

MONEY AND POLITICS

Scoping Study on Campaign Financing in Uganda





ACKNOWLEDGEMENTS

ACRONYMS

ACFIM

CBR Central Bank Rate

COG The Commonwealth Observer Group

CP Conservative Party

DP Democratic Party

FDC Forum for Democratic Change

GDP Gross Domestic Product

IPC Inter party Cooperation

NDI National Democratic Institute

NRA National Resistance Army

NRM The National Resistance Movement

UBOS Uganda Bureau of Statistics

UGX Uganda Shilling

UNLF Uganda National Liberation Front

UPC Uganda People's Congress

UPM Uganda Peoples Movement

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EXECUTIVE SUMMARY

CHAPTER ONE

BACKGROUND

Since 1958 and 1962 when Uganda received self-rule and independence respectively, politics has been evolving and each election period has presented itself differently with its own unique dynamics. The political party history of Uganda started with Democratic Party under the leadership of Benedicto Kiwanuka took over the mantle after a general election in 1961 leading up April 1962 when Uganda People's Congress was voted into office under the leadership of Milton Obote thus leading up to the independence error. Independence therefore guaranteed Obote a position of Prime Minister in the new government and the Kabaka Edward Mutesa II as the ceremonial President under a system that signed the country into the commonwealth.

The following years were rather chaotic and characterized by coups. In 1966, the Prime Minister Milton Obote under the cover of the military, forced the ceremonial President into exile and overthrew the Constitution thus introducing a new governance system that saw everything centrally managed as well as the abolition of multiparty politics. Uganda turned into a Republic with Obote as President. By 1971, Obote's fearless army commander, Idi Amin, overthrew his government and Obote was forced to flee into exile in Tanzania and re-organized himself and his henchmen, only to return under an outfit of the Uganda National Liberation Army (NLA) with the support of the Tanzanian government in 1979 and ousted Idi Amin who had declared himself life president under an authoritarian government. The country was then led for months by Prof. Yusuf Lule (also President of the UNLF) and later by Paulo Muwanga of the Democratic Party, who also made good to organize the 1980 elections.

The 1980 elections unveil the starting point of the real schemes that have characterized Ugandan politics to this date. The elections were characterized by gerrymandering, ballot-box stuffing, coercion, violence and fraud¹. The elections were disputed, however, Milton Obote was declared President. By 1981, the Obote II government was also involved in fighting rebellious elements under the outfit of the National Resistance Army (NRA), which had emerged as a result of the disputed elections. By 1985, one of Obote's own Generals Tito Okello ousted the President from power. This was however, short lived because in January 1986, the NRA under the leadership of Yoweri Museveni equally overthrew him.

Definition of Campaign Financing

This can be referred to as the (legal and illegal) financing of ongoing political party activities and electoral campaigns (in particular, campaigns by candidates and political parties, but also by third parties)². Most party and candidate expenditures go to legitimate and necessary political activities

¹ AfriMAP and Open Society Initiative for Eastern Africa. "Uganda: Management of Elections", p. 12

² International Institute for Democracy and Electoral Assistance (2014). Political Parties, Participation and Representation, p. 2

such as rallies and events; paid media outreach; campaign materials and paraphernalia; and personnel and administrative costs.³

Reference is made to political parties because increasingly, they are the only vehicle through which representative democracy can be realized. However, there is no doubt that the maintenance of effective political parties in between elections, and campaign financing during elections, are increasingly becoming expensive projects. Certainly, debate on political party financing, especially on campaign financing, has dominated the literature on multiparty elections with various propositions of ideal modes of practice. Dominant among these propositions are (1) state funding of political parties and (2) legal and constitutional reforms to regulate political party campaign financing⁴.

The role of political parties is understood to include; offering citizens meaningful choices in governance, avenues for political participation, and opportunities to shape their country's future. Political parties may not always be favored by the populace, and in some cases may not live up to their responsibilities, but they continue to be entrusted with the most crucial role in democracy⁵.

