



THE NATIONAL BUDGET FOR FY 2015/2016 AND THE 2016 GENERAL ELECTIONS

Impact and intricacies of election financing

Final Report 2016

In the FY 2015/16, the approved national budget by the Parliament of Uganda was UGX 23.9 trillion. This was also the first year for the full implementation of the Public Finance Management Act 2015, an omnibus law that guides the use and management of public finances in Uganda. In this same FY the 2016 general elections were held to decide the next leaders for Uganda.

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**ANTI CORRUPTION
COALITION UGANDA**

Table of Contents

List of acronyms	iv
List of Tables	v
List of Figures	v
Executive Summary	vi
BACK GROUND AND INTRODUCTION.....	1
1.1 Background	1
1.2 Introduction	1
1.3 Statement of the Problem	2
1.4 Objectives of study.....	2
1.4 Limitations of the Study	3
METHODOLOGY	4
2.1 Research Approach	4
2.2 Study Design.....	4
2.3 Data collection methods and analysis tools.....	5
2.3.1 Key Informant Interviews	5
2.3.2 Document reviews.....	5
2.3.3 Data analysis tools	6
2.4 Sampling.....	6
LITERATURE REVIEW	7
3.1 Legal Framework of public financing for elections in Uganda	9
FINDINGS OF THE STUDY.....	12
4.1 Sector allocations and budget performance during the 2016 general elections	12
4.2 Analysis of selected MDA allocations and performance.	15
4.3 Supplementary budgets analysis	35
4.4 Impact of election financing	39
RECOMMENDATIONS AND CONCLUSION.....	42
5.1 Recommendations	42
5.2 Conclusion.....	42
References.....	43

List of acronyms

ACCU	Anti-Corruption Coalition Uganda
ACFIM	Alliance for Election Campaign Finance Monitoring
BFP	Budget Framework Paper
CSO	Civil Society Organisation
EC	Electoral Commission
ESO	External Security Organisation
EU EOM	European Union Election Observation Mission
GoU	Government of Uganda
H1	Half Year
ISO	Internal Security Organisation
MDA	Ministry Department or Agency
MoFPED	Ministry of Finance Planning & Economic Development
MP	Member of Parliament
MPS	Ministerial Policy Statement
NGO	Non-Government Organisation
PFM	Public Finance Management
RDC	Resident District Commissioner
VF	Vote Function

List of Tables

Table 1: List of sectors and MDAs selected for the study	6
Table 2: Sector budget allocations for FY 2014/15 and FY 2015-16 (UGX, Billions)	13
Table 3: Trends of Budgets for the Selected Votes for eight (8) Financial Years (UGX, billions)	15
Table 4: Vote function allocation for the last eight years by vote (UGX, billions)	16
Table 9: Ministry of Defence Budget Utilisation by item H1 FY 2015/16.....	20
Table 5: Office of the President budget Utilisation by item H1 FY 2015/16	23
Table 6: State House budget Utilisation by item H1 FY 2015/16	26
Table 7: Electoral Commission Budget Utilisation by item H1 FY 2015/16	30
Table 8: Parliamentary Budget Utilisation by item H1 FY 2015/16	33
Table 10: H1 FY 2015/16 supplementary Expenditure by institution	36
Table 11: H1 supplementary budget expenditure by sector FY 2015/16.....	37
Table 12: Supplementary budget allocations (UGX Billions)	38

List of Figures

Figure 1: Indicative Research Approach Framework	4
Figure 2: Selected sector Budget Allocations FY 2016/17	13
Figure 7: Budget allocation trends for the Security	19
Figure 3: Budget allocation trends for Office of the President	22
Figure 4: Budget allocation trends for State House over the past 8 FYs	25
Figure 5: Budget allocation trends for Electoral Commission (UGX).....	29
Figure 6: Budget allocation trends for the Legislature.....	32
Figure 8: % share of H1 Supplementary Budget allocation FY 2015/16:	37
Figure 9: Growth rates of Currency circulation	40
Figure 10: Impact of election financing on Cash in Circulation	40

Executive Summary

In the FY 2015/16, the approved national budget by the Parliament of Uganda was UGX 23.9 trillion. This was also the first year for the full implementation of the Public Finance Management Act 2015, an omnibus law that guides the use and management of public finances in Uganda. The PFM Act 2015, having been assented to by the president on 23rd February 2016, commenced on 6th March 2016. Barely ten months after the law was in force, the Executive sought to amend the law and as such on 14th November 2015, the President assented to five amendments, a move that would affect the budget utilisation of the FY 2015/16 as the country prepared for the 2016 general elections. The major change in the law was on Section 25 which regulates the seeking and use of Supplementary Budgets in Uganda.

Unregulated influence of money on Uganda's election outcomes is a primary concern of ACCU and other ACFIM member organizations mainly because of the challenges it poses to evolution of democracy. Excessive use of money in election campaigns has deprived Ugandans of the power to objectively determine their political leaders. In a survey by ACFIM on Commercialization of Politics in Uganda targeting Members of the 10th Parliament, 90% of MPs agreed that the cost of competing for a Parliamentary seat had increased almost ten times since 2001.

The practice of the candidate in the office of the president, at the time of a general election, peddling influence with public resources to skew the election outcomes has for a long time now been at the fore front of opposition presidential aspirants as the number one stumbling block to a free and fair elections. The amendment of the Presidential Elections act in 2010 to legally allow the incumbent continue use of the state resources to facilitate his/her election campaign only confirmed the fears that many had and the talk was no longer corridor but rather main stream. The use of public resources for elections can only be officially traced through monitoring the Electoral Commission budget and the budget of the State House as provided for under Sector 27 (2) of the Presidential Elections Act. However, looking at other public institutions that have a great influence on the election process helps to track the utilisation of public finances during elections. This interest is from the understanding and suspicion that the some of the funds from the public coffers, other than those from the EC and State House, have in the past elections been used to influence the election outcomes in favour of one of the candidates. For the 2016, general elections, CSOs under ACFIM sought to track the utilisation of the national budget for the FY

2015/16 to tease out incidences and instances as well as suspicions where public resources are used to influence the 2016 general election in favour of the incumbent.

To achieve the intended objectives the study adopted a cross-sectional design mixing both explanatory and conclusive approaches. This enabled the consultant to capture detailed narrative and quantitative information from the MDA¹ budgets and work plans.

In terms of sector allocations, administration sectors like Public Administration that house Office of the President, State House and the Electoral Commission had an increase in allocation of UGX 198.81bn to raise their total budget allocation to UGX 753.651bn in the FY 2015/16.

The institutions under the Security sector include Ministry of Defence, ISO and Esso. However, it is important to note that ISO has the same Vote number (001) as the Office of the President and as such will be discussed to that extent.

Out of the UGX 753.65bn that was allocated to the Public Administration sector in the FY 2015/16, UGX 549.32 was released by the end of December 2015. This represents a 72.9% GoU budget release performance and in relation to the total budget, it was a 63.2% budget performance. 86% of all the funds released were spent by the end of December 2015. This high budget performance was because this sector is home to institutions like State House and Electoral Commission which had high expenditure due to elections. Security had a GoU budget release performance of 67% with 98.8% of the released funds spent by the end of the December 2015. Legislature too had a GoU budget release performance of 61.9%.

By H1 FY 2015/16, the Ministry of Defence has spent UGX 664.39bn of the UGX 674.95bn that was released. To note in this expenditure is items like general supply of goods and services that had no budget allocation but had a release and expenditure of UGX 250bn. This item was however restricted by the MoFPED because every god can be itemised. This means that the ministry had 36.7% of the total half expenditure on items that cannot be verified as classified or otherwise.

¹Ministry of Defence, State House, Office of the President and Parliament of Uganda.

Under the Office of the President, Vote function 04 Coordination of the Security Sector, received a budget over and above the allocated budget by Ughs1.36bn but the reason for over release and expenditure was classified arrears. Further probing of the VF work plan showed scanty information; i.e. short Statements that could not justify the 134.5% budget performance for the VF. The description of the performance given was; security agencies coordinated, security guidelines issued and Inter agency reports analysed. There was no qualification of these Statements.

By half year State House has exhausted the UGX 89bn budget for donations alongside the UGX 38bn for classified expenditure. Travel inland and abroad too had their budgets release to near completion (above 85%). All these items have a big bearing on the expenditure of the president, especially donations.

Under the Electoral Commission, the VF for managing of election it showed that the budget released to the commission was not used comprehensively hence the big unspent balance of UGX 64.27bn by half year. Under Voter Education and Training no funds were released to that output yet the output is registering performance and no reason was provided for how the activity was managed without a budget release. This seems like a case for diversion of funds otherwise how the outputs were being attained because they all need a budget.

By December 2015, the Parliamentary Commission had consistently executed its budget in line with the planned activities for the FY 2015/16, however UGX12.25bn was recorded as unspent balances with no explanation was given as to why the funds were not spent.

The total budget allocation for FY 2015/16 was UGX18, 311.37bn² shilling, and a supplementary budget of UGX 1,036.916bn³ was presented to Parliament for FY 2015/16 and this reflects a 5.67% of the total approved budget for the financial year. This was in violation of the 3% as stipulated in the above act conversely government has always used statutory expenditure as an excuse to go beyond the 3%, since it is charged directly on the consolidated fund. Of that supplementary UGX 346.85bn has been spent by half year FY 2015/16 reflecting a 33.5% expenditure of the total supplementary budget.

² Total sector allocation excluding loan repayment

³ Motion of for Laying of supplementary schedule 1 for FY 2015/16

From the findings of the study, the following recommendations can go a long way in ensuring better utilisation of Public resources, whether or not in an election period.

1. The Presidential elections Act be amended to repeal section 27 (2) that gives the incumbent a facilitation advantage by using State resources for campaigns
2. Supplementary budgeting should be restricted to cases that are unavoidable, unforeseeable and unabsorbable. The Sec 25 of the PFM Act 2015 should be amended to restrict supplementary expenditure to the contingency funds.
3. All government activities should be quantified to attach funds spent to outputs achieved
4. There is need to develop a definite formula for allocation to political parties in a fair and equitable manner on a more accurate basis than is the case now.

CHAPTER ONE:

BACK GROUND AND INTRODUCTION

1.1 Background

The Anti-Corruption Coalition Uganda (ACCU) was formed in January 1999 and formally registered as an NGO under the NGO Statute in 2003. The organization brings together like-minded entities and individual actors whose preoccupation is publicizing, exposing and advocating for curbing corruption in Uganda. ACCU provides a forum through which these actors can enhance their capacities in the fight against corruption as one strong voice and force that can effectively engage government on issues of corruption. The organizations' mission is to: "Empower people to actively and sustainably demand for transparency and accountability from public and private sector" and has a vision of attaining a "Transparent and corruption free society".

In the FY 2015/16, the approved national budget by the Parliament of Uganda was UGX 23.9 trillion. This was also the first year for the full implementation of the Public Finance Management Act 2015, an omnibus law that guides the use and management of public finances in Uganda. The PFM Act 2015 having been assented to by the president on 23rd February 2016, commenced on 6th March 2016. Barely ten months after the law was in force, the Executive sought to amend the law and as such on 14th November 2015, the President assented to five amendments, a move that would affect the budget utilisation of the FY 2015/16 as the country prepared for the 2016 general elections. The major change in the law was on Section 25 which regulates the seeking and use of Supplementary Budgets in Uganda.

1.2 Introduction

Unregulated influence of money on Uganda's election outcomes is a primary concern of ACCU and other ACFIM member organizations mainly because of the challenges it poses to evolution of democracy. Excessive use of money in election campaigns has deprived Ugandans of the power to objectively determine their political leaders. In a survey by ACFIM on Commercialization of Politics in Uganda targeting Members of the 10th Parliament, 90% of MPs agreed that the cost of competing for a Parliamentary seat had increased almost ten times since 2001.

The Electoral Commission Act chapter 140 gives power to the Electoral Commission (EC) to manage and regulate all aspects of elections including regulation of ballot papers, electoral

security, regulating coverage of individual candidates and political parties in the media, and enforcement of code of conduct for political parties. However, regulating the financing of political parties and individual candidates during election campaigns is not listed in the Act as one of the functions of the Electoral Commission. The Commission does not have a particular office charged with monitoring acts of misuse of State resources for campaigns.

