CB** (Citizens Budget); **PBS** (Pre-Budget Statement); **IYR** (In-Year Reports); **MYR** (Mid-Year Review); **YER** (Year-End Report); **AR** (Audit Report).

Source: Open Budget Survey

This case study reflects on the experience of Uganda’s reform trajectory and attempts to answer the following questions:

- What are the strategies that Uganda undertook to improve its budget transparency levels?
- Which factors allowed those strategies to be adopted?

## METHODOLOGY

The analysis in this paper draws from a combination of primary and secondary data. The primary data consists of interviews with key actors in Uganda’s reform process, including members of the Ministry of Finance, Planning and Economic Development (MoFPED), donors and providers of technical assistance, civil society, and researchers. These interviews were conducted in December 2016 in Kampala. A literature review of key documents and relevant studies supplied the secondary data.

## SCOPE AND STRUCTURE OF THE REPORT

The report takes the form of a narrative of Uganda’s reform trajectory, from the pre-2006 context (Section 1); to the reemergence of budget transparency between 2006 and 2012 (Section 2); and, finally, to a discussion of the reforms that took place between 2012 and 2015 in the aftermath of two large-scale government corruption scandals (Section 3). In addressing the research questions, both

macro-level and micro-level evidence is used to interpret what factors might have led the government to bring in reforms that have positively affected budget transparency.

## SECTION 1: PRE-2006 CONTEXT

While the focus of this study is Uganda's reform experience during the period 2006 – 2015, it builds upon the findings of earlier IBP research, which traced the country's reform trajectory back to 1986.<sup>4</sup> This earlier research identified three distinct periods of transparency and participation in Uganda:

- the rise of transparency and participation (1986-2001);
- stagnation of budget transparency (2002-2006); and
- the reemergence of the transparency and participation (2006-2010).

This section will briefly summarize the main observations of this earlier work in order to provide a backdrop for the analysis presented in later sections, which will pick up from the reemergence of transparency and participation in 2006.

### FIRST RISE OF TRANSPARENCY AND PARTICIPATION (1986-2001)

During the 1990s political and economic stability returned to Uganda after intense volatility experienced under the regimes of Milton Obote (1966-71 and 1980-85) and Idi Amin (1971-79). In this period, Uganda became one of the fastest growing African economies. Donor support to the country also began to increase due in large part to the government's adherence to the economic liberalization policies of international financial institutions.<sup>5</sup> This early period (1990-2003) of Uganda's public financial management reform was economist-led and technocratic.<sup>6</sup> It was primarily marked by the need to establish fiscal discipline and bring inflation under control. By the mid-to-late 1990s, however, it had progressed into the implementation of systems and policies to enable the strategic allocation of resources, as the government placed greater emphasis on poverty reduction.

In 1995, after a decade of National Resistance Movement (NRM) leadership, a new constitution was completed. It provided the overarching legal framework for budget formulation, execution, and auditing. It also paved the way for the first full presidential and parliamentary elections, which were held in 1996. At this point, the political focus shifted from consolidating the regime to reducing poverty

---

<sup>4</sup> Samuel Moon, "Budget Transparency and Participation – Uganda Case Study" (Washington, D.C.: International Budget Partnership, 2011).

<sup>5</sup> Between 1987 and 1992 there was a particularly sharp increase, from around 4.8% to 26.1% of Gross National Income. See: <http://data.worldbank.org/indicator/DT.ODA.ODAT.GN.ZS?end=2014&locations=UG&start=1969> (accessed 22 August 2017).

<sup>6</sup> I. Aziz, H. Tilley, T. Williamson, and S. Gill, *Uganda FINMAP Review 2007-2014: Final Report* (London: Overseas Development Institute, 2015).

and improving service delivery. By the mid-1990s, Uganda had experienced a decade of unprecedented growth, but a strong performing economy had failed to translate into improvements for people living in poverty. National household surveys at the time showed a slight decline in the poverty headcount, but the rate was still at 45 percent in 1996. Health care and education were both poor, with child mortality, literacy rates, and school enrollment among the worst on the continent.<sup>7</sup> In collaboration with the World Bank, a Public Expenditure Tracking Survey (PETS) was conducted.<sup>8</sup> The survey exposed what appeared to be a dramatic amount of leakage in the financing of local government education programs.<sup>9</sup> At the same time, Uganda came under pressure from international donors to improve the way that it was addressing poverty. In 1995, at the Consultative Group meeting in Paris, the United Nations and some bilateral donors openly criticized the World Bank's "trickle down" development strategy for Uganda, which was based on structural adjustment reforms. It called for a more concerted and novel approach to tackling poverty in the country.<sup>10</sup> In response, the government began a number of processes that led to the first spike in budget transparency and participation in Uganda.

In the same year as the Consultative Group meeting in Paris, the government held a national conference on poverty eradication, organized by the Ministry of Planning. President Yoweri Museveni addressed the group, which was attended by a wide array of different stakeholders, including senior government officials, parliamentarians, donors, the private sector, representatives of nongovernmental organizations (NGOs), academics, and the public. The conference resulted in the establishment of a National Task Force on Poverty Eradication, which took on the responsibility of developing a national action plan. This marked the beginning of an intensely participatory period in planning and budgeting in Uganda. The task force used a consultative approach to identify priorities for alleviating poverty and delivering services. The consultations involved government officials, members of parliament, local government officials, representatives of employers' and workers' organizations, donors, NGOs, social researchers, academics, and civil society organizations (CSOs). Working groups were established for various sectors and became strong and regular forums for collaboration on policy and technical issues between government, donors, and civil society. The process culminated in the first Poverty Eradication Action Plan (PEAP), which was launched in 1997.<sup>11</sup>

---

<sup>7</sup> All data available from the Uganda Bureau of Statistics: <http://www.ubos.org/>

<sup>8</sup> While the initial survey was undertaken by the Budget Directorate of the MoFEP, the full PETS was led by a World Bank team and published as: Ritva Reinikka and Emmanuel Ablo, "Do Budgets Really Matter? Evidence from Public Spending on Education and Health in Uganda," *Policy Research Working Paper* (Washington, D.C.: World Bank, 1999).

<sup>9</sup> See Ritva Reinikka and Jacob Svensson, "Local Capture: Evidence from a Central Government Transfer Program in Uganda" *Quarterly Journal of Economics* 119, no. 2 (2004): 679-705.

<sup>10</sup> Kenneth Mugambe, "The Poverty Eradication Action Plan," in *Uganda's Economic Reforms: Insider Accounts*, eds. Florence Kuteesa et al. (Oxford: Oxford University Press, 2009).

<sup>11</sup> The first PEAP marked a high point in both budget transparency and participation in the budget process. The second PEAP consultation process of 1999-2000 benefited from the growing data on poverty and analytical capacity of government. The document produced integrated performance monitoring frameworks and included partnership principles

Transparency of budget information was also enhanced at the budgeting, execution, and reporting phases of the budget cycle. As a response to the PETS findings of significant leakage at the local level, transfer grants to local governments, as well as allocations to individual schools, were published in newspapers. This practice was institutionalized through the explicit legal requirement of publication contained in the Local Government Act of 1997. Budget allocations to various sectors were also enhanced through the introduction of a strategic phase to the budget process, the medium-term expenditure framework (MTEF). This framework evolved from the Budget Framework Paper (BFP), which was first introduced in 1992. The BFP approach to budgeting began with a broad macroeconomic framework for determining the overall resource envelope over the medium term and was followed by a sector-based approach to allocating budget ceilings for sectors within the budget.

