Uganda Debt Network

OPEN BUDGET SURVEY 2015

Policy Brief No.9

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Uganda shines in open budget survey

By Billy Rwothungeyo

Uganda has scored 62% in the latest Global Open Budget Survey released by the International Budget Partnership.

"Uganda ranked highest overall in the region, with 62 out of 100 against a global overall score of 45," announced Keith Muhakanizi, the permanent secretary at the Ministry of Finance at the release of the country result yesterday in Kampala.

Uganda outshone Kenya, Tanzania and Rwanda who scored 48, 46 and 36 out of 100 in the survey.

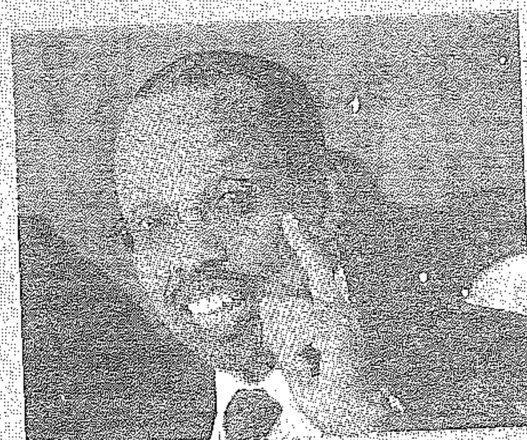
"Two years ago, I promised reforms, and you are now seeing reforms. The three pillars considered were transparency, participation and oversight. One of the areas that had poor performance by the report was in public participation," he said.

The International Budget Partnership collaborates with civil society around the world to use budget analysis and advocacy as a tool to improve effective governance.

This is also to reduce poverty, in Uganda's case, they partnered with the Uganda Debt Network (UDN).

UDN Executive Director, Patrick Tumwebaze appreciated the budget reforms being undertaken the Ministry of Finance.

"We commend the government for availing such information to the Ugandan taxpayers. I encourage everyone to demonstrate keen interest not only on budget transparency, but demand for utilisation of resources," Tumwebaze said.



Muhakanizi

He added that right information is not enough; it should be accompanied by effective use of resources, as well as quality services.

The International Budget Partnership works in the areas of building budget analysis and advocacy skills through training and technical assistance, measuring and advancing transparency, accountability, and public participation in the budget process.

The partnership also contributes to strong and sustainable organisations by providing financial assistance for civil society budget work. Thus enhancing knowledge exchange among civil society budget groups and other public finance stakeholders by acting as a hub of information on civil society budget work.

1.0 ACKNOWLEDGEMENTS

The Open Budget survey 2015 was undertaken by Uganda Debt Network (UDN) in collaboration with the International Budget Partnership (IBP). In a special way we would like to thank the technical team that provided input for this brief, particularly Ms. Imelda Namagga and Mr. Julius Kapwepwe from Uganda Debt Network

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Advocating for increased citizens' and civil society participation and transparency in budget processes in Uganda

List of Acronyms

IBP	: INTERNATIONAL BUDGET PARTNERSHIP
IMF	: INTERNATIONAL MONETARY FUND
OBI	: OPEN BUDGET INDEX
OBS	: OPEN BUDGET SURVEY
OECD	: ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
UDN	: UGANDA DEBT NETWORK
MoFPED	:MNINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

2.0 INTRODUCTION

Transparency is an important condition for ensuring a full budget discussion and appropriate budget monitoring is able to take place and translate into increased service delivery and accountable governance. It is not, however, a sufficient one. Creating the conditions under which governments are consistently held to account for managing public funds efficiently and effectively also requires establishing meaningful opportunities for citizens and civil society to participate in the budget process; and requires strong formal oversight from the legislature and the national audit office (referred to hereafter as the "supreme audit institution").

2.1 THE OPEN BUDGET SURVEY 2015

The Open Budget Survey is the world's only independent comparable measure of budget transparency, participation, and oversight. The Open Budget Survey 2015 is the fifth round; earlier rounds were completed in 2006, 2008, 2010, and 2012. The Open Budget Survey 2015 is a collaborative research process in which IBP worked with civil society partners in 102 countries over the past 18 months. The 102 countries cover all regions of the world and all income levels. The Open Budget Survey 2015 is the fifth round; earlier rounds were completed in 2006, 2008, 2010 and 2012. The Survey is typically conducted bi-annually.