1.3 Statement of the Problem

The practice of the candidate in the office of the president, at the time of a general election, peddling influence with public resources to skew the election outcomes has for a long time now been at the fore front of opposition presidential aspirants as the number one stumbling block to a free and fair elections. The amendment of the Presidential Elections act in 2010 to legally allow the incumbent continue use of the state resources to facilitate his/her election campaign only confirmed the fears that many had and the talk was no longer corridor but rather main stream. The use of public resources for elections can only be officially traced through monitoring the Electoral Commission budget and the budget of the State House as provided for under Sector 27 (2) of the Presidential Elections Act. However, looking at other public institutions that have a great influence on the election process helps to track the utilisation of public finances during elections. This interest is from the understanding and suspicion that the some of the funds from the public coffers, other than those from the EC and State House, have in the past elections been used to influence the election outcomes in favour of one of the candidates. For the 2016, general elections, CSOs under ACFIM seek to track the utilisation of the national budget for the FY 2015/16 to tease out incidences and instances as well as suspicions where public resources are used to influence the 2016 general election in favour of the incumbent.

1.4 Objectives of study

The study was undertaken as part of the processes for understanding issues of public expenditure management and accountability in election financing in Uganda in view of the general election in 2016. The recommendations from the study are intended to promote transparency and accountability in financing of elections in Uganda both now and in future. The main thrust of monitoring the role of finances in influencing electoral campaign process will provide a much needed understanding of how financial resources function in electoral democracy and specifically how public finances could be misused during elections.

The specific objectives of the study were:

- To undertake a desk review of the available literature on electoral campaign financing for the previous nine years.
- To monitor the utilisation of national budget for FY 2015/2016 for any suspicious expenditure in specific institutions in the sectors of Security, Public Administration and Legislature.
- To examining the allocation of supplementary budgets for FY2015/2016 during election including unauthorized overspending on budget lines, also including classified expenditures.

1.4 Limitations of the Study

- Access to budget information with suspicious expenditure and utilisation of the budget allocations was limited as these were classified; being witnessed in the State House Budget, the Office of the President and Defence. In other instance the MDAs just did not present the required information in the published documents hence warranting purchase of this data.
- There was no straight and obvious causal link between financing of selected MDAs and Election outcomes.

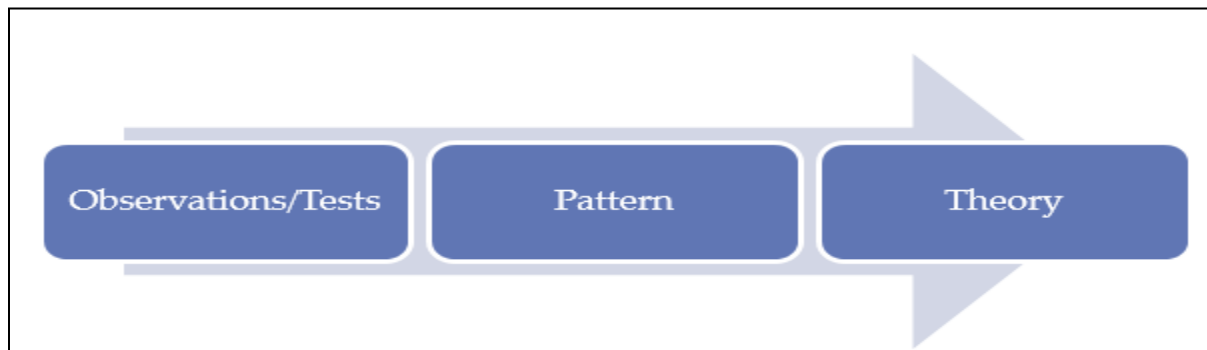
CHAPTER TWO: METHODOLOGY

This section of the report details the step-by-step procedure of how the study was conducted. It highlights the research approach, study design, data collection techniques and the sample size for the study.

2.1 Research Approach

For purposes of this research study, both the inductive and deductive research approaches were adopted. The study has both qualitative and quantitative elements and as such warranted a combination of the attributes of both research approaches.

Figure 1: Indicative Research Approach Framework



Source: <http://research-methodology.net/research-methods/>

Following a number of observations on how funds were utilised in H1 FU 2015/16, a pattern could be sought out as regards expenditure on given items and a theory can be postulated thereafter.

2.2 Study Design

The study adopted a cross-sectional design mixing both explanatory and conclusive approaches. This enabled the consultant to capture detailed narrative and quantitative information from the MDA⁴ budgets and work plans. Were the study had clear data needs, like the total allocation to the selected MDAs over time, as a key characteristic of a conclusive study design, it didn't require strictly quantitative data analysis hence the need to adopt the explanatory approach to have qualitative aspects teased out. The qualitative aspects were considered from the interviews with key respondents about the allocation and performance of MDA budgets in the FY 2015/16.

⁴Ministry of Defence, State House, Office of the President and Parliament of Uganda.

To focus the study, questions and indicators were used to guide the development of the report.

The study questions were;

- What is the legal framework for election financing in Uganda?
- What is the budget allocation trend for the selected MDAs over the last two election periods?
- How are the budgets of the selected MDAs utilised in the first half of the FY 2015/16?
- What is the level of supplementary budgeting and classified expenditure for the past 5 FYs?

Indicators

- Number of laws referring to election financing reviewed
- Budget allocation trends for selected MDAs over the last 8 FYs
- Level of utilisation of the MDA budgets by H1 FY 2015/16
- Amount of supplementary budget received in the FY 2015/16

2.3 Data collection methods and analysis tools

In view of the required data for this study, the data collection methods and analysis tools included inter alia; key informant interviews, document reviews, growth rates, shares, and trends. The study used both secondary and primary data as collected from the literature review and KII respectively.

2.3.1 Key Informant Interviews

Informants included technical staff in the Office of the President, Ministry of Defence, Parliament of Uganda, Electoral Commission and State House. In-depth interviews elicited information on (a) the budget allocations for the past eight years, (b) supplementary budget allocations for the FY 2015/16 and (c) budget utilisation for the FY 2015/16.

2.3.2 Document reviews

The use of secondary data was critical in the execution of this study. A review of materials pertinent to the selected MDAs for the case study was done, providing contextual reference and background knowledge. The documents reviewed included; Approved budgets for the selected MDAs, Budget performance reports for the MDAs, BFPs and MPS for the FY 2015/16, The Constitution of the Republic of Uganda (as revised 1995), Political Party and Organisations Act

2005 (and 2010 amendment), Public Finance Management Act 2015, Electoral Commission Act, Presidential Election Act and the Parliamentary Elections Act.

These documents were sourced from the MDA planning departments, MoFPED and the Parliamentary Library.

2.3.3 Data analysis tools

Data relating to the chosen indicators was compiled and cleaned in MS Excel for windows. The consultant used graphs and charts to show the trends of budgets allocated at various levels. Budget item analysis was done on the budget documents of the selected MDAs.

2.4 Sampling

The Consultant adopted judgemental sampling to select MDAs for review and analysis. This approach was helpful because it took into account the mandate and budgetary allocations of MDAs that were analysed. Sectors of Public Administration, Legislature and Security were selected. The selected MDAs here within included; Office of the President, Ministry of Defence, Parliament of Uganda, State House, and the EC. This was because these institutions play a key role in the administrative arm of government, and more importantly during the 2016 general elections.

Table 1: List of sectors and MDAs selected for the study

Sector	Institution
Security	Ministry of Defense
Public Administration	State House, Office of the President, Electoral Commission
Legislature	Parliamentary Commission

Source: Consultants understanding of assignment

CHAPTER THREE:

LITERATURE REVIEW

This chapter presents a major review of literature from policy and legal documents in relation to election financing. It also presents existing information about election financing.

In Africa as a whole, while public funding of political parties is still relatively low continent-wide,⁵ it is high on the political agenda in the countries of Sub-Saharan Africa, including Southern Africa where, for example, eight out of the fifteen countries in the region have introduced it under law.⁶

Public funding for political participation is now generally acceptable in Uganda; but it is being adopted incrementally. Public support was first given, in the form of transport, and only to Presidential candidates for the 1980 general elections (courtesy of the Tanzania Government). The Uganda Government has since adopted the practice and, in addition to transport, also provided Presidential candidates with financial support, towards their election expenses in 1996, 2001, 2006 and 2011 (the Presidential Elections Act, 2005). Under section 14 of the Political Parties and Organizations Act (2005), Uganda made legislation to control financial contributions to political parties from foreign sources and to prohibit such financing from specified illegal sources. This has now been followed by amending the Political Parties and Organizations Act (2005), by adding section 14A, to provide for public financing of political parties and organizations.⁷

Public funding for elections as an idea had its origin in the US in 1907 when US President Theodore Roosevelt proposed it to Congress.⁸ Uruguay was the very first country throughout the

⁵Ssemogerere, Paul (2010) Reality Check, Political Party Financing in Uganda

⁶ Electoral Institute for Sustainability of Democracy in Africa (EISA), (Johannesburg, South Africa); www.eisa.org-za/WEP/comparties.htm.

⁷Ssemogerere, Paul (2010) Reality Check, Political Party Financing in Uganda.

⁸ US Federal Elections Commission (FEC) (1996, updated in 2009), Presidential Election Public Funding (a brochure), (Washington, D.C., USA). However, Marcin Warlock, in his study, 'Public Funding in Established and Transitional (Public Funding for Political parties in Muslim-Majority Societies) Democracies' (see below) places Roosevelt's message to Congress as having been given two years earlier, i.e. in 1905.

world, which enacted a law for public funding (of political parties) in 1928.⁹ Unfortunately, Uruguay's funding system suffered from an inhospitable political/constitutional environment: it was adversely affected by recurring disruptions of the democratic rule in the country – a phenomenon widespread in Latin America at the time.¹⁰ This scenario can be inferred Uganda's evolution of political party financing. Among the Muslim-majority societies in the Middle East and North Africa, Turkey (in its early years as a multiparty State following over twenty years (1923-1946) of autocracy and one-party rule or 'Kemal's'¹¹ under the Republican Peoples Party (RPP)) led the way in 1965 by introducing public funding of political parties.

Ever since its introduction, public funding of political parties and candidates has been gaining ground in many countries around the world. According to Warlock, public funding of political parties has been introduced in 104 countries;¹² and it has been recognised by a number of prominent non-governmental and intergovernmental organisations, e.g. the World Bank (2001), the Council of Europe (the Venice Commission (2002) and the Committee of Ministers (2003)), The Carter Centre/OAS (2003), and Transparency International (2005).¹³

As used in this study, public funding for political parties should be fair and equitable, in a right and proper way and without bias, of public funds, facilities and services to political parties and electoral candidates for political participation in elections and other legitimate activities.¹⁴ Public funding may take many forms but three important categories have been identified: first, direct funding, when the State appropriates public funds directly to a political party and/or candidate; second, indirect funding, when the State forgoes revenue through giving tax rebates or making available the services of public facilities (e.g. transport, conference halls, radio, television, print media etc.) for the benefit of political parties and/or candidates; and, third, when the State disburses specific public subsidies for organisations and programmes associated with political

⁹Casas_Zamora, Kevin, 'Introduction;' and Warlock, Marcin, 'Public Funding in Established and Transitional Democracies'. See: International Foundation for Electoral Systems (IFES) (undated), Public Funding for Political Parties in Muslim-Majority Societies (Washington, D.C.: 1101 15th Street, N.W. Suite 300) pages 16 and 27.

¹⁰Ssemogerere, Paul (2010) Reality Check, Political Party Financing in Uganda.

¹¹ 'Kemalism': a term coined after renowned Turkish nationalist, general and later autocratic President Mustafa Kemal.

¹²Warlock, Marcin, 'Public Funding in Established and Transitional Democracies.' See: International Foundation for Electoral Systems, IFES (undated), Public Funding for Political Parties in Muslim-Majority Societies (Washington D.C. 1101, 15th Street, N.W. Suite 300).

¹³Warlock, Marcin, 'Public Funding in Established and Transitional Democracies'.