The decision to divulge into the study of campaign financing in Uganda is only an attempt to start a long conversation that is not likely to end with this publication. This is because, little is known about this subject especially in the largest political parties that are closest to political power. Financing is not transparent in terms of sources, lack of operational budgets, expenditure streams, and the total amounts spent during an election year. All these information is tightly managed by a small group that is usually very inaccessible. The figures that are eventually available to the public are only mere estimates. According to Dr. Kigundu - the Chairperson Electoral Commission during his press address on the electoral road map for the 2016 elections, he noted that "...elections are one of the most expensive civil undertaking for a country".

Trends in Uganda's Election Processes

Uganda's political party history of elections and challenges started in 1980 with a tight context between UPC and DP. While DP appeared most popular at that time, UPC which organized the elections turned out to be the winner both at Presidential and Parliamentary levels. At that time, many challenges and the nature of election fraud was directly planned and executed using obvious means such as altering the legal and regulatory provisions in the National Assembly Elections Act; gerrymandering of electoral constituencies in favor of UPC from the originally agreed 140 to 126; intimidation using the military, death threats, property destruction and looting were widely spearheaded against DP supporters at all levels including the smallest unit of a neighborhood at the community level, thus exposing them to so much torture and unnecessary loses. Despite the outcry from the public and opposition groups, the Uganda Times, also a national government newspaper at the time, went ahead to openly campaign for the UPC. A poorly managed electoral process which started with the lack of updated registers, intimidation of candidates during nominations and campaign periods; dismissal of impartial District Commissioners; harassment and outright election rigging on Election Day were experienced. The Chairman Military Commission usurped the powers

³ National Democratic Institute for International Affairs (2005). Money in politics: a study of party financing practices in 22 countries / edited by Shari Bryan & Denise Baer. P. g. 3

⁴ Wilson Centre Report by Paul Mensah, (2014). Campaign Financing in Ghana: Is Ghana Ready for State Funding. Also see: <https://africaupclose.wilsoncenter.org/campaign-financing-in-ghana-is-ghana-ready-for-state-funding/>

⁵ Ibid

of the Electoral Commission to deliver a largely miscarried electoral result announcement. At this point, although some of the above problems still exist today, no money exchanged hands in favor of votes but the fraudulent schemes were overwhelmingly a strong factor towards the overall outcome of the elections.

As a result of that election, UPM which managed only 1 (one) seat in Parliament; organized a guerrilla war led by Mr. Museveni from 1981 – 1985. Museveni's emergence on the scene as President in 1986 mainly maintained power through the National Resistance Army (NRA) until 1995 when a new Constitution was made and an election held in 1996 and 2001. President Museveni won with an overwhelming majority and throughout this period the country was ruled under a single party system until 2005, when multiparty politics was returned through a referendum. Although there were still claims of rigging⁶

2005 presented a significant landmark in Uganda's politics. Money increasingly started to dictate the trend of political decision making from nationalism to individual interests. At the same time were debates on the restoration of term limits which attracted a widely known bribe for the Members of Parliament worth 5,000,000 (five million shillings only). The MPs exposed themselves to so much vulnerability and indebtedness during this period that they attracted a price tag to themselves demanding payment for their vote. It is said that 70 percent of the MPs were openly bribed to alter the Constitution and give Museveni the two thirds majority required to lift the term limits⁷. Thus since the winning of the referendum and the lifting of term limits in Parliament, claims of financial influence in political policy making at the national level have been propagated. However, there is no accurate information about political spending practices to the public. Reporting requirements ... do exist, but enforcement agencies lack the skills and resources to collect the information⁸.