It assesses the three components of a budget accountability system: public availability of budget information; opportunities for the public to participate in the budget process; and the strength of formal oversight institutions, including the legislature and the national audit office (referred to here as the supreme audit institution). The majority of the Survey questions assess what occurs in practice, rather than what is required by law. The Survey assesses the public availability of budget information by considering the timely release and contents of eight key budget documents that all countries should issue at different points in the budget process, according to generally accepted good practice criteria for public financial management.

Drawing on internationally accepted criteria developed by multilateral organizations, the Open Budget Survey uses 109 indicators to measure budget transparency. These indicators are used to assess whether the central Government makes eight key budget documents available to the public in a timely manner and whether the data contained in these documents are comprehensive and useful.
Each country is given a score out of 100 which determines its ranking on the Open Budget Index – the world's only independent and comparative measure of budget transparency.

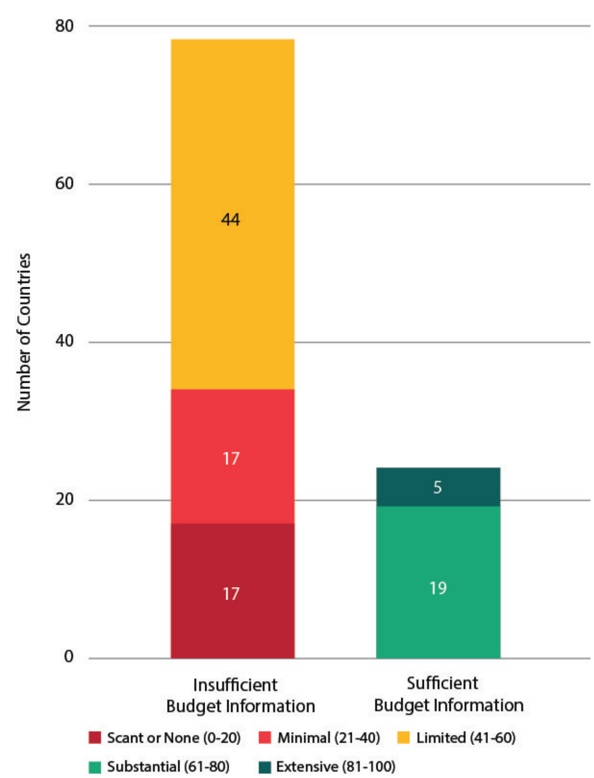
3.0 KEY FINDINGS

3.1 GLOBAL STATE OF BUDGET TRANSPARENCY - 2015

Results of the Open Budget Survey (OBS) 2015 reveal that the average Open Budget Index (OBI) score is 45 out of 100, and the median is 46.The results indicate that governments typically fail to publish key documents, and that those that are published typically lack details that are important for understanding, monitoring, and influencing government spending, revenues, and debt. The overall results from the OBI Index 2015 reveal that the large majority of the world's population does not have access to sufficient budget information. This leaves them unable to fully understand or monitor how public funds are raised or how they are spent. Among the 102 countries assessed in the 2015 Survey, the large majority (78 of the 102 countries) provide insufficient budget information. While many countries are not included in the Survey, nearly seven of every ten people (68 percent) in the world live in the 78 countries that were found to provide insufficient budget information As shown in the graph below:

- Seventeen countries provide scanty or no budget information, with OBI scores of 20 or less.
- Seventeen countries provide minimal budget information, with OBI scores from 21 to 40.
- Forty-four countries provide limited budget information, with OBI scores from 41 to 60. These countries fall short of providing enough detail to permit truly informed budget discussions.
- Nineteen countries provide substantial information, with OBI scores between 61 and 80; five countries provide extensive information, with OBI scores between 81 and 100. These 24 countries are where it is likely that informed budget discussions can be held.

Distribution of Countries based on Open Budget Index 2015 score



3.1.1 THE CHARACTERISTICS ASSOCIATED WITH DIFFERENT LEVELS OF TRANSPARENCY

5.1 The Characteristics Associated with Different Levels of Transparency

The profile of countries providing substantial or extensive information reveals some expected economic and political characteristics. First, countries that perform well on the OBI tend to have a higher level of income. This is not to say, however, that there is an inevitable link between low incomes and poor transparency. While richer countries may be more likely to achieve higher levels of budget transparency, middle- and low-income countries can achieve high levels of transparency if the political will exists. This is evidenced by the performance of Malawi and Uganda, both low-income countries that nonetheless score highly on the OBI.