¹⁴ Casas-Zamora, Kevin 'Introduction' see: International Foundation for Electoral Systems (IFES) (undated); pp. 11-24, esp. p. 16.

parties (e.g. political foundations, research institutes or centres, as well as for parliamentary caucuses, women and youth organisations, newspapers, and for programmes for civic and political education).¹⁵

3.1 Legal Framework of public financing for elections in Uganda

Sec 25 (1) of the Parliamentary Elections Act, 2005 prohibits the use of government and public resources for purposes of campaigning for elections, except as authorised under the Act. Sec 14 A of the Political Parties and Organisations Amendment Act (2010) sets the principles upon which government would contribute funds towards the activities of other political parties. Sec 22 (2) (a) of the Presidential Elections Act 2005 provided that the EC shall facilitate candidates with 1000 currency points¹⁶. Whereas the provision in Sec 22 (2), (a) was repealed by Sec 3 of the Presidential Elections (Amendment) Act 2015, the provisions in Sec 14A of the Political Parties and Organisations (Amendment) Act were not repealed. This means that whereas government stopped facilitation of the candidates, the political parties are still eligible for this facilitation but dependant on the numerical strength of the party in Parliament. This development left independent candidates to fully finance their elections in 2016 without government support.

Sec 27 (2) of the Presidential Elections Act (2000) allows a candidate who holds the office of the President to continue using government facilities attached to his office during the campaign.

In Uganda, there is no ban on the donations from foreign interests to political parties. However, there is a limit on foreign sources of 20,000 currency points per year, were a currency point is UGX 20,000 making the total limit UGX 400,000,000. Sec 14 (1) of the Political Parties and Organisations Act, 2005 States that, “The persons or bodies referred to in subsection (2) shall not directly or indirectly make a contribution, donation or loan in cash or kind in excess of the value of twenty thousand currency points within any period of twelve months, to funds held or to be held or for the benefit of a political party or organisation.” Sec 14 (5) (a) of the Political Parties and Organisations Act , 2005, however, limits the donations to the extent that the foreign

¹⁵Casas-Zamora, esp. pp.16-19.

¹⁶Each currency point is UGX 20,000.

government, body or person has not demonstrated an intention to overthrow the lawfully established government of Uganda. In countries like Burundi, Ethiopia, Madagascar, Mozambique and Kenya, there is a ban on political parties getting donations from foreign interests.

The Law is also silent on donations from corporations with government contracts or partial government ownership to political parties. A ban on donations from corporations with partial government ownership to political parties is often intended to stop indirect abuse of State resources, whereas banning contributions from companies with government contracts often seek to reduce the risk for quid-pro-quo donations.

To ensure that donations do not come from other banned sources and to increase transparency, anonymous donations to political parties are sometimes banned outright or banned over a certain level. Critics of this provision argue that provisions for anonymous donations protect the right to privacy of donors. In Uganda Sec 12 (1) (b) of the Political Parties and Organisations Act 2005 requires that every political party or organisation shall maintain at its national head office, an accurate and permanent record of a Statement of its accounts, showing the sources of its funds and the name of any person who has contributed to the funds including contributions by persons who are not citizens of Uganda, membership dues paid, donations in cash or in kind and all the financial transactions of the political party or organisation which are conducted through, by or with the head or national office of the political party or organisation. As regards individual candidates, Sec 19 (6) of the Presidential Elections Act provides that they should maintain records of all assistance obtained during the campaigns.

With all the restrictions and guidance above, in 2011, the European Union Election Observation Mission Report noted that, "...the bulk of funding flowed directly to the candidate, whose campaign finance remains unregulated." The report further notes that most NRM candidates used government projects such as the National Agriculture Advisory Services (NAADS) and the Northern Uganda Social Action Fund (NUSAF) as tools to press voters to adhere to the NRM should they wish to benefit from such projects.

In 2011, significant increases of campaign expenditures were widely reported to the EU EOM observers and by journalists across the country. According to the MD of the Independent Magazine, Andrew Maenad, “the incumbent President spent more than USD 350 million on the campaign using largely the public purse supplemented by private contributors.” Each NRM Parliament candidate received a minimum of UGX 20 million, the same amount as that provided to the Presidential candidates from public sources.¹⁷

¹⁷ European Union Election Observation Mission Final Report on the Uganda General Elections, 2011

CHAPTER FOUR:

FINDINGS OF THE STUDY

This section presents the major finding of the study in line with the stated objectives. The presentation description and analysis form the basis for the recommendations and conclusion. Similarly, the presentations, analysis and interpretations are compared and contrasted with some sections of the background, introduction and literature review.

4.1 Sector allocations and budget performance during the 2016 general elections

At the beginning of every Financial Year a Medium Term Budget Expenditure Framework (MTEF) is circulated with budget numbers over the next five year for the country. The budget for the FY 2015/16 was marred with controversy about the actual total budget. Whereas the total approved budget was UGX 23.9 trillion, the budget for sector allocations was UGX 18.3 trillion. The break down for the UGX 23.9 trillion budget was such that UGX 18.3 trillion would be mobilised from domestic resources of which UGX 11.3 trillion would come from Tax and Non-Tax revenue and UGX 6.3 trillion from Domestic Financing. From external sources, UGX 5.6 trillion would be sourced of which UGX 51.3bn was to come from budget support and UGX 5.5 trillion to come from project support.

The major planned expenditure lines for these moneys UGX 8.6 trillion for recurrent expenditure and UGX 9.6 trillion for development expenditure. Whereas no money was allocated for taxes, UGX 4.7 trillion was allocated for domestic debt repayment.

Peculiar about this budget allocation is that in the FY 2014/15 no money was allocated for domestic debt repayment irrespective of the fact that government knew that they had borrowed UGX 2.7 trillion from the domestic market. This domestic debt repayment accounted for 20% of the total budget for the FY 2015/16. No sector has ever got such an allocation to spend in one FY in the history of Uganda's expenditure.

This was also the first time since the inception of domestic borrowing that government had not budgeted for repayment of domestic debt.

Therefore in terms of utilisation of the national budget for the FY 2015/16, we witnessed huge sums of money, being channelled to an item that cannot be easily verified.

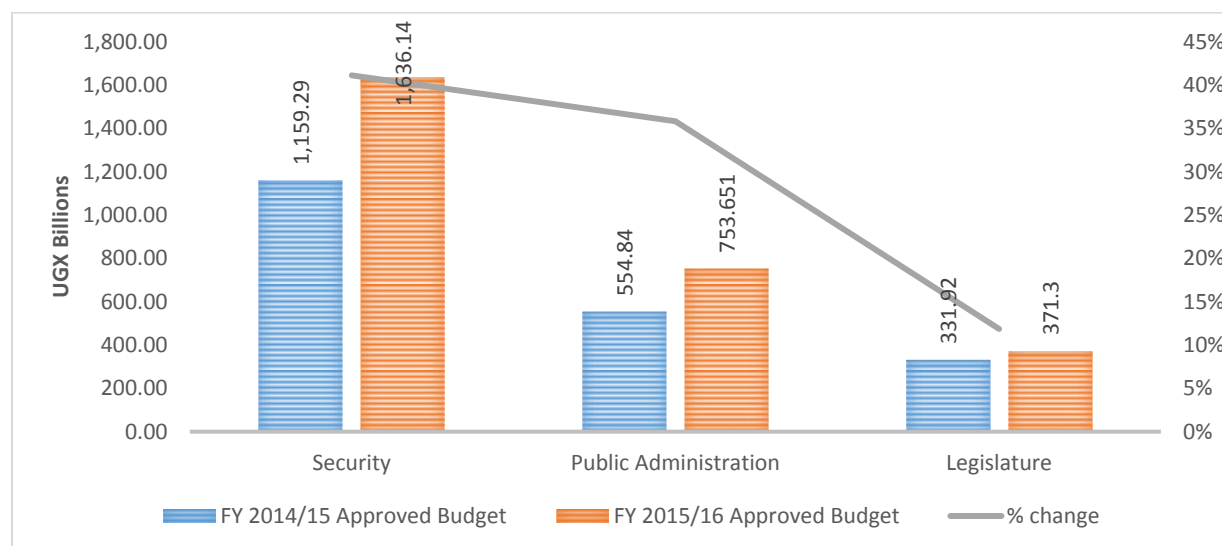
In terms of sector allocations, administration sectors like Public Administration that house Office of the President, State House and the Electoral Commission had an increase in allocation of UGX 198.81bn to raise their total budget allocation to UGX 753.651bn in the FY 2015/16. Table 2 below highlights the changes in allocation for the three sectors of Security, Public Administration and Legislature during the election period.

Table 2: Sector budget allocations for FY 2014/15 and FY 2015-16 (UGX, Billions)

Sector	FY 2014/15 Approved Budget	FY 2015/16 Approved Budget	Variance	% change
Security	1,159.29	1,636.14	476.85	41%
Public Administration	554.84	753.651	198.81	36%
Legislature	331.92	371.30	39.38	12%

Source: Sector approved budgets

Figure 2: Selected sector Budget Allocations FY 2016/17



Source: Ministry of Finance Planning & Economic Development; Sector approved budgets

To better understand the performance of these sectors during the FY 2015/16, its imperative that we break down the institutions as highlighted in the table 4 below. The institutions under the Security sector include Ministry of Defence, ISO and Esso. However, it is important to note that

ISO has the same Vote number (001) as the Office of the President and as such will be discussed to that extent.

Out of the UGX 753.65bn that was allocated to the Public Administration sector in the FY 2015/16, UGX 549.32 was released by the end of December 2015. This represents a 72.9% GoU budget release performance and in relation to the total budget, it was a 63.2% budget performance. 86% of all the funds released were spent by the end of December 2015. This high budget performance was because this sector is home to institutions like State House and Electoral Commission which had high expenditure due to elections.

Security on also had a GoU budget release performance of 67% with 98.8% of the released funds spent by the end of the December 2015. Legislature too had a GoU budget release performance of 61.9%.

4.2 Analysis of selected MDA allocations and performance.

Given that the Government of Uganda runs a Programme Based Budget the trend shown in table 4 below, depicts a scenario where the votes selected have their budget almost double as we approach the election year. This is an indication of targeting programmes that will benefit the incumbent during the election period, linked in with the provisions of Sec 27 (2) of the Presidential elections Act 2001.

Table 3: Trends of Budgets for the Selected Votes for eight (8) Financial Years (UGX, billions)

Vote Code /Vote	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
004 Defense	447.92	457.47	500.99	800.55	658.69	761.65	852.39	998.07
001 Office of the President	20.16	36.88	41.66	42.74	53.24	36.39	38.85	56.53
002 State House	62.25	76.43	63.67	63.64	60.23	202.23	249.84	257.28
102 Electoral Commission	16.25	47.45	19.64	47.14	46.85	44.09	150.58	295.58
104 Parliament	112.57	121.83	162.76	162.75	235.44	237.59	331.92	371.30

Source: MTEF, Approved Estimates

Sec 27 (2) of the Presidential Elections Act (2000) allows a candidate who holds the Office of the President to continue using government facilities attached to his office during the campaign. As such, the President had the whole budget (UGX 56.63bn¹⁸) for this election year to his disposal. More still, Article 154 (4) of the 1995 constitution allows the President to draw money from the consolidated funds, if he is satisfied that the Appropriation Act in respect of any financial year will not or has not come into operation by the beginning of that financial year, the President may, subject to the provisions of this article, authorise the issue of monies from the

¹⁸Budget Allocation to the Office of the President for the FY 2015/16

Consolidated Fund Account for the purposes of meeting expenditure necessary to carry on the services of the Government until the expiration of four months from the beginning of that financial year or the coming into operation of the Appropriation Act, whichever is the earlier. Sec 14(3) of the PFM Act 2015 provides for the same. This means that during election year, the President can use State resources to garner votes from the electorate. The MDAs that are directly under the President, include, State House and the Office of the President. As Commander-in-Chief, the defence budget also does face considerable influence from the President. ISO and ESO being security organs also suffer the same fate like defence.