The BFP process evolved over time to become the MTEF, which was successfully tested during the 1996 election campaigns when the president asked the finance ministry to find ways to fund universal primary education. By linking budget allocations with policy formulations and sector priorities, over a medium term, the MTEF came to have an important function in the implementation of the PEAP. Uganda was the one of the first low-income countries to introduce an MTEF, and its experience played a significant role in developing the way the approach was applied.<sup>12</sup> The MTEF was integrated with key public budget documents, and therefore helped to provide a more transparent link between government priorities and budget allocations. By aligning with the working group framework, it also brought collaborative policy discussion into the budget process. Large budget consultation meetings involving a broad set of stakeholders were organized and buttressed by a collaborative Public Expenditure Review (PER) process, which involved analytical contributions from donors and government. The PER process provided opportunities to monitor public expenditures and probe concerns about implementation, but it was not as expensive or resource-dependent as the Public Expenditure Tracking Surveys (PETS).

These reforms were accompanied by a large increase in resources allocated to local government and a major expansion in service delivery, underpinned by debt relief and budget support. With Heavily Indebted Poor Countries (HIPC) debt relief in 1998 and aid accounting for up to 45 percent of the national budget, a mechanism called the Poverty Action Fund (PAF) was established to demonstrate that these resources were being allocated appropriately.<sup>13</sup> This was in partial response to donor

---

to guide engagement between donors and government. The 2000 PEAP had a smaller effect on funding allocations, and by the second revision in 2004 (what was to be the last), when the policy focus shifted to a more balanced prioritization between social sectors and productive sectors, it was clear that the impact of the PEAP was greatly reduced. See Moon, "Budget Transparency."

<sup>12</sup> Martin Brownbridge, Giulio Federico, and Florence Kuteesa, "Budget Reform and the Medium Term Expenditure Framework," in *Uganda's Economic Reforms: Insider Accounts*, eds. Florence Kuteesa et al. (Oxford: Oxford University Press, 2009).

<sup>13</sup> PAF is not a "fund" per se, but a "virtual fund," a collection of specifically poverty-reducing expenditures identified within the government budget (some partially or fully donor funded) which are reported on regularly and openly. Because PAF helps to demonstrate clearly the use of funds, it became a valuable tool for winning additional funding from donors to expand activities over subsequent years. The process consists of a quarterly report from MoFPED, quarterly financial

concerns about the fiduciary risk for overseas development assistance (ODA) funds delivered through government systems, as highlighted in studies such as the PETS.

The commitment to transparency and consultation was most fully demonstrated in 1998 when the MoFPED introduced PAF's reporting mechanism to present detailed information on poverty-reducing expenditures in the budget. The participation that was built into the formulation of the three-year PEAP set a broad framework for formal consultation and policy debate. The consensus and support for the PEAP generated by the consultations through the aforementioned sector working groups for reviewing policy and budget allocations began to grow, and line ministries and donors held large joint reviews to discuss policy. Sector policy and budget decisions were now being discussed in a consultative environment with donors and civil society involved. The sector-based approach for budgeting, integrated into the policy planning process, culminated in the budget preparation reforms of the late 2000s, where policy statements, output targets, and budget allocations were formally merged into a single publicly available document. These reforms promoted independent views and widened consultations at an important time in the budget process.<sup>14</sup>

Internally, under the leadership of the then-Permanent Secretary Tumusiime-Mutebile, the MoFPED also took concerted steps to improve its role in budget communication processes. In 1999 Florence Kuteesa was working as the director of budget in the MoFPED. She was charged with the responsibility of developing a "budget communication and transparency strategy," which was launched in 2001. This formed part of the government's poverty agenda and wider implementation of the PEAP. The strategy aimed to enhance communication on the budget, promote demand for accountability, and improve allocation of resources. Its three main objectives were: 1) to improve internal communications and processes for coherent messaging and decision making; 2) to improve external engagement with stakeholders (including the public, donors, ministries, and civil society); and 3) to improve budget processes and resource allocation for poverty reduction. At first, Kuteesa encountered resistance from those within the ministry who did not accept that they had either an external engagement role or a responsibility to track implementation of the budget and its outcomes. Some felt that the ministry should keep information confidential; others were not interested in either external or internal communication processes, preferring to focus on their role as economic analysts. In the face of such obstacles, Kuteesa worked hard to build consensus for the budget transparency and communication agenda within the ministry. Eventually, supported by evidence of significant leakages that turned up in the PETS, enough buy in was garnered, and activities to implement the strategy commenced.<sup>15</sup>

---

statements from sectors on poverty-reducing expenditures within the budget, and quarterly meetings to which donors, civil society, the press, and government officials were invited.

<sup>14</sup> Telephone Interview with Florence Kuteesa, January 2016.

<sup>15</sup> Ibid.

One key training activity was the training of partners — including cabinet members, other line ministries, the budget committee in parliament, and civil society — on the concept and significance of the national budget and the budget process. The aim was to improve their relationship with the ministry, enhance their capacity to engage in the budget process, and improve their ability to scrutinize it. The Minister of Finance at the time had strong political relationships, which helped the ideas to penetrate parliament. The ministry also began to hold annual budget workshops for legislators and undertook training on how ministry representatives could engage with the media.

National civil society organizations like the Uganda Debt Network (UDN) were central in this process. They worked as an important ally of the ministry by engaging with the public and leaders at the subnational level to heighten understanding of their stake in government resources, including educating them on how their taxes are spent. This process of sensitization was complemented by increased public availability of key budget documents. The ministry introduced popular versions of the budget, which appeared as pull-out sections in newspapers. The ministry also prepared popular versions of the PEAP and an explanation of the budget process in different languages. The reception among parliamentarians and civil servants to these initiatives was positive, with some members of parliament preferring to engage with popular versions of the PEAP. Following their lead, other line ministries began to produce popular versions of their plans. In partial response to the leakages exposed in the PETS, the government also began to publish funding releases in the newspapers.

## BOX 1: THE UGANDA DEBT NETWORK

The Uganda Debt Network (UDN) was established as a coordination mechanism for civil society to campaign for debt relief for Uganda. The HIPC debt relief agreement came in 1998, and, having built up considerable momentum within civil society for budget analysis and advocacy, UDN registered as an NGO and restructured its efforts toward building community and CSO capacity for policy analysis, anti-corruption activities, and budget analysis. In 2006 a detailed study of UDN's work found the impact of the organization to have been substantial in increasing awareness of budget issues. UDN publications had "demystified" the complicated language in the budget, and a growing number of CSOs were beginning to take an interest in budget advocacy. Energetic monitoring of local government service delivery also yielded results, and UDN was an important actor at the national level in pressuring government and parliament to implement reforms such as the 2001 Budget Act, in which submission of budget framework papers became a legal requirement as an integral part of the budget calendar. The successful campaign for debt relief allowed UDN to be seen as a leader within civil society, as well as a competent and valuable interlocutor between disclosers and users of budget information. The regular and lively engagement in PAF quarterly meetings, and the initiation of broader PAF monitoring at the local government level became a particularly important role of UDN. Indeed, the close relationship between MoFPED, donors, and civil society allowed a strong and carefully orchestrated questioning of line ministries on service delivery during these meetings. The effective partnership between UDN and the ministry was partly due to Kuteesa's leadership and the familiarity she had gained with civil society through working with Council for Economic Empowerment of Women. Kuteesa worked to change the perception of civil society within government, so that organizations like UDN were valued as allies rather than seen as antagonists.