Second, the top tier is dominated by strong or moderate democracies that hold free and fair elections and have greater media freedom. Of interest here, IBP research has shown that transparency seems to depend much more on current levels of democracy than on how long a country has been a democracy.8 South Africa, for instance, is a relatively young democracy that quickly achieved levels of transparency on par with older democracies

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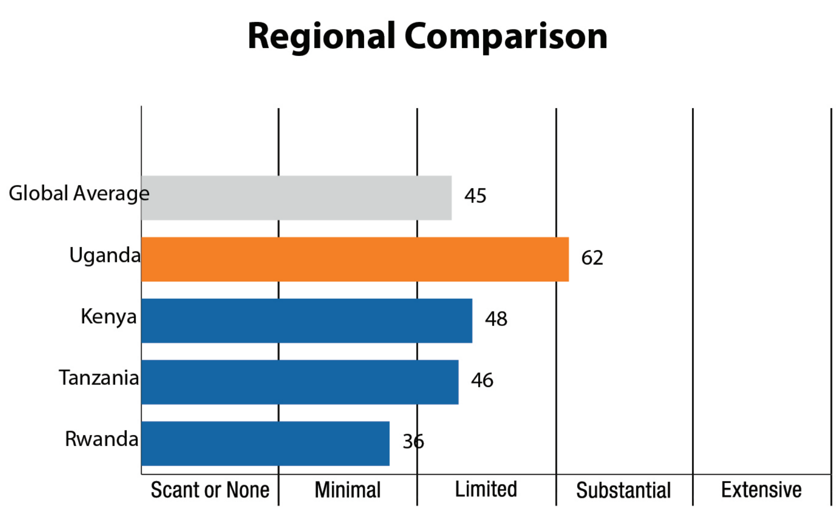
Of the 10 worst performing countries on the OBI, seven are considered undemocratic and are also dependent on oil and gas revenues. These are Chad, Equatorial Guinea, Iraq, Qatar, Saudi Arabia, Sudan, and Venezuela. This is broadly consistent with research that found, among autocracies, a negative relationship between hydrocarbon-revenue dependence and budget transparency.

3.2 EAST AFRICAN STATE OF BUDGET TRANSPARENCY

The average score of countries in the East African Community (EAC) region is 48 out of 100. Though this score is slightly above the global average of 45, these results indicate that most governments in the East African region provide limited budget information to its citizens. With a score of 65%, Uganda is ranked best in the East African region followed by Kenya (48%), Tanzania (46%) and lastly Rwanda (36%).



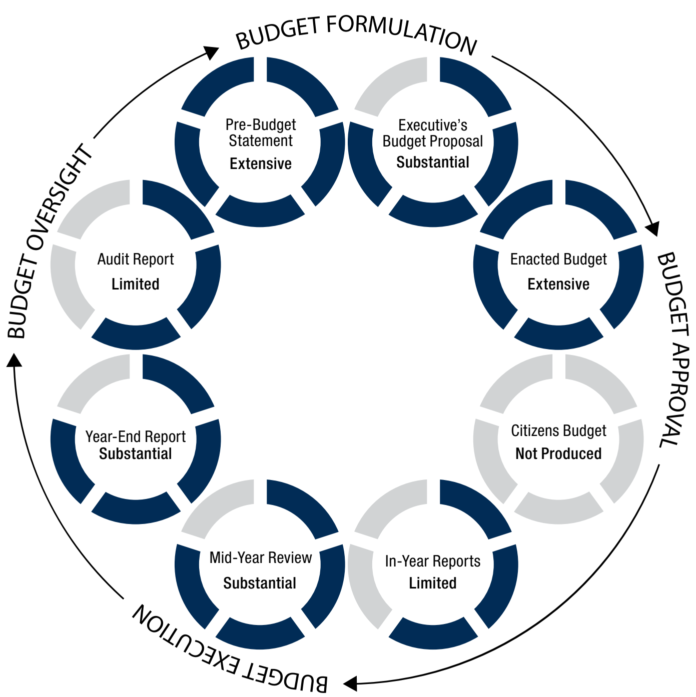
Uganda's score of 62 out of 100 is substantially higher than the global aver age score of 45.