Table 4: Vote function allocation for the last eight years by vote (UGX, billions)

Vote	Institution	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
	Ministry of Defense								
<i>VF:1101</i>	<i>National Defense (UPDF)</i>	437.92	442.78	598.98	933.50	898.94	1,000.81	1,1069.12	1,462.69
<i>VF:1149</i>	<i>Policy, Planning and Support Services</i>	10.13	14.69	14.59	14.50	15.02	15.29	16.79	102.80
001	Office of the President (excl E&I)	20.16	46.46	41.74	45.36	59.12	38.32	38.94	58.71
<i>VF 1601</i>	<i>Economic Policy M&E and Inspection</i>	0.72	0.81	0.83	0.83	1.21	1.57	1.57	2.07
<i>VF 1602</i>	<i>Cabinet Support & Policy Department</i>	0.88	0.98	1.49	2.29	2.52	2.44	2.94	2.46
<i>VF 1603</i>	<i>Government Mobilisation, Media & Awards</i>	0.32	12.54	15.52	15.53	29.37	13.22	11.47	19.82
<i>VF 1604</i>	<i>Coordination of security Sector</i>	0	8.14	3.94	3.94	3.94	3.94	3.94	5.94
<i>VF 1649</i>	<i>Policy Planning and Support Services</i>	18.24	24	19.97	22.7	22.09	17.14	19.01	28.42
002	State House	62.25	76.43	63.67	66.64	63.23	205.23	249.84	257.81
<i>VF 1611</i>	<i>administration and support to the presidency</i>	62.25	76.43	63.67	66.64	63.23	205.23	249.84	257.81
102	Electoral Commission	16.25	47.45	119.64	47.19	66.47	51.09	150.58	295.58

	(Statutory)								
<i>VF 1651</i>	<i>Management of Elections</i>	16.25	47.45	119.64	47.19	66.47	50.59	150.08	280.08
<i>VF 1654</i>	<i>Harmonization of Political Party Activities</i>						0.5	0.5	15.5

Source: Approved budget estimates

Table 5 shows the budget allocations to the various vote functions of the selected votes under analysis. For every election year budgets for the various vote functions increase to cater for activities of the various votes. For example, in the Office of the President from VF 1603; government mobilisation, media and awards, there was continued effort to mobilize the population for active participation, support and involvement in national development programs; support the offices of the RDCs/DRDCs in monitoring the implementation of government programmes for improved service delivery; support and coordinate the countrywide operations of Patriotism Clubs in secondary schools to nurture a spirit of nationalism; management of government information and media coverage both locally and internationally.

The budget allocation for this VF in the last election period was UGX 15.52bn but this has increased to UGX 19.82bn during the 2016 election period. With such media coverage and efforts to make the incumbent look good with achievements it becomes hard for any other candidate to compete because the ground work has already been done.

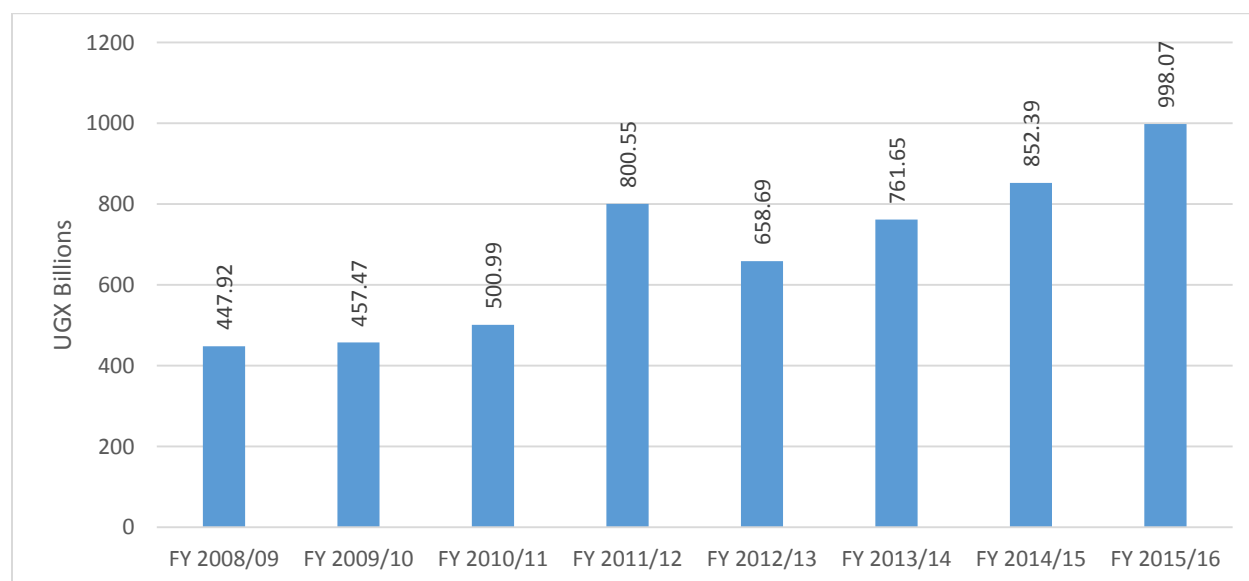
Election campaigns have high cost drivers such as advertising, the cost of travel of candidates and staff, political consulting, and/or the direct costs of communicating with voters. The types and purposes of campaign spending depend on the region and hence these vary from district to district. Irrespective of the provision in Article 67(3) of the Constitution of Uganda that entitles all Presidential candidates to equal time and space on State own media, different candidates continue to incur prohibitively high cost on their media campaigns because the network offered in the constitution is the most unpopular according to market surveys in Uganda, hence the least watched by Uganda citizens so if a candidate is to get value for money they have to opt for other media houses that will cost them much more money.

4.2.1 Ministry of Defence Budget analysis

The security sector is composed of Ministry of Defence, Internal Security Organization (under Office of the President) and External Security Organization. The Sector's approved total budget allocation (excluding Tax and Arrears) amounted to UGX 1,636.15bn for the FY 2015/16 of which; UGX 427.57bn was Wage, UGX 506.22bn was Non-Wage, UGX 140.04bn was GoU Development and UGX 562.32bn was External financing.

The Ministry of Defence had an allocation of UGX 1,560.786bn of which UGX 671.798bn was released by December 2015. UGX 663.362 was spent from the release giving an expenditure performance of 98.7%.

Figure 3: Budget allocation trends for the Security



Source: Ministry of Defense

The trends of the security sector allocation show that during election periods, the budgets tend to raise out of the allocation range for the five period preceding.

Half Year Budget utilization for Defence for FY 2015/16

	Vote Functions	Approved	Budget Released	Released Spent
VF:1101	National Defense (UPDF)	1,462.69	635.85	629.69
VF:1149	Policy, Planning and Support Services	98.10	35.95	33.67
	Total For Vote	1,560.79	671.80	663.36

Source: defence half year performance report

Under Defense a supplementary budget was sought to cater for National Defense but no work plan on how the funds were used is shown in the progress reports. Budget utilization under Ministry of Defense does not quantify what was actually done or attained the Statements are qualitative hence its hard to tie the budgets to the physical outputs. In this scenario it's hard to really know if there was proper or improper use of funds. For instance under Train to enhance combat readiness no quantification was done at all it was copy and paste of work plans and output

Table 5: Ministry of Defence Budget Utilisation by item H1 FY 2015/16

	Approved budget	Release	Expenditure	% of budget released	% of release spent
Out puts provided	972.96	659.19	651.05	67.8%	98.8%
General Supply of Goods and Services	0	250	250		100.0%
General Staff Salaries	388.82	207.11	207.07	53.3%	100.0%
Classified Expenditure	372.48	107.04	106.61	28.7%	99.6%
Welfare and Entertainment	37.61	18.81	18.48	50.0%	98.2%
Fuel, Lubricants and Oils	18.98	16.8	16.01	88.5%	95.3%
Gratuity Expenses	35.31	10.66	10.65	30.2%	99.9%
Pension for Military Service	34.77	10.38	8.38	29.9%	80.7%
Maintenance - Vehicles	14.81	8.19	6.11	55.3%	74.6%
Subscriptions	9.41	4.71	4.7	50.1%	99.8%
Staff Training	8.29	4.14	4.11	49.9%	99.3%
Travel inland	6.35	3.18	3.17	50.1%	99.7%
Consultancy Services- Short term	2.99	2.5	2.49	83.6%	99.6%
Electricity	7.47	3.74	2.06	50.1%	55.1%
Travel abroad	4.18	2.09	2.04	50.0%	97.6%
Information and communications technology (ICT)	3.6	1.8	1.77	50.0%	98.3%
Water	3.68	1.84	1.77	50.0%	96.2%
Medical and Agricultural supplies	3.19	1.6	1.5	50.2%	93.8%
Telecommunications	2.53	1.26	1.04	49.8%	82.5%
Commissions and related charges	1.06	0.53	0.53	50.0%	100.0%
Carriage, Haulage, Freight and transport hire	1.13	0.57	0.53	50.4%	93.0%
Medical expenses (To employees)	1.01	0.5	0.5	49.5%	100.0%
Compensation to 3rd Parties	0.4	0.3	0.28	75.0%	93.3%
Allowances	0.56	0.28	0.27	50.0%	96.4%
Maintenance - Civil	0.49	0.25	0.25	51.0%	100.0%
Rent – (Produced Assets) to private entities	0.49	0.25	0.18	51.0%	72.0%
Incapacity, death benefits and	0.31	0.15	0.15	48.4%	100.0%

funeral expenses					
Printing, Stationery, Photocopying and Binding	0.49	0.25	0.15	51.0%	60.0%
Small Office Equipment	0.22	0.11	0.11	50.0%	100.0%
Computer supplies and Information Technology (IT	0.12	0.06	0.06	50.0%	100.0%
Advertising and Public Relations	0.09	0.05	0.04	55.6%	80.0%
Property Expenses	0.03	0.02	0.02	66.7%	100.0%
IFMS Recurrent costs	0.02	0.01	0.01	50.0%	100.0%
IPPS Recurrent Costs	0.03	0.01	0.01	33.3%	100.0%
Uniforms, Beddings and Protective Gear	12.04	0	0	0.0%	#DIV/0!
Class: Capital Purchases	25.09	12.64	12.32	50.4%	97.5%
Land	1.12	0.56	0.53	50.0%	94.6%
Residential Buildings	16.41	8.21	8.2	50.0%	99.9%
Transport Equipment	5.16	2.58	2.58	50.0%	100.0%
Machinery and Equipment	2.23	1.16	0.89	52.0%	76.7%
Furniture & Fixtures	0.17	0.13	0.12	76.5%	92.3%
Class: Arrears	5.11	3.16	1.02	61.8%	32.3%
Domestic arrears (Budgeting)	2.01	1.01	0.83	50.2%	82.2%
Telephone arrears (Budgeting)	0.03	0	0	0.0%	#DIV/0!
Electricity arrears (Budgeting)	3.07	2.15	0.19	70.0%	8.8%

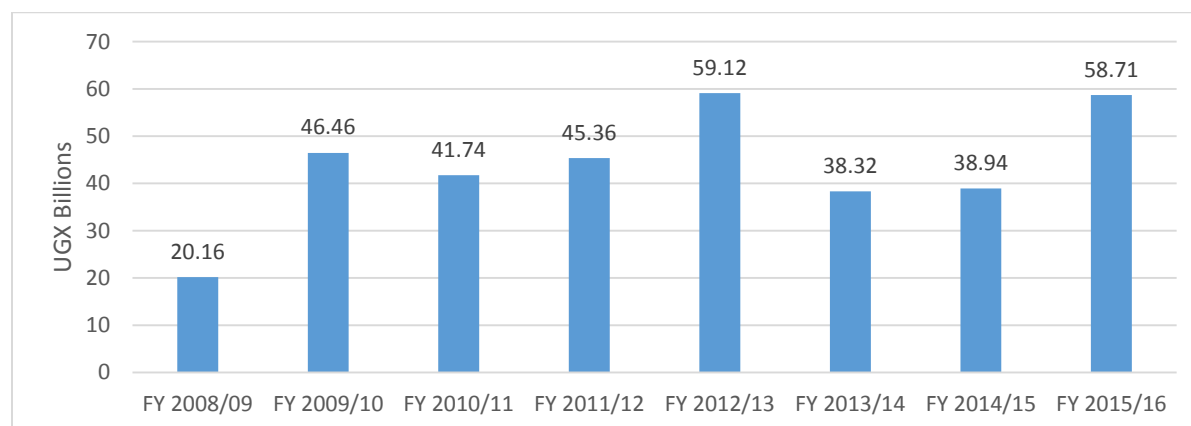
Source: Ministry of Defence

By H1 FY 2015/16, the Ministry of Defence had spent UGX 664.39bn of the UGX 674.95bn that was released. To note in this expenditure is items like general supply of goods and services that had no budget allocation but had a release and expenditure of UGX 250bn. This item was however restricted by the MoFPED because every god can be itemised. This means that the ministry had 36.7% of the total half expenditure on items that cannot be verified as classified or otherwise.