The role of parliament in demanding budget accountability also began to take shape during this period. With the 2001 elections, legislators began to demand a more inclusive role in budget formulation and monitoring. They fought hard for the passage of the Budget Act in 2001. This raised their interest in and capacity for engaging in budget analysis. With the advent of multiparty politics, the chairmanship of the Parliamentary Budget Committee (PBC) and the Public Accounts Committee (PAC) was allocated to opposition members; this led to lively debate and active scrutiny of public finances. The Parliamentary Budget Office (PBO) was established with a relatively large and professional staff, though limited external support and the salary scale of the civil service constrained its capacity.<sup>16</sup>

## STAGNATION OF BUDGET TRANSPARENCY (2002-2006)

By 2001, the Poverty Action Fund (PAF) had increased to 38 percent of the national budget and had become an administrative burden. In 2002, the decision was made to reduce quarterly reporting to

---

<sup>16</sup> Moon, "Budget Transparency."

twice yearly budget performance reports and meetings. Rapid growth of aid and public expenditure led to a renewed focus within MoFPED to manage the macroeconomic environment. Changes in management within MoFPED also had an effect on the reform agenda during this period. In 2001 Emmanuel Tumusiime-Mutebile, who had been Permanent Secretary since the merger of the finance and planning ministries in 1992 and was considered to be very committed to the principles of participation and transparency, left MoFPED and was replaced by Christopher Kassami.<sup>17</sup>

The focus turned to the establishment of comprehensive financial management and accounting reform. This included the enactment of the Public Finance and Accountability Act (PFAA) of 2003 and the Public Procurement and Disposal of Public Assets Act of 2003. The enactment of this legislation resulted in the establishment of the Public Procurement and Disposal of Assets Authority (PPDA); procurement was decentralized to spending agencies, which formed contract committees. Oversight institutions, such as the Auditor General and the Public Accounts Committee of Parliament, were also strengthened in this period.

During this time, too, an Integrated Financial Management System (IFMIS) was introduced. The ministry responded to the increasing pressure from parliament for access to budget information by reformatting budget documents and ministerial policy statements to incorporate output and budget figures for past and current fiscal years, along with medium-term projections. To streamline the process, a new software system was introduced over three years.<sup>18</sup> The steady automation of the public financial management (PFM) system to mesh with core financial management software, and then with budget planning and reporting documentation, has markedly improved the capacity to produce transparent documentation. The new system went live in 2004 and was extended to 18 ministries by 2006.

However, while MoFPED invested resources in the development of improved PFM systems, opportunities for consultation and public participation in the budget process were reduced. The biannual reports never materialized, which meant both availability of information on the budget and opportunities for participation in monitoring and policy making were reduced. As a result, in-year scrutiny and transparency of budget execution was effectively eliminated.<sup>19</sup> At the same time, government priorities shifted from poverty reduction and the provision of basic services to infrastructure and productive sectors, and the change was reflected in budget allocations. This led to a decline in non-salary resources to local governments, which diminished incentives for engagement in budget processes for service delivery sectors like education and health.<sup>20</sup>

---

<sup>17</sup> Interview with Tim Williamson, Kampala, April 2016.

<sup>18</sup> Moon, "Budget Transparency."

<sup>19</sup> Moon, "Budget Transparency."

<sup>20</sup> Aziz et al., *Uganda FINMAP Review*.

In the run-up to Uganda's first multiparty election in 2006, governance concerns and a number of large-scale corruption scandals also became increasingly important considerations for donors. In many ways, however, the political context created by the new multiparty system rejuvenated a concern for improving service delivery in the government of Uganda, which had come under pressure from both the public and donors with regard to the diversion of aid money. This paved the way for the reemergence of transparency and participation after 2006.

## CONCLUSION

This section has provided a background for Uganda's improvements in budget transparency after 2006. Despite a period of stagnation between 2002 and 2006, this period did much to lay the groundwork for future growth in budget transparency. To some extent, the early reforms were able to institutionalize budget transparency and participation within the government of Uganda. Between 1992 and 2000, five key budget and planning processes were established that created a functioning framework for transparency and participation: the Budget Framework Paper, beginning in 1992; the Poverty Eradication Action Plan, beginning in 1995; the publication of transfers of funds to local governments, beginning in 1996; the introduction of HIPC debt relief and the Poverty Action Fund monitoring, beginning in 1998; and the sector review processes, beginning in 1999. There were five key factors driving important advancements in the early years of Uganda's public financial management reform:

- the government's political commitment to transparency as a part of its wider poverty eradication agenda, reflected in the president's 1995 Manifesto;
- an increasing dependence on donor funds in the government's budget, resulting in pressure to demonstrate impact and be transparent about the way funds are being used;
- concerns over progress that was being made to eradicate poverty, despite a relatively stable macroeconomic climate and high growth;
- a genuine commitment to reform, particularly under the leadership of Permanent Secretary Tumusiime-Mutebile; and,
- increasing pressure for fiscal transparency from civil society under the Uganda Debt Network, alongside newfound interest within the ministry to work with civil society.

## SECTION 2: IMPROVING SERVICE DELIVERY AND PERFORMANCE (2006-2012)

The 2005 shift to the multiparty system increased the incentives for the National Resistance Movement (NRM) regime to take control of the development agenda as a means of mobilizing

electoral support.<sup>21</sup> The NRM campaign platform for the 2006 elections was called “Prosperity for All.” While the agenda for poverty reduction continued to be discussed, Prosperity for All signaled a shift away from the focus on poverty. Since 2006, the emphasis has been on growth and on the importance of infrastructure and private sector development, rather than on social services and poverty reduction. Nevertheless, a number of important budget transparency reforms took place during this period, which had a positive impact on the indicators evaluated in the Open Budget Index. In particular, a new focus on performance in the budget led to increased budget monitoring; budget execution and implementation reports became more frequent and timelier.

The year 2006 also marked a change in the relationship between Uganda and its donors. The country was considered to be something of a “donor darling” during the 1990s for its relatively successful adherence to the conditions of structural adjustment packages. Because of this, donors were willing to overlook the government’s less savory tendencies, including the opposition to multi-party politics, growing levels of corruption, and military involvement in the Congo.<sup>22</sup> In the run-up to the 2006 elections, however, Uganda’s relationship with its donors began to be tested. The period was marked by a number of political developments that led donors to reemphasize governance. Among these were the government’s disengagement from the consultative budget process and significant pressure on parliament to scrap presidential term limits. The government’s behavior in advance of the 2006 elections was particularly problematic for Uganda’s donors. President Museveni’s main political opponent, Kizza Besigye, was jailed on charges of rape and treason, while a prominent journalist was jailed for criticism of government policy.<sup>23</sup> Donors responded by reducing support for the budget, though, as Figure 3 shows, project support maintained a more stable share of the budget.