The real context started in 2006 with the first multi-party organised election in 25 years and the 3rd election held under the 1995 Constitution. This was also the first time President Museveni faced the real challenge of an election as President of Uganda. This election was characterized by acts of intimidation, lack of freedom and transparency, unfairness and violence and the commission of numerous offences and illegal practices, contrary to the provisions of the Presidential Elections Act, the Electoral Commission Act, and the Constitution. Among the specific complaints are: disenfranchisement of voters by deleting their names, allowing multiple voting and vote stuffing, failure to cancel results at polling stations where gross malpractices took place, failure to declare results in accordance with the law, and failure to take measures to ensure that the entire electoral process was conducted under conditions of freedom and fairness⁹. The Commonwealth observers concluded that the election was characterized by serious irregularities and shortfalls in favor of President Museveni. According to the Human Rights Watch, the 2006 elections took place in the context of increasing militarization of public office in Uganda¹⁰.

⁶ See Museveni rigging, worse than Obote, Nekyon in the Monitor of March 21, 2001. Quoted in the Politics of Constitution making in Uganda by Aili Mari Tripp. Pg 166.

⁷ See When the Loan Shark comes knocking, even MPs have a price. The East African of August 15th, 2005. Ibid pg. 158

⁸ Ibid

⁹ Rtd. Col. Dr. Kizza Besigye v Electoral commission, Yoweri Kaguta Museveni (Election Petition No.1 Of 2006). Case No: (Election Petition No.1 Of 2006). This can be found at <http://www.ulii.org/ug/judgment/constitutional-law-election-petitions/2007/24>

¹⁰ Human Rights Watch, "In Hope and Fear: Uganda's Presidential and Parliamentary Polls," (New York: Human Rights Watch, February 2006)

The 2011 elections were equally highly competitive and President Museveni was returned as President under an election that the Commonwealth observers referred to as ‘Uganda’s most expensive ever’¹¹. There are several factors leading up to this level of financial expenditure mainly as a result of an increasingly ‘city/urban based’ offspring of Politicians and more so Members of Parliament (MPs) who only return to the constituencies to desperately seek for votes which they badly need to win an election; the feeling in the communities and spread mainly the Local Council politicians that MPs earn so much and should therefore be in position to share of that benefit with the electorate; as well as an increasingly morally decaying country expecting pay for every single action rendered. The situation is so bad that not even a village meeting to discuss local concerns can be attended unless there is a mention of facilitation (meaning money in terms of transport refund and or lunch). Even greeting a few people at the roadside will attract statements like “how have you left us?”. At a rally or consultative meeting, immediately after, the politician or agent is requested to “*shake mangoes*” (this statement is used mainly in Teso sub region to mean give us money). Others may not say a word but keep “*caressing their throats*” (to mean that the throats are dry and therefore need something to soothe them or a drink).

The increasing level of political patronage was brought about as a result of the waning level of popularity manifested during the 2006 election. President Museveni at this point knew things had to be done differently in order to carry out a successful campaign and win the 2011 elections. Thus financial taps were opened and millions of money carried in sacks by various political agents heading out of Kampala for distribution in different parts of the country. Other factors included the increasing demands that for the President to retire and leave politics to the younger generation; failure to curb corruption; among others. Given Uganda’s reduced household incomes and ambitious lifestyles; the justification for the Presidency would have been irrelevant without any financial lubricants. In fact, not only the masses are financially expecting, but even highly ranking politicians at national and district level, expect handouts from state house.

The use of money in elections is now designed as part of Uganda’s fabric and voters have become accustomed to receiving bribes for their votes¹², simply put ‘outright extortionists’. Suspicion is already rife that money is going to have a very broad influence on the 2016 campaigns because increasingly, voters are looking to every candidate to grease their palms and soothe their throats¹³. It is against this background that speculation is rife on the fact that the 2016 elections will be crowded with a shooting through the roof levels of bribery, and an extremely high campaign expenditure compared to previous elections.

¹¹ Report of the Commonwealth Observer Group. Uganda Presidential and Parliamentary Elections, 2011, p.19; available at <http://www.thecommonwealth.org/files/235815/FileName/Uganda-COG-Final-Report.pdf>

¹² Report on Money in Politics” (January 2011), Democracy Monitoring Group, p3

¹³ See ‘The Three Horse Race: Is Uganda likely to see it’s first ever run off?’ The East African Newspaper, 7-13 Nov. 2015

CHAPTER TWO

THE LEGAL CONTEXT

Uganda has made some attempts to legally define political party activities. The 1995 Constitution brings into existence the political parties and under Article 29(1)(e) states the freedom of association, including joining ... political parties. A political party or organization may be founded to further any purpose which is not contrary to the laws of Uganda. Financing is equally regulated under the Political Parties and Organizations Act, 2005 as well as the Presidential Elections Act.