4.2.2 Office of the President Budget analysis

The Office of the President had a budget of UGX 58.bn in the FY 2015/16. By end of H1, UGX 35.58bn was released of which UGX 31.72bn was spent. This translated into an 89.1% expenditure performance.

Figure 4: Budget allocation trends for Office of the President



Source: Office of the President

From figure 2, the allocation to the office of the President is highest in the FY 2015/16 UGX 56.53bn. Even then, the time period leading to the election period of the 2011 so the budget increase drastically from UGX 20.16bn to UGX 41.66bn.

Half Year Budget utilization for Office of the President for FY 2015/16

	Vote Functions	Approved	Budget Released	Released Spent
VF:1601	Economic Policy Monitoring, Evaluation & Inspection	2.07	1.03	1.00
VF:1602	Cabinet Support and Policy Development	2.46	1.19	1.05
VF:1603	Government Mobilisation, Media and Awards	19.82	11.10	9.87
VF:1604	Coordination of the Security Sector	3.94	5.30	5.30
VF:1649	Policy, Planning and Support Services	27.68	14.50	12.40
	Total For Vote	55.97	33.12	29.63

Source: Office of the President

From the table above it can be seen that Vote function 04 Coordination of the Security Sector received a budget over and above the allocated budget by Ugshs1.36nb but the reason for over release and expenditure was classified arrears. Further probing of the VF work plan showed

scanty information; i.e. short Statements that could not justify the 134.5% budget performance for the VF. The description of the performance given was; security agencies coordinated, security guidelines issued and Inter agency reports analysed. There was no qualification of these Statements.

Table 6: Office of the President budget Utilisation by item H1 FY 2015/16

Item	Budget	Releases	Expenditure	% of budget released	% of release spent
Outputs Provided	31.89	19.66	17.65	61.6%	89.8%
Classified Expenditure	3.94	5.3	5.3	134.5%	100.0%
General Staff Salaries	10.3	5.75	4.13	55.8%	71.8%
Pension for General Civil Service	1.89	1.42	1.45	75.1%	102.1%
Gratuity Expenses	2.98	1.34	1.22	45.0%	91.0%
Travel inland	2.27	1.08	1.07	47.6%	99.1%
Allowances	1.36	0.66	0.65	48.5%	98.5%
Travel abroad	0.85	0.41	0.39	48.2%	95.1%
Fuel, Lubricants and Oils	0.74	0.38	0.38	51.4%	100.0%
Workshops and Seminars	0.87	0.38	0.36	43.7%	94.7%
Rent – (Produced Assets) to private entities	0.9	0.35	0.35	38.9%	100.0%
Maintenance - Vehicles	0.98	0.47	0.33	48.0%	70.2%
Staff Training	0.65	0.29	0.29	44.6%	100.0%
Telecommunications	0.53	0.27	0.27	50.9%	100.0%
Contract Staff Salaries (Incl. Casuals, Temporary)	0.41	0.21	0.2	51.2%	95.2%
Welfare and Entertainment	0.33	0.16	0.16	48.5%	100.0%
Commissions and related charges	0.6	0.15	0.15	25.0%	100.0%
Printing, Stationery, Photocopying and Binding	0.33	0.15	0.12	45.5%	80.0%
Maintenance – Machinery, Equipment & Furniture	0.24	0.09	0.09	37.5%	100.0%
Maintenance - Civil	0.19	0.08	0.08	42.1%	100.0%
Maintenance – Other	0.17	0.08	0.08	47.1%	100.0%
Cleaning and Sanitation	0.16	0.07	0.07	43.8%	100.0%
Special Meals and Drinks	0.15	0.07	0.06	46.7%	85.7%
Subscriptions	0.12	0.06	0.06	50.0%	100.0%
Computer supplies and Information Technology (IT)	0.14	0.07	0.05	50.0%	71.4%
Guard and Security services	0.1	0.05	0.05	50.0%	100.0%
Statutory salaries	0.09	0.04	0.04	44.4%	100.0%

Books, Periodicals & Newspapers	0.06	0.05	0.04	83.3%	80.0%
Electricity	0.09	0.04	0.03	44.4%	75.0%
Water	0.08	0.03	0.03	37.5%	100.0%
Consultancy Services- Short term	0.07	0.03	0.03	42.9%	100.0%
Medical expenses (To employees)	0.04	0.02	0.02	50.0%	100.0%
Incapacity, death benefits and funeral expenses	0.05	0.02	0.02	40.0%	100.0%
Advertising and Public Relations	0.04	0.02	0.02	50.0%	100.0%
Small Office Equipment	0.05	0.02	0.02	40.0%	100.0%
IFMS Recurrent costs	0.05	0.02	0.02	40.0%	100.0%
IPPS Recurrent Costs	0.03	0.01	0.01	33.3%	100.0%
Information and communications technology (ICT)	0.03	0.02	0.01	66.7%	50.0%
Uniforms, Beddings and Protective Gear	0.01	0	0	0.0%	#DIV/0!
Class: Outputs Funded	19.47	10.93	9.72	56.1%	88.9%
Transfers to other govt. Units (Current)	14.99	8.76	7.62	58.4%	87.0%
Other Current grants (Current)	4.46	2.16	2.09	48.4%	96.8%
Contributions to Autonomous Institutions (Wage S	0.02	0.01	0.01	50.0%	100.0%
Class: Capital Purchases	2.65	1.35	0.81	50.9%	60.0%
Transport Equipment	2.65	1.54	1.43	58.1%	92.9%
Non-Residential Buildings	1.51	0.81	0.81	53.6%	100.0%
Furniture and fittings (Depreciation)	0.04	0.01	0	25.0%	0.0%
Machinery and Equipment	0.23	0.09	0	39.1%	0.0%
Furniture & Fixtures	0.22	0.07	0	31.8%	0.0%
Taxes on Machinery, Furniture & Vehicles	0.65	0.37	0	56.9%	0.0%

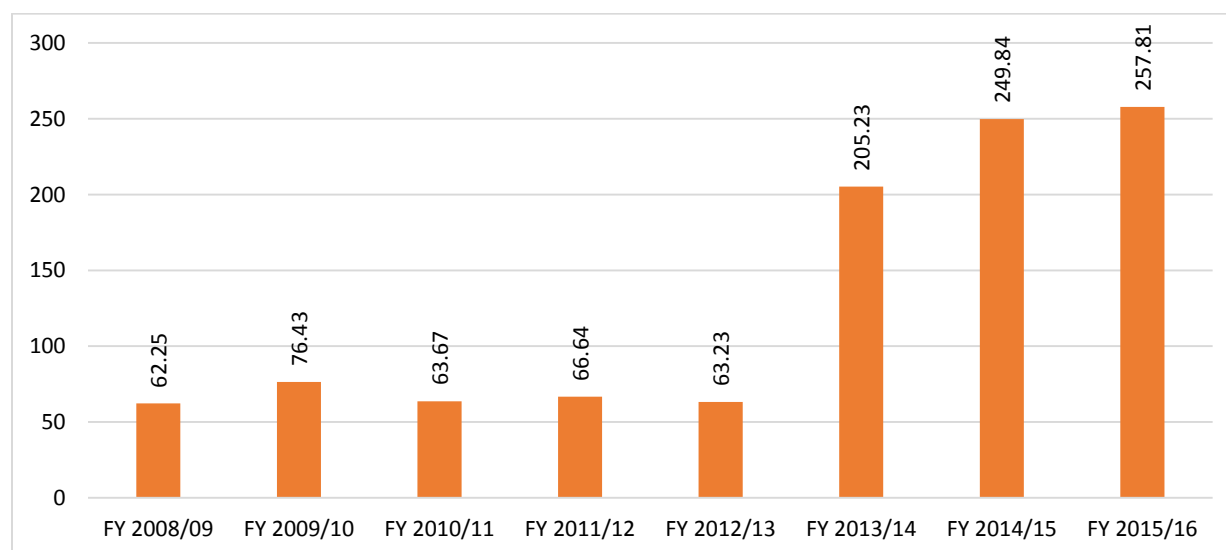
Source: Office of the President

The item of classified expenditure resonates with the VF for Coordination of security. This made its further hard to ascertain what these funds accomplished during the election period thus suspicious.

4.2.3 State House Budget Analysis

The State House had a budget of UGX 257.81bn in the FY 2015/16. By end of H1, UGX 219.9bn was released of which UGX 215.43bn was spent. This translated into an 98% expenditure performance.

Figure 5: Budget allocation trends for State House over the past 8 FYs



Source: State House

State House, as shown in figure 3 has had also the highest budget in the FY 2015/16 which is the elections period for the Feb 2016 general elections.

The drastic increase in the State House budget from UGX 63.23bn in the FY 2012/13 to UGX 202.23bn in the FY 2013/14 could also be seen as a concerted effort collect money for the financing the 2016 general elections.

Half Year Budget utilization for State House for FY 2015/16

	Vote Functions	Approved	Budget Released	Released Spent
VF:1611	Administration & Support to the Presidency	254.43	217.93	213.55
	Total For Vote	254.43	217.93	213.55

Source: State House half year performance report

From the above table by half year State House had received almost all the entire budget of the FY 2015/16 because performance was at 85.7% of the total budget and the explanation given for over performance was “There were a number of emerging issues which heightened the scale of activities; hence spending more than what was actually planned within the first half of the year”¹⁹ but the activities that caused over spending were not Stated. This is a red flag for diversion of funds to deal with the “emerging issues”.

Table 7: State House budget Utilisation by item H1 FY 2015/16

	Approved budget	Release	Exp	% of budget released	% of release spent
Outputs Provided	238.95	202.90	199.33	84.9%	98.2%
Donations	89.40	89.04	88.85	99.6%	99.8%
Classified Expenditure	38.70	38.70	38.43	100.0%	99.3%
Travel inland	35.55	30.43	29.91	85.6%	98.3%
Travel abroad	15.56	15.20	15.15	97.7%	99.7%
Allowances	14.67	8.36	8.35	57.0%	99.9%
Maintenance - Vehicles	7.30	4.94	4.86	67.7%	98.4%
General Staff Salaries	10.58	5.29	4.60	50.0%	87.0%
Special Meals and Drinks	3.89	2.29	2.09	58.9%	91.3%
Welfare and Entertainment	4.76	1.99	1.98	41.8%	99.5%
Gratuity Expenses	2.39	1.20	0.97	50.2%	80.8%
Rent – (Produced Assets) to private entities	2.81	0.84	0.83	29.9%	98.8%
Maintenance – Other	4.62	0.89	0.74	19.3%	83.1%
Telecommunications	1.42	0.69	0.65	48.6%	94.2%
Agricultural Supplies	1.03	0.52	0.34	50.5%	65.4%
Staff Training	0.80	0.44	0.21	55.0%	47.7%
Water	0.61	0.23	0.19	37.7%	82.6%
Electricity	1.03	0.22	0.18	21.4%	81.8%
Insurances	0.88	0.26	0.18	29.5%	69.2%
Printing, Stationery, Photocopying and Binding	0.47	0.18	0.14	38.3%	77.8%
Maintenance – Machinery, Equipment & Furniture	0.38	0.19	0.14	50.0%	73.7%
Cleaning and Sanitation	0.39	0.16	0.11	41.0%	68.8%
Computer supplies and Information Technology (IT	0.23	0.12	0.10	52.2%	83.3%
Pension for General Civil Service	0.19	0.12	0.09	63.2%	75.0%
Medical and Agricultural supplies	0.18	0.08	0.06	44.4%	75.0%