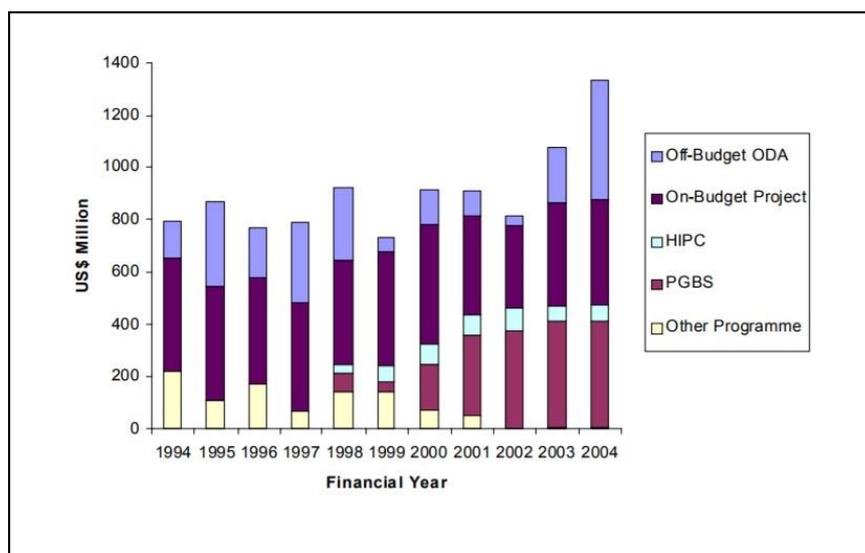
---

<sup>21</sup> Sam Hickey, “Beyond the Poverty Agenda? Insights from the New Politics of Development in Uganda,” *World Development*, 43 (March 2013): 196.

<sup>22</sup> *Ibid.*, 195.

<sup>23</sup> Paolo de Renzio, Vitus Azeem, and Vivek Ramkumar, “Budget Monitoring as an Advocacy Tool: Uganda Debt Network” (Washington, D.C.: International Budget Partnership, 2006).

**FIGURE 3. TRENDS IN AID MODALITIES IN UGANDA, 1994-2004**



Source: Stephen Lister et al., “Joint Evaluation of General Budget Support 1994-2004: Uganda Country Report” (Birmingham: IDD & Associates, 2006): 13.

The discovery of oil also led to significant changes in the political economy of development in this period. Primarily, Uganda became less financially dependent on traditional donors and saw actors like China playing an increasingly significant role in its economy. In 2016, direct revenues from oil have still not materialized. The development of the sector has been held back by the 2015 drop in global oil prices, which has led to questions over the viability of the sector. However, between 2006 and 2012, the presence of oil attracted an estimated US\$3 billion in exploration investments.<sup>24</sup> As a result, oil discoveries contributed to Uganda becoming significantly less reliant on external donor assistance after 2006. Between 2006 and 2014, aid as a percentage of Gross National Income fell from around 16 to 6 percent.

In line with the government’s emphasis on developing the productive sector, between 2012 and 2016, capital investments have increased by 126 percent and nearly doubled from 4.3 percent to 7.6 percent of GDP. It is expected that such investments will increase in line with priorities laid out in the national development plan and the Uganda Vision 2040. Indeed, in the next two-to-three years, Uganda’s oil sector is predicted to receive as much as US\$9 billion worth of investment.<sup>25</sup> Such heavy investment in infrastructure and other productive sectors is likely to drive growth in the country, but Uganda will remain vulnerable to global economic volatility and fluctuations in the commodity prices. A further slowdown in China’s economy will adversely affect investments in infrastructure. At the same time, increased capital investment will create further opportunities for corruption and the mismanagement of public funds, placing even more importance on the need for fiscal transparency

<sup>24</sup> Halima Abdullah, “Uganda attracts \$3 billion in oil investments,” *The East African* (25 February 2012), available at: <http://www.theeastafrican.co.ke/news/Uganda-attracts--3billion-in-oil-investments-/2558-1334720-d9vt8/index.html>.

<sup>25</sup> “Uganda Economic Update: Fact Sheet” (Washington, D.C.: World Bank, June 2016), available at: <http://www.worldbank.org/en/country/uganda/brief/uganda-economic-update-fact-sheet-june-2016>.

and accountability in the coming years. Finally, despite decreased dependency on aid, it would be short-sighted to conclude that donor agendas — including the transparency agenda — no longer hold sway in the country. In 2014, donor funds still accounted for around 50 percent of the budget.<sup>26</sup>

Oil discoveries have also necessitated the development of new legislation to manage oil revenues, including the Public Finance Management Act (2015). The enactment of the PFM Act is perhaps too recent for it to have influenced the improvement in Uganda's OBI scores between 2006 and 2015. However, it is worth noting its potential to influence score increases in future rounds. Donors such as the Democratic Governance Facility (DGF) played a significant role in supporting members of parliament engaged in the debates over the oil sector and revenue management, particularly through engaging with the Parliamentary Forum for Oil and Gas (PFOG).<sup>27</sup> This may have increased both the space and capacity for parliament to engage in PFM reforms. However, it should be acknowledged that, despite this support, parliament was less successful at pushing through more controversial and politically challenging transparency and accountability amendments to key oil legislation.<sup>28</sup> In fact, the chair of the PFOG was expelled from the NRM for leading an attempt to amend the Petroleum Bill that would have taken away the executive's discretion to award licenses and contracts for oil exploration and production.<sup>29</sup>

Nonetheless, CSOs have reported increased space to participate in the budget process since the PFM Act was passed. Even before it was enacted, organizations such as the Civil Society Budget Advocacy Group (CSBAG) benefited from engaging in debates over the legislation. Its role in these debates has contributed to the legitimacy of CSBAG. The finance ministry is now more open to engaging CSBAG in key decision-making bodies, such as the Public Expenditure Management Committee. Despite being formed in 2004, CSBAG admits that it has only really been active since 2011, a key period for the development of the PFM Act.<sup>30</sup> In addition to facilitating the engagement of civil society and parliament in PFM reform processes, the 2015 PFM Act also has the potential to improve budget transparency through tightening up reporting requirements.<sup>31</sup> By including specific

---

<sup>26</sup> World Bank indicators are available at:

<http://data.worldbank.org/indicator/DT.ODA.ODAT.XP.ZS?end=2014&locations=UG&start=1999>.

<sup>27</sup> The scale of DGF's support was significant. Over 250 members of parliament attended one of the meetings it facilitated. These meetings produced a set of 93 proposed amendments. Parliament approved 87 of these, including several amendments that strengthened parliament's ability to hold the executive to account with respect to petroleum development and the revenues it will produce. See Susan Dodsworth, "How Does the Objective of Aid Affect Its Impact on Accountability? Evidence from Two Aid Programmes in Uganda," *Journal of Development Studies* (September 2016), available at: <https://ora.ox.ac.uk/objects/uuid:9a704ea0-c9b7-4877-a41b-9508b3e52c8b>.

<sup>28</sup> Interview with Democratic Governance Facility staff, 18 December 2016.

<sup>29</sup> Dodsworth, "How Does the Objective of Aid," op. cit., p. 10.

<sup>30</sup> Interview with CSBAG, Kampala, 14 December 2016.