3.3 BUDGET TRANSPARENCY 2015 UGANDA

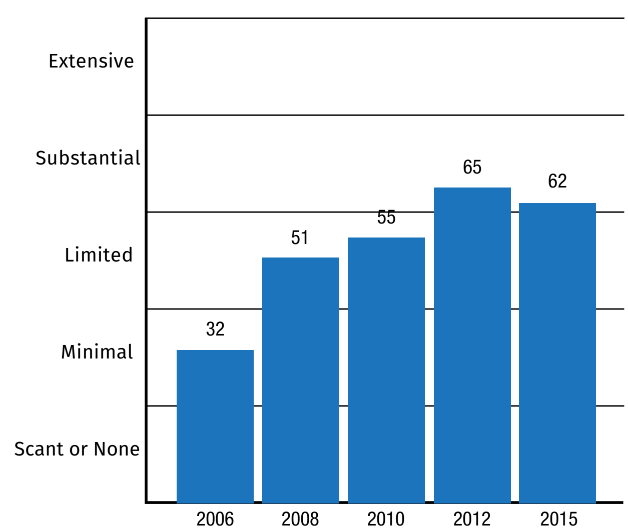
TRANSPARENCY (OPEN BUDGET INDEX)	PUBLIC PARTICIPATION	BUDGET OVERSIGHT	
62 OUT OF 100	**23** OUT OF 100	**55** OUT OF 100	**75** OUT OF 100
The Government of Uganda provides the public with **substantial** budget information.	The Government of Uganda is **weak** in providing the public with opportunities to engage in the budget process.	**BY LEGISLATURE** Budget oversight by the legislature in Uganda is **limited**.	**BY AUDIT** Budget oversight by the supreme audit institution in Uganda is **adequate**.

In the OBS 2015, Uganda obtained a score of 62% down from 65% in 2012. this ranks it third in Africa behind South Africa and Malawi and the best in East Africa.

Usefulness of Budget Information Throughout the Budget Cycle



Change in Transparency Over Time



Note: The following categories are used to report the usefulness of each document: **Not produced**, **Published Late**, **Internal Use**, **Scant**, **Minimal**, **Limited**, **Substantial**, or **Extensive**.

IBP INTERNATIONAL BUDGET PARTNERSHIP

3.3.1 TRANSPARENCY (OPEN BUDGET INDEX)

The Availability of Budget Documents Over Time

Document	2006	2008	2010	2012	2015
Pre-Budget Statement	Published	Published	Published	Published	Published
Executive's Budget Proposal	Published	Published	Published	Published	Published
Enacted Budget	Published	Published	Published	Published	Published
Citizens Budget	Published	Published	Published	Published	Not produced/published late
In-Year Reports	Produced for internal use	Produced for internal use	Published	Published	Published
Mid-Year Review	Not produced/published late	Produced for internal use	Published	Published	Published
Year-End Report	Not produced/published late	Published	Published	Published	Published
Audit Report	Published	Published	Published	Published	Published

● Not produced/published late ● Produced for internal use ● Published

Uganda's score of 62 on the 2015 Open Budget Index is largely the same as its score in 2012.

Since 2012, the Government of Uganda has increased the availability of budget information by:

- Improving the comprehensiveness of the In-Year Reports, Mid-Year Review, and Year-End Report.

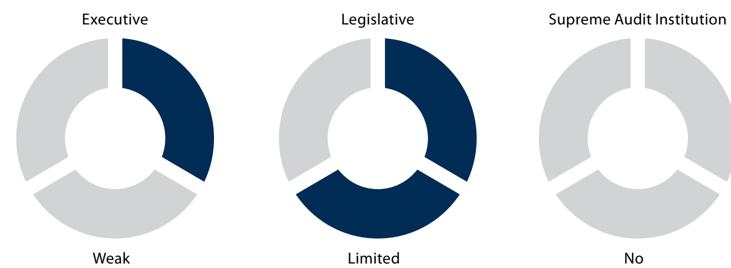
However, the Government of Uganda has decreased the availability of bud-get information by:

- Failing to produce the Citizens Budget.
- Reducing the comprehensiveness of the Audit Report.