¹⁹ Semi Annual Budget Performance Report FY 2015/16

Medical expenses (To employees)	0.07	0.04	0.04	57.1%	100.0%
Uniforms, Beddings and Protective Gear	0.39	0.20	0.04	51.3%	20.0%
Books, Periodicals & Newspapers	0.08	0.04	0.03	50.0%	75.0%
Information and communications technology (ICT)	0.06	0.03	0.02	50.0%	66.7%
Incapacity, death benefits and funeral expenses	0.05	0.03	0.01	60.0%	33.3%
Advertising and Public Relations	0.05	0.01	0.01	20.0%	100.0%
IFMS Recurrent costs	0.01	0.01	0.01	100.0%	100.0%
IPPS Recurrent Costs	0.03	0.01	0.01	33.3%	100.0%
Other Utilities- (fuel, gas, firewood, charcoal)	0.06	0.03	0.01	50.0%	33.3%
Workshops and Seminars	0.06	0.02	-	33.3%	0.0%
Recruitment Expenses	0.01	-	-	0.0%	#DIV/0!
Subscriptions	0.09	0.04	-	44.4%	0.0%
Postage and Courier	0.01	-	-	0.0%	#DIV/0!
Carriage, Haulage, Freight and transport hire	0.02	-	-	0.0%	#DIV/0!
Fuel, Lubricants and Oils	0.12	0.06	-	50.0%	0.0%
Class: Capital Purchases	18.34	16.45	15.67	89.7%	95.3%
Monitoring, Supervision & Appraisal of capital wor	0.03	0.01	-	33.3%	0.0%
Non-Residential Buildings	0.20	0.05	0.05	25.0%	100.0%
Residential Buildings	0.74	0.74	0.48	100.0%	64.9%
Transport Equipment	6.30	6.30	6.30	100.0%	100.0%
Machinery and Equipment	3.32	3.32	3.18	100.0%	95.8%
Furniture & Fixtures	0.90	0.58	0.44	64.4%	75.9%
Taxes on Machinery, Furniture & Vehicles	2.85	1.45	1.45	50.9%	100.0%
Aircrafts	4.00	4.00	3.77	100.0%	94.3%
Class: Arrears	0.53	0.53	0.44	100.0%	83.0%
Water arrears(Budgeting)				100.0%	25.0%

	0.12	0.12	0.03		
Telephone arrears (Budgeting)	0.02	0.02	0.02	100.0%	100.0%
Electricity arrears (Budgeting) 0.39	0.39	0.39	0.39	100.0%	100.0%

Source: State House

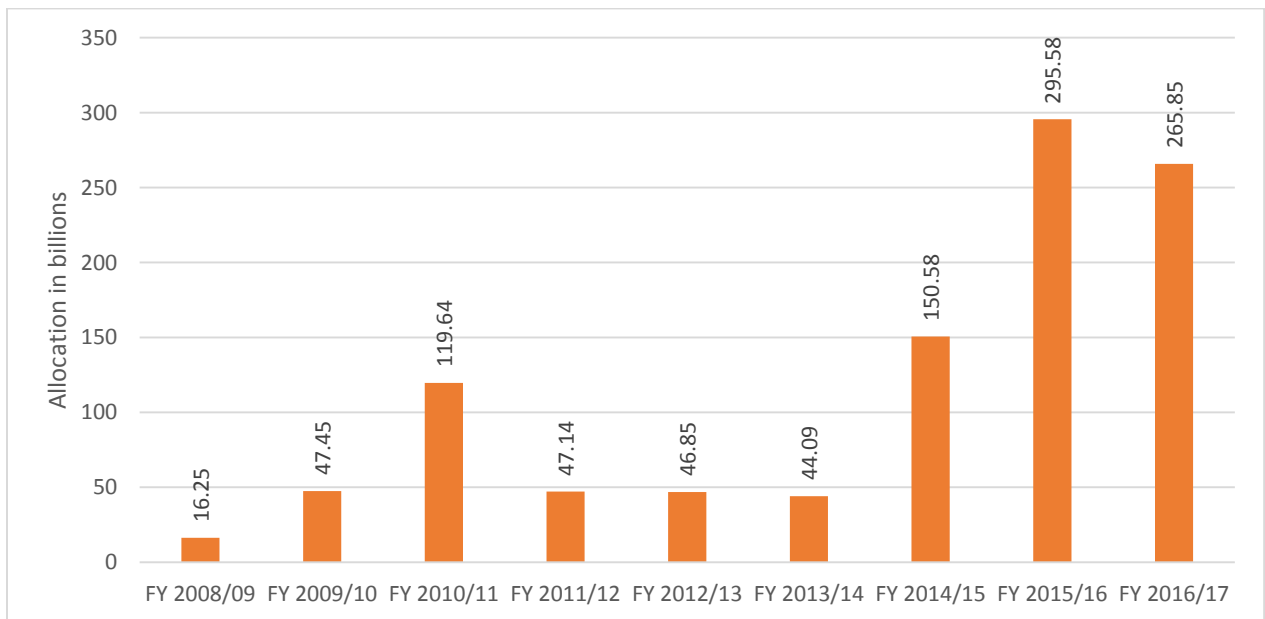
By half year State House has exhausted the UGX 89bn budget for donations alongside the UGX 38bn for classified expenditure. Travel inland and abroad too had their budgets release to near completion (above 85%). All these items have a big bearing on the expenditure of the president, especially donations.

4.2.4 Electoral Commission budget analysis

The Electoral Commission had a budget of UGX 295.58bn in the FY 2015/16. By end of H1, UGX 205.18bn was released of which UGX 104.843bn was spent. This translated into a 68.8% expenditure performance.

Under Vote Function: 1611 Administration & Support to the Presidency the output on trade, tourism and investment promoted, there was UGX 6.359bn allocated for the FY 2015/16 of which UGX 5.664bn was spent by half year. However, some of the activities that were implemented could not be qualified. For example the number of local and international investors mobilised were not specified as such making it suspicious to have all that money spent with no corresponding quantifiable output.

Figure 6: Budget allocation trends for Electoral Commission (UGX)



Source: Approved budget estimates and projections

The Electoral Commission in the FY 2015/16 had a budget of UGX 295.58bn allocated. This allocation represents a 147% increase compared to the budget allocation for the FY 2010/11 in which period the general elections were held (February 2011). In the wake of the Political Parties and Organisations Act 2010, parties are facilitated by government for their campaigns for elections and as such UGX 15.5bn was allocated through the EC for this purpose. In this election period, the EC also digitised the voters register and sought to use biometric voter verification for the voting exercise for the 2016 general elections and this too can partly explain the budget increase for the EC.

Half Year Budget utilization for Electoral Commission for FY 2015/16

	Vote Functions	Approved	Budget Released	Released Spent
VF:1651	Management of Elections	280.08	189.84	125.57
VF:1654	Harmonization of Political Party Activities	15.50	15.34	15.27
	Total For Vote	295.58	205.18	140.84

Source: Electoral Commission half year performance report

From the above table in regards to managing of election it shows that the budget released to the commission was not used comprehensively hence the big unspent balance of UGX 64.27bn by half year. In a scenario where elections are not managed smoothly for one reason or another this type of ambitious budgeting cause's funds that could be used somewhere else to be tied up in long procurement process like the Commission didn't know they were conducting elections and hence prior preparations done.

In the half year performance report under Voter Education and Training no funds were released to that output yet the output is registering performance and no reason was provided for how the activity was managed without a budget release. This seems like a case for diversion of funds otherwise how the outputs were being attained because they all need a budget.

Table 8: Electoral Commission Budget Utilisation by item H1 FY 2015/16

	Budget	Releases	Exp	% of budget released	% of release spent
Outputs Provided	236	153.53	100.59	65.1%	65.5%
Printing, Stationery, Photocopying and Binding	92.26	91.84	59.3	99.5%	64.6%
Allowances	77.48	26.95	25.52	34.8%	94.7%
Statutory salaries	8.3	2.07	4.15	24.9%	200.5%
Fuel, Lubricants and Oils	8.16	2.85	2.13	34.9%	74.7%
Advertising and Public Relations	9.13	6.93	1.72	75.9%	24.8%
Welfare and Entertainment	8.9	2.94	1.31	33.0%	44.6%
Travel inland	6.32	5.26	1.29	83.2%	24.5%
Travel abroad	1.53	1.36	0.98	88.9%	72.1%
Maintenance - Vehicles	5.16	1.26	0.59	24.4%	46.8%
Rent – (Produced Assets) to private entities	1.31	0.66	0.55	50.4%	83.3%
Guard and Security services	1.27	0.62	0.51	48.8%	82.3%
Social Security Contributions	0.75	0.38	0.38	50.7%	100.0%

Retrenchment costs	0.64	0.32	0.29	50.0%	90.6%
Workshops and Seminars	1.3	0.77	0.28	59.2%	36.4%
Gratuity Expenses	0.55	0.27	0.27	49.1%	100.0%
Telecommunications	0.43	0.22	0.19	51.2%	86.4%
Staff Training	0.4	0.3	0.17	75.0%	56.7%
Commissions and related charges	0.58	0.29	0.15	50.0%	51.7%
Electricity	0.31	0.16	0.13	51.6%	81.3%
Consultancy Services- Short term	0.83	0.45	0.12	54.2%	26.7%
Medical expenses (To employees)	0.25	0.13	0.11	52.0%	84.6%
Maintenance – Machinery, Equipment & Furniture	0.86	0.43	0.11	50.0%	25.6%
Incapacity, death benefits and funeral expenses	0.20	0.05	0.1	25.0%	200.0%
Hire of Venue (chairs, projector, etc)	0.29	0.28	0.09	96.6%	32.1%
Books, Periodicals & Newspapers	0.11	0.08	0.03	72.7%	37.5%
Property Expenses	0.17	0.09	0.03	52.9%	33.3%
IFMS Recurrent costs	0.10	0.05	0.02	50.0%	40.0%
Subscriptions	0.19	0.11	0.02	57.9%	18.2%
Maintenance – Other	0.05	0.03	0.02	60.0%	66.7%
Small Office Equipment	0.01	0.01	0.01	100.0%	100.0%
Water	0.07	0.03	0.01	42.9%	33.3%
Maintenance - Civil	0.14	0.14	0.01	100.0%	7.1%
Computer supplies and Information Technology (IT	4.72	4.68	0	99.2%	0.0%
ICT	1.35	0.28	0.00	20.7%	0.0%
Licenses	1.10	0.64	0.00	58.2%	0.0%
Carriage, Haulage, Freight and transport hire	0.78	0.60	0.00	76.9%	0.0%
Outputs Funded	15.00	15.00	14.95	100.0%	99.7%
Transfers to other govt. Units (Current)	15.00	15.00	14.95	100.0%	99.7%
Capital Purchases	44.56	36.66	25.32	82.3%	69.1%
Engineering and Design Studies & Plans for capital	0.11	0	0	0.0%	
Transport Equipment	14.45	14.45	3.59	100.0%	24.8%
Machinery and Equipment	30	22.21	21.73	74.0%	97.8%

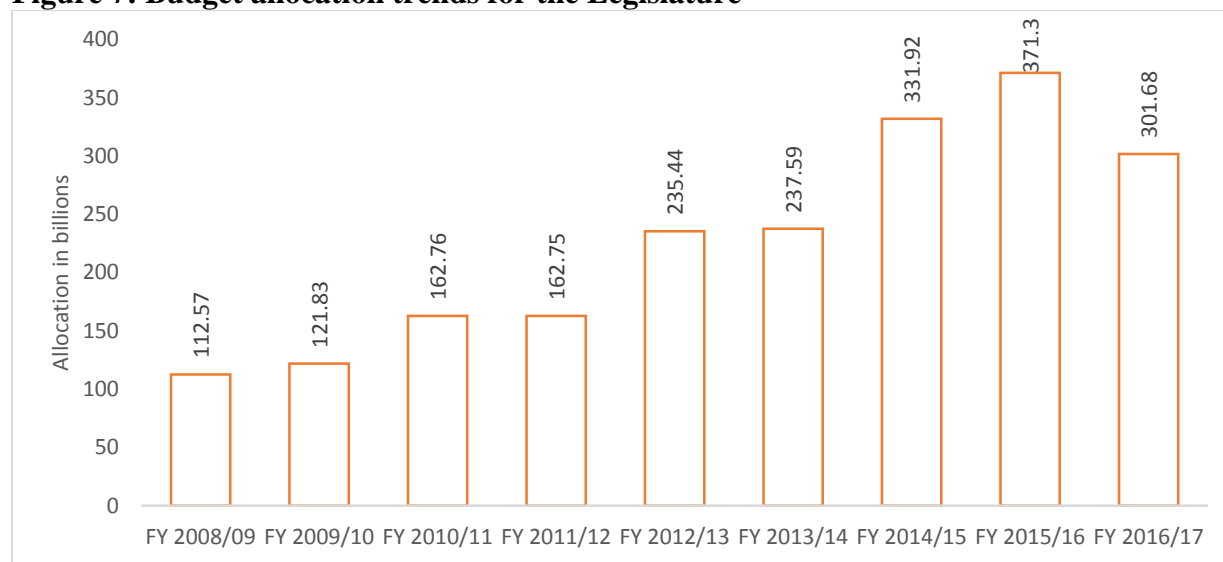
Source: Electoral Commission

Purchase of Motor Vehicles and Other Transport Equipment as an item over performed in regards to release with 153.7% performance a release over and above the approved budget. But no explanation was given on where these funds were coming from and the funds were not used at all because of ‘procurement processes.