<sup>31</sup> It also ensures that the budget is approved (April) before it is read (June), so that implementation of programs commences by July of that financial year. Interview with researcher, Economic and Policy Research Centre, Kampala, 19 December 2016.

provisions for interim reporting, the PFM Act may help to improve Uganda’s OBI scores on the comprehensiveness of In-Year Reports in future rounds.<sup>32</sup>

Another important influence on PFM-driven reform in the late 2000s was increasing concern over the quality of service delivery. The government was making slow progress on human development indicators, despite the growth Uganda had experienced in the preceding decade. The provision of health care was particularly weak. In 2005, Uganda’s maternal mortality rate was 510 deaths per 100,000 births, and its life expectancy was around 52 years.<sup>33</sup> In 2006, 74.5 percent of the population lived in poverty. Reports and surveys, such as the 2008 Public Expenditure Financial Accountability assessment (see Table 1) and the 2010 Financial Management and Accountability Programme (FINMAP) midterm review, indicated that improvements in PFM systems were not translating into improvements in service delivery. The government’s PFM reform strategy (2011/12 – 2016/17) responds to concerns made in the FINMAP midterm review, stating that “users are not being empowered to effectively use the resources to improve service delivery.”<sup>34</sup> At the same time, there was concern within MoFPED that the budget was not providing enough information on what it planned to deliver.

**TABLE 1. PEFA RESULTS (2005 – 2015)**

	2005	2008	2012	2005	2012
	Central Government			Local Government	
Credibility of the budget	→ 2.5	↑ 2.6	↓ 1.8	↑ 1.5	→ 1.5
Average score PFM systems	↑ 2.3	↑ 2.5	↑ 2.6	↑ 1.9	↑ 2.1
Comprehensiveness and transparency	↑ 2.3	↑ 2.7	→ 2.7	↑ 2.2	↑ 2.4
Policy-based budgeting	→ 2.8	↓ 2.5	→ 2.5	↑ 2.3	↓ 2.0
Predictability and control in budget execution	↑ 1.8	↑ 2.3	↑ 2.5	↑ 1.4	↑ 1.8
Accounting, recording, and reporting	↑ 2.5	↑ 2.8	→ 2.8	↑ 2.1	→ 2.1
External scrutiny and audit	↑ 2.2	↑ 2.2	↑ 2.5	↑ 1.7	↑ 2.2

Source: Author’s compilation from various documents.

Indeed, at this time, then-Finance Minister Dr. Ezra Suruma openly challenged higher-ranking civil servants in the ministry to “show me what this budget is doing in terms of outputs.”<sup>35</sup> These internal demands were reinforced by those of Parliament, particularly the opposition party, for more transparency and accountability in the management of public funds. At the same time (2011)

<sup>32</sup> Interview with Budget Strengthening Initiative staff, 9 December 2016.

<sup>33</sup> UNDP Human Development Indicators, available at <http://hdr.undp.org/en/countries/profiles/UGA>.

<sup>34</sup> Government of Uganda, “Public Financial Management Reform Strategy: 2011/12 – 2016/17.” (Kampala: Government of Uganda, 2010).

<sup>35</sup> Aziz et al., *Uganda FINMAP Review*.

influential civil society actors like CSBAG became more active in demanding improved fiscal transparency and budget accountability.<sup>36</sup>

The combined force of these demands led to a several reforms between 2008 and 2012, which involved linking the budget to performance. A new Budget Monitoring and Accountability Unit (BMAU) was established within MoFPED, and performance contracts for accounting officers across government were issued. The BMAU was created to undertake monitoring of signed performance contracts. It was a high-profile effort, but audits revealed weak follow up in terms of prosecution.<sup>37</sup> Toward the end of this period, the new Public Finance Bill was drafted and presented to parliament in 2012; it later became the 2015 Public Finance Management Act.

With a new performance orientation in PFM reform, systems to improve reporting and tighten up accountability were put in place. These reforms have perhaps been most influential in raising Uganda's OBI scores above 60 in 2012 and 2015, because they have increased the timeliness and production of budget execution reports. In 2008, output-based budgeting reforms were introduced. The Output Budgeting Tool (OBT) was developed to produce quarterly budget performance reports to show both output and spending performance for 2009-2010, and it was rolled out to local governments in 2010-2011. This is a budgeting tool used by the ministry to coordinate budget implementation in terms of work plans, outputs, and expenditures. At the beginning of every fiscal year, line ministries and other spending agencies, including local governments, generate work plans that are matched to anticipated outputs and expenditure estimates. On a quarterly basis, the ministry generates progress reports to monitor budget implementation.<sup>38</sup> The new orientation to OBT has both helped to systematize budget preparation across local governments and has enabled improved budget reporting, at both national and local government levels. The new budget performance reports and BMAU reports are discussed at semiannual cabinet-level meetings. The information is fed into the Government Annual Performance Report, prepared by the Office of the Prime Minister.<sup>39</sup>

Alongside the development of OBT, work continued on the rollout of IFMS to remaining central government agencies. Before the introduction of IFMS, the government faced a number of challenges in producing timely and accurate reports. This had a knock-on effect for the quality of other critical areas of the budget process, including planning, management, procurement, and asset management. Government processes were predominantly manual, and systems were fragmented, with variations in how information was processed and presented. This complicated the process of reporting and so slowed it considerably. Since its introduction in 2004, IFMS has been extended

---

<sup>36</sup> Interview with CSBAG, Kampala, 14 December 2016.

<sup>37</sup> Moon, "Budget Transparency."

<sup>38</sup> Ezra Munyambonera and Musa Lwanga Mayanja, "A Review of Uganda's Public Finance Management Reforms (2012 – 2014): Are the Reforms Yielding the Expected Outcomes?" (Kampala: Economic Policy Research Centre, 2015).

<sup>39</sup> Aziz et al., *Uganda FINMAP Review*.

across all 22 ministries and 25 central government agencies. By 2015 it had also been implemented in eight local governments, with plans to extend to six more.<sup>40</sup>

OBT and IFMIS have contributed to an improvement in the speed with which documents can be produced. In 2014-2015 this led to the budget and ministerial policy statements being discussed in parliament three months ahead of the normal period. Local governments are in a better position to enter and consolidate their budget submissions and, importantly for the OBI scores, budget execution reports are produced and received in a more timely manner. However, while the comprehensiveness and accountability of budget documentation improved through the introduction of OBT and IFMIS, there was a sense that its strategic focus had diminished.<sup>41</sup> Between 2008-2009 and 2012-2013, the Budget Framework Paper grew from 200 to 800 pages, but the information was not being made automatically available, nor was it being used by stakeholders at the national level.

To increase the strategic impact of this new budget documentation, an initiative was put in place to link the documents to an online platform.<sup>42</sup> Under the Budget Transparency Initiative (BTI), a budget website was established. This initiative will be dealt with below, but first, we need to review the role of another major influence on budget reforms between 2008 and 2012. In addition to political and bureaucratic incentives, the 2008-2012 reforms also benefited from the support of the largest donor-funded program supporting the strengthening of PFM in this period: the Ugandan Financial Management and Accountability Programme (FINMAP) 2007-2014.

FINMAP was designed to respond to the results of the 2005 PEFA assessment (see Table 1). It supported all dimensions of the budget cycle, and a set of reform priorities was identified to respond to weaknesses uncovered in PEFA. FINMAP's focus on PFM was also a response to donor comments on budget support and, more broadly, the aid effectiveness agenda, by aiming toward the delivery of more coordinated and results-oriented development assistance. The focus of the first phase, which ran from 2007 to 2011, was on greater transparency and reducing opportunities for corruption. The focus of the second phase, which ended in June 2014, was more clearly geared toward service delivery and designed to ensure efficient, effective, and accountable use of public resources as a basis for improved service delivery.