3.3.2 PUBLIC PARTICIPATION

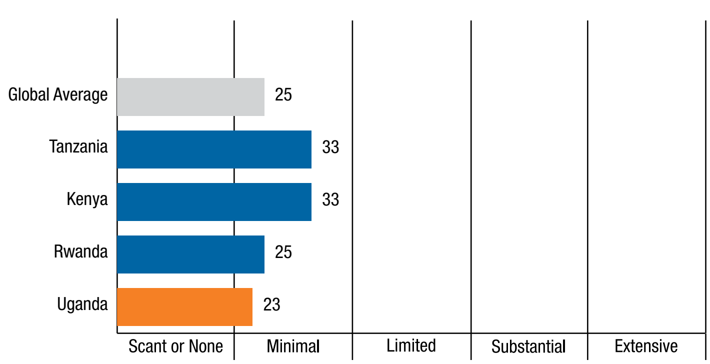
Evidence suggests that transparency alone is insufficient for improving governance, and that public participation in budgeting can maximize the positive outcomes associated with greater budget transparency. To measure public participation, the Open Budget Survey assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

Elements of Public Participation



Uganda's score of 23 out of 100 indicates that the provision of opportunities for the public to engage in the budget process is **weak**. This is lower than the global average score of 25.

Regional Comparison



3.3.3 BUDGET OVERSIGHT

The Open Budget Survey examines the extent to which legislatures and supreme audit institutions are able to provide effective oversight of the budget. These institutions play a critical role — often enshrined in national constitutions — in planning budgets and overseeing their implementation.

Oversight by the Legislature

The legislature provides **limited** oversight during the planning stage of the budget cycle and **adequate** oversight during the implementation stage of the budget cycle.

The Executive's Budget Proposal is not provided to legislators at least three months before the start of the budget year. The Executive's Budget Proposal is not approved by legislators at least one month before the start of the budget year. Finally, in both law and practice, the legislature is not consulted prior to the virement of funds in the Enacted Budget or spending contin-gency funds that were not identified in the Enacted Budget.

Oversight by the Supreme Audit Institution

The supreme audit institution provides **adequate** budget oversight.

Under the law, it has full discretion to undertake audits as it sees fit. More-over, the head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters its independence. However, the supreme audit institution is provided with insufficient resources to fulfill its mandate and has a limited quality assurance system in place.

RECOMMENDATIONS

Improving Transparency

Uganda should prioritize the following actions to improve budget transpar-ency:

■ Produce and publish a Citizens Budget.

■ Increase the comprehensiveness of the Executive's Budget Proposal by presenting more information on the classification of revenues for the budget year and the classification of revenues for future years.

■ Increase the comprehensiveness of the In-Year Reports.

Improving Participation

Uganda should prioritize the following actions to improve budget partici-pation:

■ Ensure the public is informed of the purpose of public budget engagements and provided with sufficient information to participate effectively.

■ Hold legislative hearings to review and scrutinize Audit Reports.

■ Establish formal mechanisms for the public to assist the supreme audit institution to formulate its audit program and participate in audit investigations.

Improving Oversight

Uganda should prioritize the following actions to strengthen budget over-sight:

■ Ensure the Executive's Budget Proposal is provided to legislators at least three months before the start of the budget year.

■ In both law and practice, ensure the legislature is consulted prior to the virement of funds in the Enacted Budget and the spending of contingency funds that were not identified in the Enacted Budget.

■ Ensure the supreme audit institution has adequate funding to perform its duties, as determined by an independent body (e.g., the legislature or judiciary).

METHODOLOGY

The Open Budget Survey uses internationally accepted criteria developed by multilateral organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the International Organisation of Supreme Audit Institutions (INTOSAI). It is a fact-based research instrument that assesses what occurs in practice through readily observable phenomena. The entire research process took approximately 18 months between March 2014 and September 2015 and involved about 300 experts in 102 countries. The Survey was revised somewhat from the 2012 version to reflect emerging developments in accepted good practice and to strengthen individual questions. A full discussion of these changes can be found in a technical note on the comparability of the Open Budget Index over time (see below).

Survey responses are typically supported by citations and comments. This may include a reference to a public document, an official statement by the govern-ment, or comments from a face-to-face interview with a government official or other knowledgeable party.

The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national gov-ernment. Each country's questionnaire is then independently reviewed by an anonymous expert who also has no association to government. In addition, IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results.

Despite repeated efforts, IBP was unable to get comments on the draft Open Budget Questionnaire results from the Government of Uganda.