4.2.5 Legislature Budget Analysis

The Parliament had a budget of UGX 371.3bn in the FY 2015/16. By end of H1, UGX 222.79bn was released of which UGX 210.72bn was spent. This translated into a 94.5% expenditure performance.

Figure 7: Budget allocation trends for the Legislature



Source: Approved budget estimates and projections

The budget allocation for the legislature in the FY 2015/16 increased by UGX 39.98bn.

Half Year Budget utilization for Legislature for FY 2015/16

	Vote Functions	Approved	Budget Released	Released Spent
VF:1551	Parliament	371.30	222.97	210.72
	Total For Vote	371.30	222.97	210.72

Source: Legislature half year performance report

The Parliamentary Commission has consistently executed the budget in line with the planned activities for the FY 2015/16. Significant variation in performance left the Commission with UGX 12.25bn as unspent balances Parliamentary Commission had unspent balance of by half, but no explanation was given as why the funds were not spent.

Table 9: Parliamentary Budget Utilisation by item H1 FY 2015/16

	Approved Budget	Release	Expenditure	% budget released	% released spent
Outputs provided	344.86	210.09	200.54	60.9%	95.5%
Allowances	205.50	140.33	137.19	68.3%	97.8%
Statutory salaries	74.04	37.02	36.22	50.0%	97.8%
Social Security Contributions	19.75	9.88	9.88	50.0%	100.0%
Medical expenses (To employees)	3.36	0.60	0.13	17.9%	21.7%
Incapacity, death benefits and funeral expenses	0.32	0.27	0.21	84.4%	77.8%
Retrenchment costs	0.20	0.07	0.04	35.0%	57.1%
Gratuity Expenses	0.07	0.00	0.00	0.0%	
Advertising and Public Relations	1.55	1.28	0.72	82.6%	56.3%
Staff Training	2.53	1.54	1.37	60.9%	89.0%
Recruitment Expenses	0.26	0.10	0.05	38.5%	50.0%
Commissions and related charges	13.11	6.53	6.32	49.8%	96.8%
Books, Periodicals & Newspapers	0.76	0.35	0.19	46.1%	54.3%
Computer supplies and Information Technology (IT)	1.35	0.67	0.02	49.6%	3.0%
Welfare and Entertainment	1.29	0.70	0.34	54.3%	48.6%
Printing, Stationery, Photocopying and Binding	1.38	0.64	0.28	46.4%	43.8%
Small Office Equipment	0.06	0.06	0.00	100.0%	0.0%
Subscriptions	0.10	0.10	0.03	100.0%	30.0%
Telecommunications	0.42	0.21	0.09	50.0%	42.9%
Postage and Courier	0.03	0.02	0.01	66.7%	50.0%
Information and communications technology (ICT)	0.23	0.11	0.05	47.8%	45.5%
Electricity	0.90	0.45	0.26	50.0%	57.8%
Water	0.20	0.10	0.09	50.0%	90.0%
Cleaning and Sanitation	0.36	0.18	0.16	50.0%	88.9%
Uniforms, Beddings and Protective Gear	0.47	0.37	0.14	78.7%	37.8%
Consultancy Services- Short term	0.16	0.18	0.01	112.5%	5.6%
Travel inland	1.62	0.68	0.48	42.0%	70.6%
Travel abroad	8.09	4.31	4.22	53.3%	97.9%
Fuel, Lubricants and Oils	2.70	1.39	1.07	51.5%	77.0%
Maintenance - Civil	0.18	0.09	0.08	50.0%	88.9%
Maintenance - Vehicles	3.17	1.42	0.75	44.8%	52.8%
Maintenance – Machinery, Equipment & Furniture	0.70	0.38	0.10	54.3%	26.3%
Donations	0.00	0.06	0.04		66.7%
Class: Outputs Funded	11.59	9.18	8.77	79.2%	95.5%

Contributions to International Organizations (Curre	9.14	7.98	7.98	87.3%	100.0%
Contributions to Autonomous Institutions	1.88	1.17	0.78	62.2%	66.7%
Contributions to Autonomous Institutions (Wage S	0.57	0.03	0.01	5.3%	33.3%
Class: Capital Purchases	14.88	3.72	1.37	25.0%	36.8%
Non-Residential Buildings	8.96	1.57	1.23	17.5%	78.3%
Transport Equipment	1.40	1.40	0.00	100.0%	0.0%
Machinery and Equipment	3.88	0.50	0.13	12.9%	26.0%
Furniture & Fixtures	0.64	0.25	0.01	39.1%	4.0%

Source: Parliamentary Commission

4.3 Supplementary budgets analysis

A Supplementary Budget is an expenditure Statement introduced to provide funds to the Government to meet new or additional expenses in a fiscal year. The supplementary budgets and expenditure are provided for under Section 25 of the Public Finance Management Act 2015 and Sec 12 of the Budget Act 2001, where the modalities are clearly spelt out. These provisions in the PFM Act 2015 operationalize Article 156 (2) & (3) of the 19 95 Constitution of Uganda.

With the amendment for the PFM Act 2015, the requirement to have supplementary budget unforeseeable, unabsorbable and unavoidable was compromised and as such the provision to have the supplementary budget to come from a contingency fund was repealed.

On 10th July 2014, the Rt. Hon. Speaker guided the House on how it shall handle supplementary requests. The Minister was required to prove that the supplementary requests; could not have been foreseen, may not be postponed without detriment to public interest, cannot be appropriately charged to an existing item of estimates or would cause an excess on the estimates. In the FY 2014/15, Contrary to Sec 12(3) of the Budget Act, supplementary expenditure was sought without consultation with affected MDAs. UGX 75,424,356,543 requested in the 1st schedule and UGX 142,332,827,603 in schedule 2 were re-allocated from unspecified MDAs to fund the expenditures.

Furthermore, on 10th January 2014, the GoU and the Government of the Republic of South Sudan signed Status of Forces Agreement which had an addendum signed on 15th April 2014 in which the host State (Government of the Republic of South Sudan) was to provide medical treatment, evacuation, fuel and vehicles to the visiting forces (UPDF). Based on this, a total of UGX 3.2bn for medical services (UGX 2bn) and fuel (1.3bn) that was put in schedule 2 should not have been approved. These funds could be prone for use in election financing for the 2016 general elections.

In schedule 1 of the supplementary request for the FY 2014/15, UGX 2.5bn was spent on the facilitation of RDCs. However this facilitation is foreseeable and could be put in the budget. More so, the RDCs serve the current government and the choice to facilitate them towards the 2016 elections can be interpreted as undue influence and use of public resources to set ground in favor of the NRM during the 2016 general elections.

Table 10: H1 FY 2015/16 supplementary Expenditure by institution

Sector	MDA	Supplementary (UGX)
Accountability	Directorate of Ethics & Integrity	153,895,046
	Audit	656,838,576
Agriculture	NAADS	6,000,000,000
	UCDO	3,800,000,000
Education	Education	22,309,432,189
	ESC	287,592,311
Health	Health	2,430,921,097
	Health Service Commission	555,153,737
	UBTS	285,646,696
	Butabika	294,562,914
	Arua Hospital	1,057,218,126
	Hoima Hospital	50,831,604
	Mbale hospital	44,930,984
	Lira Hospital	265,886,847
	Mbarara Hops	1,883,629,423
	Naguru Referral Hospital	10,035,864
Justice Law & Order	Internal affairs	495,068,280
	Judiciary	4,157,907,428
	Law Reform Commission	152,495,743
	NC&ICB	54,016,000
	Police	19,080,000,000
	Prisons	7,103,664,720
	Judicial Service Commission	223,531,411
Lands Housing & Urban Development	Lands	99,930,000
	Land Commission	3,046,812,324
Public Administration	Office of the President	4,635,739,640
	Foreign Affairs	526,667,795
Public Sector Management	OPM	1,383,236,714
	Public Service	156,362,701
	KCCA	2,245,983,361
	Public Service Commission	117,887,513
Social Development	EOC	846,827,784
Security	Defense	253,000,000,000
Trade Tourism & Industry	Trade, Industry & Cooperatives	7,511,475,618
Works & Transport	Works	1,927,008,507

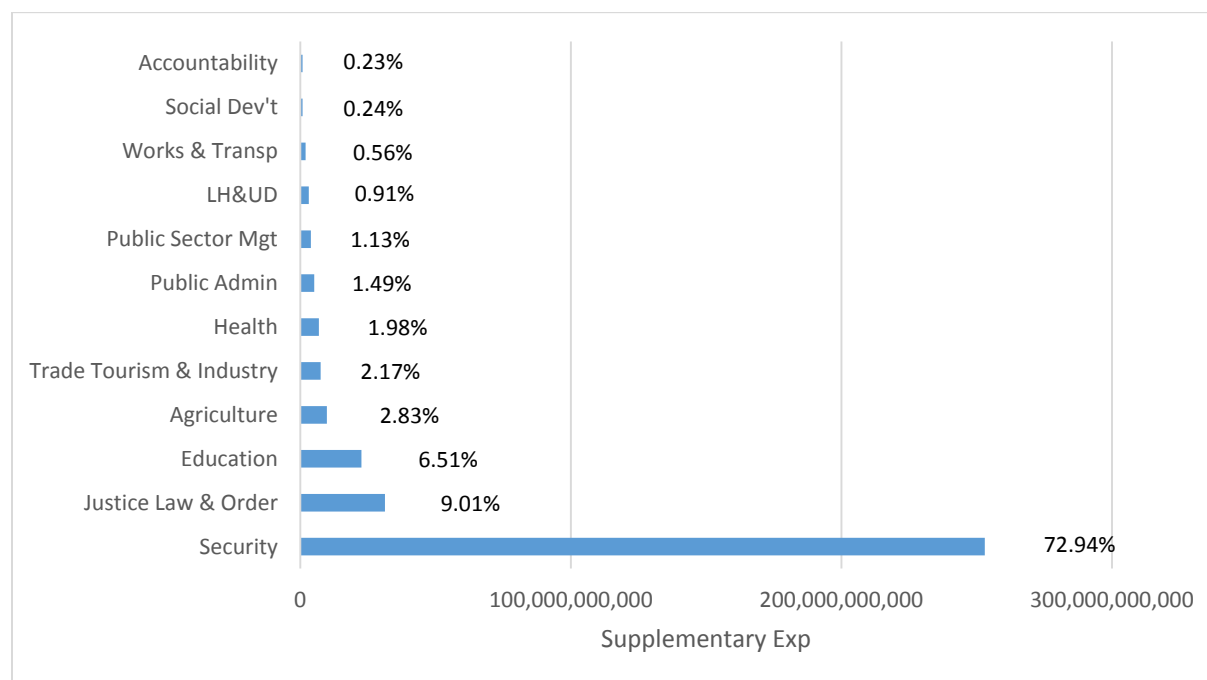
Source: MoFPED

Table 11: H1 supplementary budget expenditure by sector FY 2015/16

Sector	Supplementary	% share
Security	253,000,000,000	72.94%
Justice Law & Order	31,266,683,582	9.01%
Education	22,597,024,500	6.51%
Agriculture	9,800,000,000	2.83%
Trade Tourism & Industry	7,511,475,618	2.17%
Health	6,878,817,292	1.98%
Public Admin	5,162,407,435	1.49%
Public Sector Mgt	3,903,470,289	1.13%
LH&UD	3,146,742,324	0.91%
Works & Transport	1,927,008,507	0.56%
Social Development	846,827,784	0.24%
Accountability	810,733,622	0.23%
Total	346,851,190,953	

Source: Ministry of Finance Planning & Economic Development

From table 8 above, out of a total supplementary budget of UGX 346.8bn spent in H1, Defense accounted for 72.9% (UGX 253bn). Since most of this expenditure is classified as classified, it is suspect to be used for financing elections during the 2016 general elections.