According to the FINMAP final review (2015), the program played a leading role in technical support by assisting the development and implementation of the OBT systems. It provided local computer programmers, a long-term budget advisor, and consultants. Similarly, the government's PFM reform strategy has pointed to the rollout of IFMIS as one of FINMAP's most significant achievements. However, the reforms would not have been possible without a strong degree of support within the

---

<sup>40</sup> Munyambonera and Mayanja, "A Review of Uganda's PFM Reforms."

<sup>41</sup> Interview with the Budget Strengthening Initiative (BSI), Kampala, April 2016.

<sup>42</sup> Interview with BSI, Kampala, April 2016.

government. Minister of Finance Suruma and Permanent Secretary Tumusiime-Mutebile were firmly advocating the move toward performance contracting and budget monitoring. The reform process was also facilitated by the participation of OBT technicians, programmers, and consultants in technical meetings with department heads within the ministry. According to the final review of FINMAP, these weekly meetings allowed the budget advisor, the head of the BMAU, and the commissioner to share ideas and strategize together. Through participating in these meetings, the OBT technicians and consultants were able to quickly implement decisions made, as well as feed information to decision makers on the progress of the reform.

It should be noted that these reforms were not instantly popular with donors, especially those that were promoting the “platform approach,” which emphasized accomplishing basic reforms before pursuing more advanced ones. The OBT and performance contracting reforms diverged significantly from the platform approach; however, they continued because senior management within MoFPED believed in their merits.

While FINMAP played a supportive role in the technical development of the OBT, its dialogue structures played only a small role in guiding reform decisions, which, as noted above, were made predominantly in the ministry’s directorate meetings, involving top technical management. The final review is therefore somewhat critical of the program, arguing that both formal PFM policy (emphasizing the platform approach) and its dialogue structures were not supportive of the performance-orientated reforms of this period. A key critique, then, is donors’ stringent conformity to “best practice” models, rather than being led by the specific reform context and, in particular, the government’s interest and commitment to implementing more advanced reforms. However, where FINMAP did not provide support, the ministry found other ways to continue. The ministry has strong technical capacity and a significant amount of authority has been given it by the president. Because of this, when senior management decides on a reform, it tends to follow through with it, even if the donors are opposed.<sup>43</sup>

While transparency increased over this period, participation in the budget process did not regain the high levels of the late 1990s. No equivalent to the Poverty Action Fund quarterly meetings evolved and the collaborative Public Expenditure Review process ended in 2006. The joint sector review meetings still continued in the social sectors, with considerable dialogue taking place between government, donors, and civil society. The outcomes of these meetings were then fed back into budget policies through the integrated output budget process, but concerns remain about the degree to which the budget policy statements reflect some of the agreements in the joint sector reviews. Furthermore, the National Development Plan replaced the PEAP, introducing a five-year outlook and

---

<sup>43</sup> FINMAP final review; Interview with, BSI, Kampala, April 2016; see also Rebecca Simson and Martin Wabwire, “The capabilities of finance ministries: Uganda” (London: Overseas Development Institute, 2016), available at: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11163.pdf>.

involving a more complex set of actors responsible for the leadership, coordination and monitoring of the plan's implementation by the Office of the Prime Minister. As such, the cooperation required is likely to prove more challenging, and the external consultation is far less extensive than it was for the PEAP.<sup>44</sup>

## CONCLUSION

Between 2008 and 2012 Uganda's OBI score improved from 51 to 65. As discussed, Uganda's score improved because of better reporting of budget execution and outcomes. These changes were driven by a new performance agenda within government, resulting in a number of technical reforms that have made budget reporting and monitoring more efficient by improving and scaling up automated systems (OBT and IFMIS). However, this period was not marked by the same emphasis on transparency and participation as had been seen in the 1990s, when transparency reforms were linked to the government's broader poverty eradication agenda. By 2008, parliament had ceased holding public hearings on the budget, and the level of public engagement did not really regain its strong emphasis on accountability until after the 2012 corruption scandals. But by creating a new wealth of information and documents, even if they were not being used to their full potential, the performance-oriented reforms pushed the transparency agenda forward. These reforms created the impetus to publish and disseminate this newly available detailed information.

## SECTION 3: TIGHTENING SYSTEMS AND ACCOUNTABILITY (2012-2015)

In 2012 foreign aid accounted for around 58 percent of central government expenditure in Uganda.<sup>45</sup> In the same year, US\$12.7 million in donor funds was embezzled via the Office of the Prime Minister, while approximately one-third of the population lived on less than US\$1.90 a day.<sup>46</sup> The stolen money was intended for the Peace, Recovery, and Development Plan for Northern Uganda (PRDP). In the same year, corruption in the pension system was also uncovered, with large amounts of public funds being diverted in the Ministry of Public Service, through the payment of ghost pensioners. Both of these cases revealed weaknesses in the management of government accounts at the Central Bank, as well as problems with the implementation of IFMIS.

The PRDP corruption scandal took place within the prime minister's office, which had previously been one of the more respected and trusted branches of government. Aid managers defined the scandals

---

<sup>44</sup> See Mugambe, "The Poverty Eradication Action Plan," 2009; and Moon, "Budget Transparency."

<sup>45</sup> World Bank Development Indicators, available at: <http://data.worldbank.org/indicator/DT.ODA.ODAT.XP.ZS>.

<sup>46</sup> Maria E. Burnett, *Letting the Big Fish Swim: Failures to Prosecute High-Level Corruption in Uganda* (New York: Human Rights Watch, 2013); and World Bank Development Indicators, available at: <http://povertydata.worldbank.org/poverty/country/UGA>.

as the “final straw” and a clear breach of the principles on which budget support is built.<sup>47</sup> Indeed, most donors withdrew their support at this stage, and agencies such as the U.K. Department for International Development (DFID) are still waiting for enough trust to be regained so that they can reinstall their budget support.<sup>48</sup> Donors withdrew budget support not because their money had been stolen, but because they had lost faith in the government. At this stage in Uganda’s reform trajectory, PFM became almost synonymous with getting budget support back on track.<sup>49</sup>

This resulted in the establishment of High-Level Government Financial Reform Action Plan Matrix (HLAM), which sought to make amendments to the Public Finance Bill, including provisions regarding oil revenue management, a strengthened system of sanctions for breach of PFM regulations, and the creation of an independent directorate of internal audit. The most notable result of the HLAM, however, was more centralized financial controls, principally through the establishment of a Treasury Single Account (TSA). And, in response to the ghost pensioner scheme, the payroll was decentralized, thereby shifting responsibilities to ministries, departments, and local governments.