Research to complete this country's Open Budget Survey was undertaken by:

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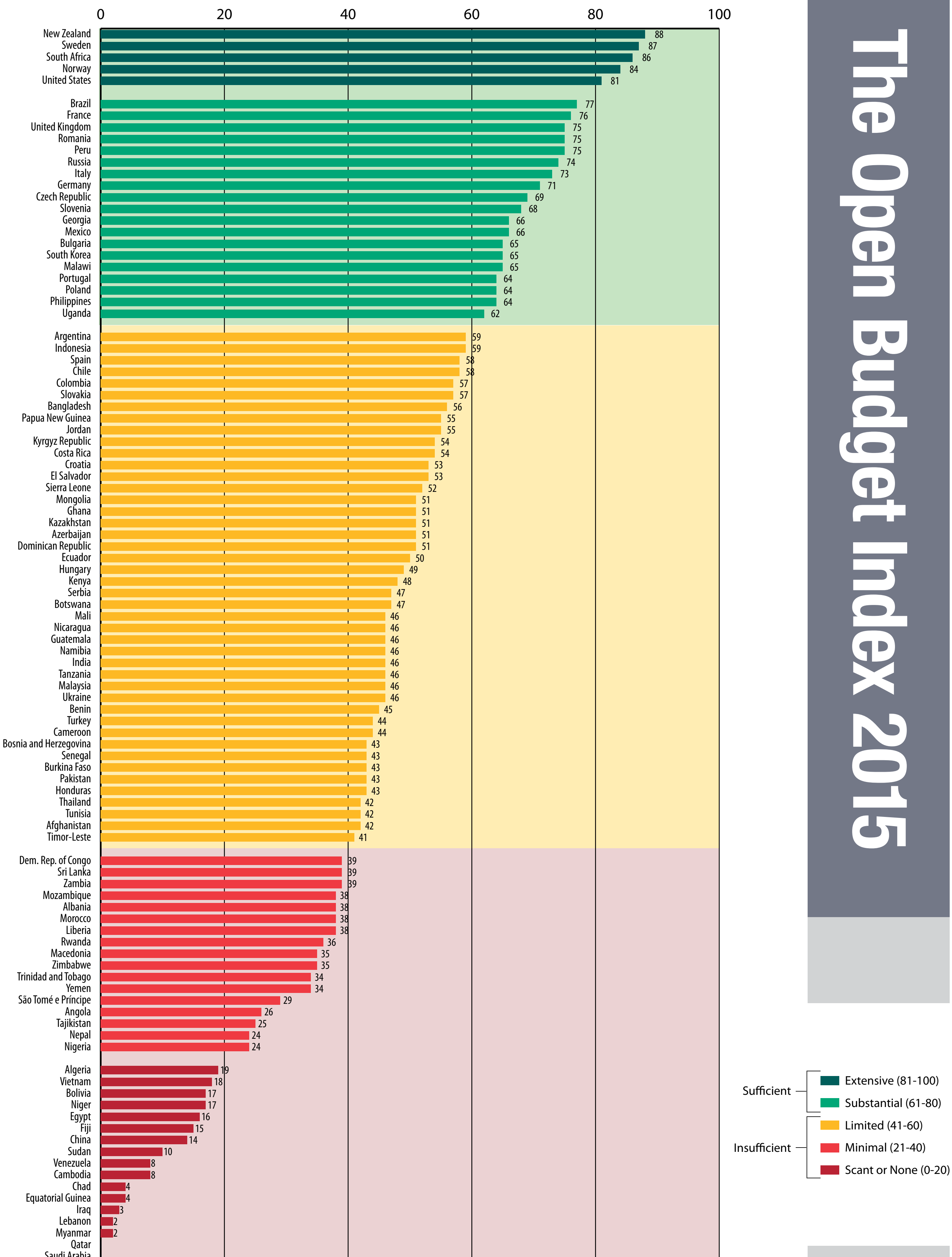
Further Information

Visit www.openbudgetsurvey.org for more information, including: ■ The Open Budget Survey 2015: Global Report

■ Individual datasets for each of the 102 countries surveyed.

■ A technical note on the comparability of the Open Budget Index over time.

The Open Budget Index 2015



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OUR VISION

"A prosperous Uganda With Sustainable, Equitable Development And A High Quality Of Life Of The People"

OUR MISSION

"To promote and advocate for poor and marginalized people to participate in influencing poverty focused policies, demand for their rights and monitor service delivery to ensure prudent, accountable and transparent resource generation and utilization".

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