Figure 8: % share of H1 Supplementary Budget allocation FY 2015/16:

Source: ACCU calculations and Computations

Table 12: Supplementary budget allocations (UGX Billions)

Vote	Vote	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16 H1
001	Office of the President	16.470	8.031	6.000	4.500	21.474	4.635
002	State House	108.942	93.382	140.298		2.253	
102	Electoral Commission	83.000	0.441			30.000	
003	Office of the Prime Minister	5.000				4.000	1.383
004	Ministry of Defense	1,501.740	132.500	43.000	170.000	185.565	253.000

Source: Ministry of Finance Planning & Economic Development

This table shows the supplementary budget allocations to the various votes being analysed for the last 5 financial years. From the table it can be seen that Office of the President and Ministry of Defence receive a supplementary every financial year which shows cases of poor planning and budgeting or not taking the process seriously. Section 12 of the Budget Act of 2001 stipulates that the supplementary expenditure, that requires additional resources over and above what is appropriated by Parliament, shall not exceed 3% of the total budget for that financial year without prior approval by Parliament.

The total budget allocation for FY 2015/16 was UGX18, 311.37bn shilling, and a supplementary budget of UGX 847.20bn was presented to Parliament for FY 2015/16 and this reflects a 5% of the total approved budget for the financial year. This was in violation of the 3% as stipulated in the above act conversely government has always used statutory expenditure as an excuse to go beyond the 3%, because for it, it is charged directly on the consolidated fund. Of that supplementary UGX 346.85bn has been spent by half year FY 2015/16 reflecting a 41% expenditure of the total supplementary budget

It would be appropriate if supplementary budgets are requested for in the event of emergencies like disease outbreaks or hazardous weather conditions, among others, supplementary budgets are supposed to be unforeseen expenditures meant to cater for emergencies mostly. However, in most cases supplementary requests include requests among others; Office of the President requesting for additional increment of UGX 16.107bn, of which UGX 6.35bn is for clearing accumulated verified arrears, 2.5bn to facilitate RDCs to monitor government projects; UGX 171m for the treatment of senior Presidential advisor on

media and public relations among others; ministry of defence sought for an additional of UGX 62bn to cater for short falls in the operations; ministry of justice and constitutional affairs requested for UGX 22.85bn of which, UGX 10bn is for payment of court cases etc.

The most perturbing thing about the supplementary budget is that some of their allocations are bigger than the budgets for some sectors. From the table above, the Ministry of Defence had a supplementary budget of UGX 253bn for FY 2015/16 a budget bigger than the budget allocation for sectors like Tourism, Trade & Industry UGX 81.16, Lands, Housing & Urban Development UGX 164.75bn, Social Development, UGX 90.17bn and Information & Communication Tech UGX 66.73bn. With this context of financing Ministry of Defence could be having elements of election financing under classified budget but it's hard to estimate the components that caters for elections.

The supplementary budget for FY 2015/16 received criticism from various lawmakers who have termed it as a political supplementary budget intended to help the ruling party to raise funds during the general campaigns.

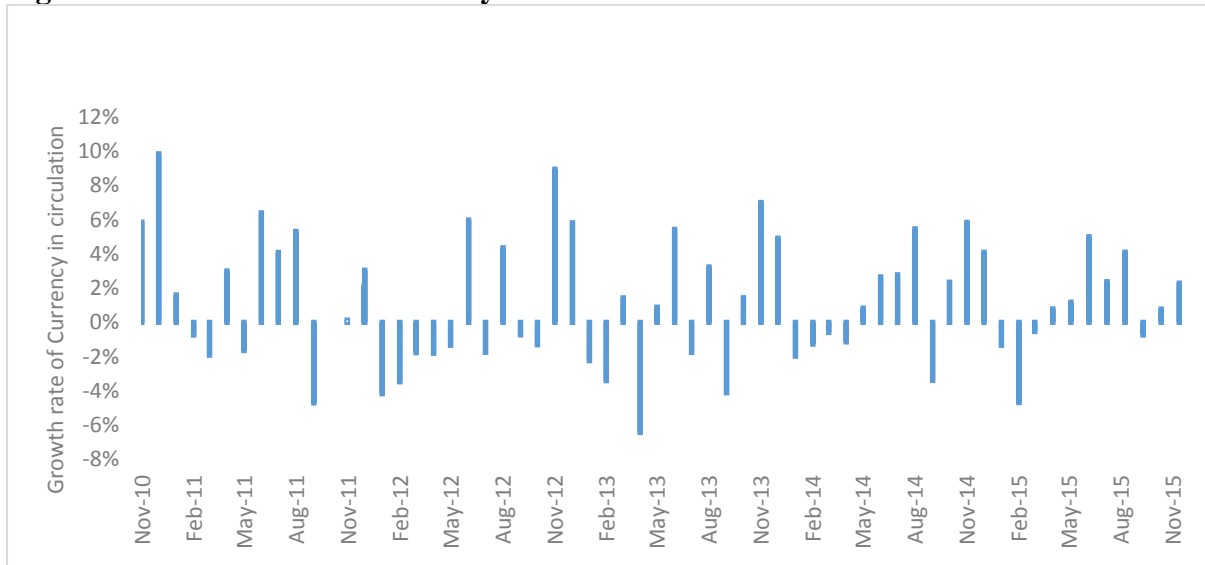
The Executive have taken Parliament for granted and it has become a custom for the Executive to seek for supplementary budgets every year most especially when the country is approaching to general campaigns for example in 2010, the then Minister for Finance, requested for an additional of UGX 600bn. Unless Parliament moves to stop these supplementary budget loopholes before the situation gets worse, poor planning with hope of getting supplementary budgets will not stop. Short of that, government will be simply serving to abet the breakdown of the country's budgeting processes and condoning the theft of taxpayers' money.

4.4 Impact of election financing

Inflation has reached an all-time 9.1% in November 2015 and this is the highest it has been since August 2012 when inflation was 11%. Characteristic of this trend is that it happens towards the election periods. This is irrespective of the efforts by BoU to curb inflation to by raising the Central Bank Rate to 17% over the past four months.

To note is that the shilling that had greatly depreciated in the 2015 has gradually started to strengthen. The transmission mechanism to high inflation through exchange rate depreciation is being aggravated by too much cash in circulation in a bid to finance elections.

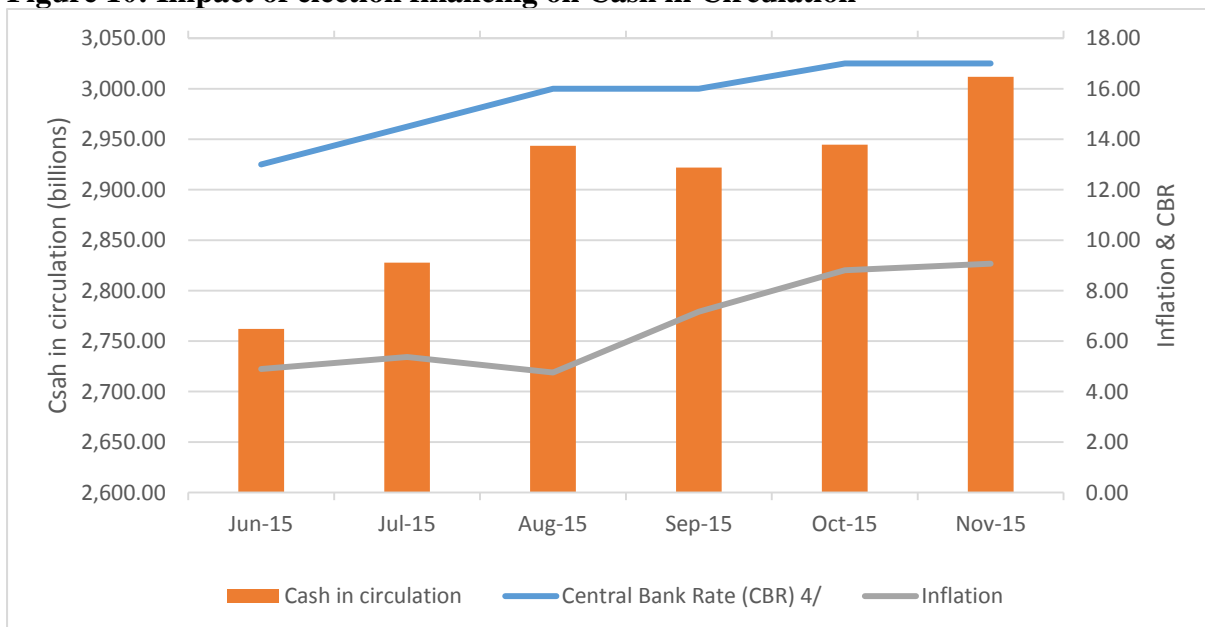
Figure 9: Growth rates of Currency circulation



Source: Bank of Uganda statistics

From figure 9 above, the growth rate trend of currency in circulation shows that there is a positive trajectory of cash in circulation. Following the tight monetary policy stance²⁰ that was adopted by BoU since June 2015, one would expect that currency outside depository corporations would reduce. To the contrary, we notice a steady increase in cash in circulation in the economy and this is not necessarily backed by economic activity.

Figure 10: Impact of election financing on Cash in Circulation



Source: Bank of Uganda Statistics

²⁰Central Bank Rate is currently at 17% signaling a tight monetary stance

From figure 10 above, the relation between cash in circulation and inflation is noted to be positive and efforts by CBR to curb inflation are still failing due to the upward pressure exerted by cash in circulation. The 2016 general elections has not yet impacted the economy but this can only be confirmed at least three months after the election date.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSION

5.1 Recommendations

5. The Presidential elections Act be amended to repeal section 27 (2) that gives the incumbent a facilitation advantage by using State resources for campaigns
6. Supplementary budgeting should be restricted to cases that are unavoidable, unforeseeable and unabsorbable. The Sec 25 of the PFM Act 2015 should be amended to restrict supplementary expenditure to the contingency funds.
7. All government activities should be quantified to attach funds spent to outputs achieved
8. There is need to develop a definite formula for allocation to political parties in a fair and equitable manner on a more accurate basis than is the case now.

5.2 Conclusion

The budget for FY 2015/16 showed peculiar cases of budgeting and planning. The case of Ministry of Defence having UGX 250bn released and fully utilised with no approved budget allocation. In addition, this money was released and spent on an item that is restricted by the MoFPED because of its ambiguity. Classified expenditure was the order of the day in State House, Office and the President and Ministry of Defence. Failure by the EC to spend the fund released to them, as depicted by the 68% expenditure performance of the funds released greatly compromised the election process. Logistical operations that were to facilitate the elections were greatly negatively affected by the failure of the EC to spend money.

An attempt to regulate Supplementary budgeting by the PFM Act 2015 met stiff resistance from the Executive and as such Sec 25 of the PFM Act 2015 that sought to restrict supplementary expenditure to the Contingency fund was repealed. The conditions of the supplementary expenditure being Unforeseeable, Unavoidable and Unabsorbed were foregone. For as long as supplementary expenditure is below 3% of the approved National Budget, MDAs can go ahead and spend but only inform Parliament after four months. With the legal framework opened up again, abuse of public resources by MDAs became harder to control and later on monitor.

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