These scandals also had an effect on more specific transparency-oriented reforms. These included increasing public participation in the budget through publishing quarterly releases in local newspapers (since 2010); holding quarterly media briefings after the release of funds, in which both the Permanent Secretary and civil society participate; and, as noted above, the establishment of a budget website.<sup>50</sup> Less than a year after the PRDP corruption scandal took place, the Budget Strengthening Initiative (BSI) of the Overseas Development Institute (ODI) established the Budget Transparency Initiative (BTI). The main aim of the project is to make government budget information available for public scrutiny. Working in a partnership with MoFPED, the BTI project established the Budget Website, which went live in 2013.<sup>51</sup> This website publishes disaggregated data from central and local government budgets, including funding releases from central to local governments and public service facilities, such as schools and hospitals. It is linked to the output-based budgeting tool (OBT) and publishes a wide array of different budget documents of interest to the public, including approved estimates, the budget framework paper, and the budget speech. Documents on the website are organized into national, sector, and local government categories (see Figures 4 and 5). In each category, the user can search by document type and financial year. By including a “comment” function, it is expected that the public, including community-level civil society structures, will be able to monitor government spending by comparing what has been released with what is actually seen on the ground. Taking into account the low level of Internet access in rural areas of Uganda, the website has been complemented by a “toll-free hotline,” where the same information can be accessed and shared through an intermediary telephone operator.

---

<sup>47</sup> Dodsworth, “How Does the Objective of Aid.”

<sup>48</sup> Interview with DFID, Kampala, April 2016.

<sup>49</sup> Dodsworth, “How Does the Objective of Aid.”

<sup>50</sup> Interview with MoFPED staff, December 2016.

<sup>51</sup> Ibid.

FIGURE 4: SNAPSHOT OF THE BUDGET WEBSITE (NATIONAL)

### National Budget Documents

In this section you can access key documents relating to the preparation and implementation of Uganda's National Budget.

A range of documents are available for you to download and give feedback on: Everything from Budget Speeches, given by the Minister of Finance, Planning and Economic Development; to detailed reports on the release of funds to central government Spending Agencies.

The Ministry of Finance, Planning and Development is responsible for coordinating the preparation and implementation of the National Budget.

**Document type** **Financial Year**

- Any - - Any - Search Reset

Document Type	Financial Year	Download
Other documents	2017/18	Charter for Fiscal Responsibility.pdf
Draft Budget Estimates	2017/18	Draft Estimates Public Corporations and State Enterprises.pdf
National Budget Framework Paper	2017/18	Final BFP FY 2017_18.pdf
Draft Budget Estimates	2017/18	Draft Estimates 040417_0203.pdf
Draft Budget Estimates	2017/18	Draft Estimates Book Volume II FY2017-18.pdf

FIGURE 5: SNAPSHOT OF THE BUDGET WEBSITE (LOCAL)

### Local Government Budget and Performance

**Document type** **Local Government Name** **Financial Year**

- Any - - Any - - Any -

Search by type Local Government Name financial Year

**Period**

- Any - Search Reset

period

Document Type	Local Government	Financial Year	Period	Download
Local Government Budget Framework Papers	Adjumani District	2017/18	Annual	ADJUMANI DLG_BFP.pdf
Local Government Performance Reports	Adjumani District	2017/18	Annual	ADJUMANI DLG FINAL CONTRACT FORM B.pdf
Local Government Budget Framework Papers	Apac District	2017/18	Annual	APAC DLG_BFP.pdf
Local Government Budget Framework Papers	Arua District	2017/18	Annual	ARUA DLG_BFP.pdf

The BSI defines its role in the BTI partnership as providing “advice to MoFPED in budget transparency and the coordination and the implementation of the BTI, to develop the technology tools,

and also coordinate lesson learning across BTI partners.”<sup>52</sup> Other partners include civil society (including CSBAG), the media, others, such as local councilors and opinion leaders, who are being trained to use the budget tools and disseminate budget information to solicit the feedback from, and encourage engagement of, the wider public. The project’s underlying assumption is that publishing local government transfer allocations and service delivery indicators online helps to ensure that government funds are spent in line with public interest and that such transparency will lead to improved service delivery in Uganda.

## HOW WAS THE BUDGET WEBSITE ESTABLISHED?

Although the 2012 corruption scandals created an impetus within MoFPED to support and take ownership over the budget website, its development really arose out of an interest in doing something strategic with the increased data on the budget, which, in turn, arose out of performance oriented reforms of the earlier period. It also arose out of continued frustration within parliament that members did not have ready access to important information.<sup>53</sup> The BSI worked to build relationships between technocrats and parliament, but ultimately the Ministry’s budget website proved “useless,” and a new platform was needed to improve the accountability of the budget and the ability of external stakeholders, including the parliamentary budget office, to participate in, and scrutinize, the budget.

With the performance-oriented reforms that had taken place in the previous period, localized and specific information was being prepared, usually by the planning office in the local government and submitted to the finance ministry. But there was very little discussion of the data at the local level, and the information was not being shared beyond MoFPED, which did little with it. This was potentially a very rich vein of information that could be mined to drive better budget accountability, but there was little incentive to ensure that the information was of high quality or was being shared and discussed at regional or local levels. This situation resulted in conversations between the BSI and MoFPED, which eventually gave them the green light to develop a set of prototypes for disseminating this new wealth of detailed budget information. At first the ministry was not particularly interested in the idea, but when the ministry staff saw the prototypes, which included mobile phone apps, an SMS system, and the website, they become more engaged.<sup>54</sup>

## POLITICAL SUPPORT FOR BUDGET TRANSPARENCY AFTER THE 2012 CORRUPTION SCANDALS

The BTI has acquired a significant amount of political support in the government of Uganda. Government ownership is shown by the fact that the president publicly launched the website in

---

<sup>52</sup> Budget Strengthening Initiative, “2016 Scaling Proposal.” (unpublished)

<sup>53</sup> Interview with BSI staff, Kampala, April 2016.

<sup>54</sup> Ibid.

2013.<sup>55</sup> The Minister of Finance also “regularly mentioned both the website and budget hotline at public events from September 2015,” and it was given a high profile in the President’s Budget Speech for the fiscal year 2014-2015. This external display of ownership was supported by interviews with members of MoFPED. Interviewees claimed proudly that there is “a high drive for transparency” and “real ownership” of the website.<sup>56</sup>

Adopting a politically smart and locally led<sup>57</sup> mode of working enabled the BTI project to gain political support. When asked why support for the budget website had been so strong within government, interviewees replied that “we were getting a lot of complaints” and that there had been a “general outcry” from the public and the media about corruption and the quality of government services.<sup>58</sup> The corruption scandals had put the government’s image in jeopardy, both among the Ugandan public and in the eyes of its donors, who had immediately responded by withdrawing direct budget support to the government.

In this context, the budget website became a useful tool to demonstrate the government’s commitment to such popular initiatives as improving public service delivery through reducing corruption. As one interviewee pointed out, the initiative was “out there to clean up its [the finance ministry’s] image and more broadly the image of the government.”<sup>59</sup> Indeed, the Ministry responded quickly in order to “turn a ‘crisis’ into an opportunity” for reform. The Ministry saw change in the aftermath of the corruptions scandals “as an opportunity to be seen as the one who is spearheading the reform process.”<sup>60</sup> Transparency, therefore, was a “strategic instrument” in the aftermath of the 2012 corruption scandals, and it was important that the government took ownership of it.<sup>61</sup> Supporting the BTI was an opportunity for the president and the agencies at the center of the PRDP scandal to be seen as taking a firm stand against corruption. But the question remains as to whether the political necessity of externalizing ownership over accountability initiatives translates into genuine ownership and change in institutional behavior.

## CHALLENGES FOR FUTURE ADVANCES IN BUDGET TRANSPARENCY AND ACCOUNTABILITY

While the budget website will have contributed to the publication of key budget documents, especially through linking with such automated reporting systems as the OBT, the challenge now is to “breathe

---

<sup>55</sup> Interview with MoFPED staff, Kampala, May 2016.