Section 64 of the Presidential Elections Act and section 68 of the Parliamentary Elections Act, prohibit a candidate from giving or providing any money, gift or any other consideration to a voter. Violation constitutes the offence of bribery and the accused on conviction is liable to a fine not exceeding seventy two currency points (1,440,000 Uganda Shillings -UGX) or imprisonment not exceeding three years or both.

The Presidential Elections Act, 2005: Section 23(1) provides for equal treatment, freedom of expression and access to information of candidates, and states that “*During the campaign period, every public officer and public authority and public institution shall, give equal treatment to all candidates and their agents.*” Section 27, on use of Government Resources, states that “*no candidate shall use Government resources for the purposes of campaigning for election.*”

In Uganda, while there exist a legal regime on disclosure and reporting mechanisms; restriction of funding to political parties; and government financing of political parties, strong forces stemming from the legal ambiguity continue to influence the context in which the legal framework is observed and implemented. ‘Direct’ public funding of political parties in form of grants or subsidies is provided for in section 14A of the Political Parties and Organisations Act, 2005 (as amended in 2010); which states that “*Government shall contribute funds or other public resources towards the activities of political parties or organizations represented in Parliament in accordance with the following principles on empowerment and controls*”¹⁴:

- a. registered political parties or organizations shall be funded by Government under this Act in respect of elections and their normal day to day activities;
- b. in respect of elections, Government shall finance political organizations and parties on equal basis;
- c. in respect of normal day to day activities, funding shall be based on the numerical strength of each political party or organisation in Parliament;
- d. the funds provided to political parties and organisations under this Act, shall be subject to audit by the Auditor General”.

The Political Parties and Organizations Act, further attempts to promote integrity and transparency of political party or organisations financing through the following provisions: section 12(1) states that every political party or organization shall maintain at its national head office, an accurate and permanent record consisting of the following— (a) any contribution, donation or pledge of contribution or donation whether in cash or in kind made by the founders or promoters of the political party or organisation; (b) a statement of its accounts, showing the sources of its funds and

¹⁴ Ssemogerere P.K (2011). Reality Check: Political Party Financing in Uganda – A Critical Analysis in Reference to other Countries

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;

Regarding disclosure, Section 12(6) states that; *‘where a political party or organization does not submit its audited accounts ... the Electoral Commission may order the accounts of a political party or organisation to be audited by an auditor appointed by the Electoral Commission and also require the political party or organisation to file with the Electoral Commission the audited accounts at a time specified by the Electoral Commission’.*

Under the Presidential Act, Presidential candidates must file returns to the Electoral Commission within 30 days of ending their election campaign bid. However, the lack of a clear regulation in the areas of state resources and campaign financing and expenditure, as resulted in a lack of transparency and accountability¹⁵.

Understanding the Context of the Forthcoming 2016 Elections

Taking on from the 2011 Presidential and Parliamentary elections, the European Union Election Observers boldly spelt out the increase in campaign spending and ‘monetization of the election as a major concern. The 2016 election speculation was heightened with the drama in Parliament during the presentation of the 2015/16 FY budget with the overnight growing trends - from the initial UGX 14 trillion to UGX 18 trillion and later to UGX 24 trillion much later after the certificate of compliance had been issued¹⁶. Among this, was the fact that UGX 1.5 trillion was allocated to the UPDF (Uganda People’s Defense Forces) in a country where there is neither declared internal nor external war threats but normal security operations. The Roads sector received the highest allocation just as was the case in the previous financial year. However, a quick look into the budget allocations indicates that highest financed sector has no capacity of absorption given the elaborate procurement process stipulated in the PPDA (Public Procurement Disposal of Public Assets Authority) Act. The 2014/15 financial year allocation to the sector, saw a return of money to the treasury due to a poor absorption rate.