<sup>56</sup> Ibid.

<sup>57</sup> See: David Booth and Sue Unsworth (2014) ‘Politically Smart Locally Led Development: ODI Discussion Paper’. London: Overseas Development Institute.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

<sup>60</sup> Kenneth Mugambe (2015). ‘Driving Change in Challenging Contexts’, video recording of public event at Overseas Development Institute (ODI), London, 14 September <https://www.odi.org/events/4256-fragile-states-conflict-affected-states-service-delivery-reform-fragile-states>

<sup>61</sup> Ibid.

life” into the comment and feedback functions of the website, so that information is not just recorded but actually acted on. Only then, will transparency improvements be tied to increased accountability. Another challenge is improving access to the website in rural areas with lower levels of Internet service. A recent study conducted by the Economic Policy and Research Centre found that the majority of stakeholders interviewed expressed ignorance of the budget website, and questions were raised about its usability by those who had managed to access it.<sup>62</sup> However, the development of the BTI website has faced a number of setbacks, including delayed funding. It will surely take more time to assess the full impacts and accountability potential of both the website and the hotline.

In the 2015 round of the OBI, Uganda’s score fell from 65 to 62. As mentioned above, this is most likely because the Citizens Budget was not published and, to a lesser extent, the comprehensiveness of the Audit Report was reduced. The government also has work to do to improve the comprehensiveness of the Executive’s Budget Proposal by presenting more information on the classification of revenues for the budget year and for future years. Similarly, the comprehensiveness of the In-Year Reports could be improved if actual expenditures were presented by expenditure classification (administrative, economic, and functional). A large proportion of the recommendations made in 2015, however, addressed improving participation and oversight. There is a need to hold legislative hearings to review and scrutinize Audit Reports, and to establish formal mechanisms for the public to engage in formulating the supreme audit institution’s program, and to participate in audit investigations. Other recommendations echoed those of previous rounds, for example that the government should provide the legislature with the Executive’s Budget Proposal at least three months before the start of the budget year.

Florence Kuteesa comments that productive engagement with the budget by external stakeholders is limited by the lack of a dedicated team and by insufficient allocation of resources for these activities within the finance ministry. This has affected the consistency with which popular versions of budget documents are published, including the Citizens Budget in 2015. Kuteesa also believes that productive engagement with parliament has also diminished since the period when she was the budget director. She argues that the perception that technocrats working with parliament would constitute a “conflict of interest” has returned.<sup>63</sup> This may be because of a changing, increasingly repressive political environment in Uganda. Under the current regime, the Parliamentary Budget Office (PBO) is limited in its ability to use budget documentation to challenge the executive branch. “If you challenge government,” said one interviewee, “then you are automatically considered to be supporting the opposition, which puts you in a dangerous position.”<sup>64</sup> Kuteesa also points to the

---

<sup>62</sup> Ezra Munyambonera and Musa Lwanga, “A Review of Uganda’s Public Finance Management Reforms (2012 – 2014): Are the Reforms Yielding the Expected Outcomes?” (Economic Policy Research Institute, 2015), available at: <http://www.eprcug.org/ezra-francis-munyambonera-publications/381-a-review-of-uganda-s-public-finance-management-reforms-2012-to-2014-are-the-reforms-yielding-the-expected-outcomes>.

<sup>63</sup> Telephone interview with Florence Kuteesa, January 2016.

<sup>64</sup> Interview with Uganda researcher, Kampala, 19 December 2016.

proliferation of budget documents, including the extensive length of the budget framework paper, without much strategic purpose. “They don’t use them to influence policy reforms or address emerging fiscal risks,” she said.

## CONCLUSION

This case study has reviewed Uganda’s reform trajectory from 2006 to 2015 in order to identify factors that have contributed to improved budget transparency during this period. Two principal stages in this reform process are clear: 1) a focus on improving service delivery and performance, which marked a reemergence of the transparency agenda after a period of stagnation between 2002 and 2006; and 2) the tightening of controls and accountability after two large scale corruption scandals in 2012.

In the first period, a set of performance-oriented reforms was established, which led to improvements in the monitoring and reporting of budget implementation. Most notable was the rollout of IFMIS and the development of the OBT to allow output-based budgeting. These automated reporting systems have contributed to more timely and comprehensive production of key budget documents. In particular, they have led to improvements in reporting during the year. However, the proliferation of budget documentation that resulted from these new systems posed its own set of challenges. Because the information was not being used to its full potential, its strategic value was being questioned. This pushed the transparency agenda forward even further as these new documents were linked to an online platform to increase accessibility and use. By publishing such key budget documents, the budget website and accompanying hotline have also contributed to an improvement in budget transparency levels in this period.

The aim of this study was to identify what drove government decisions to make the budget process in Uganda more transparent. A number of critical factors have arisen through the analysis, including: (a) bureaucratic authority and a strong political will for reform within government; (b) the NRM regime’s incentives for political survival; (c) concerns over the quality of service delivery, particularly social services; (d) high-level corruption scandals that threatened the government’s legitimacy (both internally and externally); (e) the creation of (limited) space for civil society and parliament to engage in PFM reforms and demand accountability; and (f) a long history of donor engagement and technically assisted PFM reforms that contributed to higher relative levels of technical capacity within the finance ministry, as well as a fairly positive relationship with its donors. This final point has made the government conscious of its international image and keen on upholding its reputation as a leader in budget transparency within the region.

It would be misguided, however, to view Uganda’s success merely in terms of political self-interest or incentives from donors. The NRM regime no doubt uses the transparency agenda to further its own

political survival, and donor-driven governance agendas are likely to be more hospitably received in aid-dependent countries, which Uganda remains despite reductions in recent years. But these factors should not be overplayed. There also appears to be a genuine commitment to reform within Uganda's finance ministry. Thus Uganda's success must be understood in terms of a nexus of different factors that align at certain key points and critical junctures in the country's reform trajectory. Under its current leadership, the MoFPED will probably continue to forward this agenda, and future improvements in the OBI score seem likely. However, the broader political context in Uganda, marked by an increasingly authoritarian regime, poses challenges for tying transparency to more substantive shifts in social accountability.

## ANNEX 1. OPEN BUDGET INDEX RESULTS TABLES

### NUMBER OF COUNTRIES BY OBI SCORE GROUP SINCE 2008

OBI Score	2008		2010		2012		2015	
	Count	%	Count	%	Count	%	Count	%
0-20	25	29%	22	23%	25	25%	17	17%
21-40	16	19%	19	20%	16	16%	17	17%
41-60	25	29%	33	35%	36	36%	44	43%
61-80	14	16%	13	14%	17	17%	19	19%
81-100	5	6%	7	7%	6	6%	5	5%
Total	85		94		100		102	

### UGANDA OBI SCORES (2006-2015)

Year	OBI score	Eight Key Budget Documents							
		<i>EBP</i>	<i>EB</i>	<i>CB</i>	<i>PBS</i>	<i>IYR</i>	<i>MYR</i>	<i>YER</i>	<i>AR</i>
2006	32	78	67	67	43	0	0	0	50
2008	51	89	100	33	58	25	0	43	43
2010	55	89	100	67	62	42	25	33	43
2012	65	89	100	50	72	29	42	57	67
2015	62	84	83	0	63	59	67	69	43