While there was an outcry on the distribution of money and gifts in 2011, especially by the ruling party as a practice inconsistent with democratic principles¹⁷ 2016 is likely to see more of these. Signs are so rife that the situation may even worsen given the dynamic context of the forthcoming elections. A number of things have since changed since 2011 including: (a) the coming into play of a new group code named ‘Go Forward’ headed by the former Prime Minister Hon. Amama Mbabazi under the NRM Government. This group is likely to threaten the NRM strongholds and eat into their popular vote base. The NRM is likely to devise a mechanism for thwarting off this internal opposition to the party through extravagant expenses¹⁸.

¹⁵ Commonwealth Secretariat (2011). Uganda Presidential and Parliamentary Elections Report

¹⁶ See more at: <http://www.independent.co.ug/cover-story/10326-musevenis-2016-budget#sthash.GMZQ7tli.dpuf>

¹⁷ See also European Election Observation Mission, Final Report on the Uganda General Elections, 2011, p. 25; available at <http://www.deluga.cc.europa/index.php>

¹⁸ Bribing their way through every single opposition including paying off debts of indebted MPs

The Cost of Nomination to an Elective Position

The recent amendments of the electoral laws through The Parliamentary Elections (Amendment) Bill, 2015 led to the revision of the nomination fees payable by parliamentary aspirants to the Electoral Commission; and provides for polling to close at 4.00p.m. Parliament voted to increase the nomination fees payable by parliamentary aspirants from the current UGX 200,000 (two hundred) to UGX 3,000,000 (three million). This is definitely on the higher side for an ordinary Ugandan seeking to participate in the democratic processes of their country.

The recently amended Presidential Elections Act, 2015 also led to the announcement of new fees by the Chairperson Electoral Commission; to be paid by presidential aspirants to a tune of UGX 20,000,000 (twenty million shillings), up from UGX 8 million, while fees for those aspiring for Parliamentary seats will have to pay Ush. 8 million, up from UGX 200,000 (two hundred thousand shillings). It is also important to note that there is a lack of provisions restricting the amount of expenditure by political parties or organizations in law for campaigns. A number of changes have since the 2011 election come into play. Key among this is the nomination fees. The shift from UGX 200,000 (two hundred thousand shillings only) to UGX 3,000,000 (three million presents a huge gap that points towards an over exaggerated increase of expenditure.

Supplementary budgets

By establishing the 2001 budget Act and Section 12 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 loopholes identified in the above provision led to the strengthening of the law by establishing a contingency fund in the Public Finance and Management Act, 2015. 26 (1) states that there is established a Contingency Fund which shall, every financial year, be replaced with an amount equivalent to the three and a half percent of the appropriated annual budget of government of the previous year; (2) “... *the appropriated annual budget of Government under section (1) shall not include any supplementary budget. In order to ensure compliance article (12) states that a report made under section 18 (1) (e) shall indicate (a) the date of withdrawal of money from the Contingency Fund; (b) the amount of withdrawal; (c) the vote that received the funds; (d) the purpose of expenditure and (e) an explanation confirming that the withdrawal complies with the requirements*”.

Unfortunately, with the Public Finance Management (Amendment) Bill, 2015; government has made no effort to provide for the Contingency Fund but provided room for further supplementary budgets; government can now spend as much money as it wants and seek parliamentary approval later. This practice generates more fear especially when done at a point when political expenditure is expected to skyrocket as a result of the 2016 general elections. The amendment for requiring guarantees and advances by Bank of Uganda, opens up wounds of the 2011 elections where unprecedented amounts¹⁹ were drawn out of bank Uganda. However government has always used statutory expenditure as an excuse to go beyond the 3%, because it is charged directly on the consolidated fund.

¹⁹ The Governor Bank of Uganda mentioned that he was “misled” by the government into financing the 2011 elections. When asked by the participants at the African Science Academies Conference why the economy suffered unprecedented inflation levels in 2011 in the aftermath of the general elections, he stated that the money was passed on to the government through treasury bills. While at the Uganda Bankers Association annual dinner, he clearly stated that he would not print any money to finance public expenditure.

The issue of supplementary budgets is worrying by all standards for a country like Uganda where election years are now characterized by serial submission of supplementary budgets. In the 2011 general campaigns; the Minister for Finance, Planning and Economic Development requested for UGX 600bn. This year again, the Minister for finance, planning and economic development, presented a supplementary budget (Schedule No.1) to parliament amounting to UGX 847.204bn. Of this amount UGX 268.372bn (1.7%) is for both recurrent and development expenditure which needs appropriation by parliaments while UGX 578.832bn (3.65%) statutory expenditure needs only revision- making a total percentage of 5.35% of the total approved budget of the current financial year.

The supplementary budget includes among others; Office of the President requesting for additional increment of UGX 16.107bn, of which 2.5bn is to facilitate RDCs to monitor government projects; Ministry of Defense received UGX 62bn to cater for short falls in the operations; UGX 1.3 billion as facilitation for intelligence collection under the Internal Security Organization (ISO). Notable among these, is that they all fall in the docket of the President's office and often categorized under classified expenditures.

The most recent elections in 2011 were marred with exceptional spending on fighter jets. This led to a retrospective approval of supplementary budgets to a tune of 33% of the approved budget. The 2005/06 budget year also had a supplementary budget of nearly 10% of the approved budget and these supplementary budgets are largely recurrent in nature.

National Analysis of the Economy

In various economic reports this year, one imminent risk to macro-economic stability is the 2016 election. This is in part summarized in the July Monetary Policy Statement (MPS), where Bank of Uganda increased its Central Bank lending rate for the third time this year by even a higher rate of 1.5% to 14.5%, compared to previous increases of 1% in June and another 1% in April. Before that, the Central Bank Rate was kept at 11% since June 2014. This illustrates the heightened political related risks as Uganda draws near the election cycle. However, the August Monetary Policy statement further decries the situation by reflecting the BOU Conditional inflation forecast as increasing risks to inflation. Thus the BOU increased the CBR by 1.5 percentage points to 16 percent.

There are highlights from BOU indicating that the rapid exchange rate depreciation is driven by sentiments and speculation as opposed to market fundamentals. There have been two perfect drivers of expectations in the last 6 months, (i) intensification of election related events and (ii) the approval of the perceived expansionary budget for financial year 2015/16 of UGX 24 trillion down from UGX 15 trillion in the previous financial year. It should however be noted that the budget expected to be spent in 2015/16 is UGX 18.5 trillion and the rest largely relates to Domestic Debt Repayment which will be financed through a rollover but as required by the new 2015 Public Finance Management Act, it had to be appropriated in the budget and approved by Parliament. Even then the budget remains expansionary and 47% of the overall budget is recurrent in nature.

Overall the MPs re-emphasizes the heightened risks to inflation, growth and financial conditions. This is consistent with the present year economic developments. With the CBR at 20%, it implies that the bank rate (at which commercial banks borrow from central bank) is 21%, show that base lending rates will increase further to range of 25% and above given most agencies value credit risk between 4-5%. As of 14 July 2015, the overnight interbank borrowing was at 22%. These lending

rates by and large are eventually distortive; they will slow private sector credit, crowd out private investments and could potentially heighten the prospects of non-performing loans. In the extreme case, there will be a recurrence of a 2011 situation where some banks stopped lending in Uganda shillings at the cost of the shrinking of the overall economic activity.

In 2011/12, economic growth dropped to lowest in two decades owing to the contractionary monetary policy – the CBR was increased from 11% (July 2011) to 23% (Nov 2011 to Jan 2012) in response to the then evolving economic conditions.

An exploratory review of previous election cycles indicates that they have been economically costly to Uganda. In the election years, three possible shocks are experienced: -

(i). the laxity to collect taxes, (ii). the pressure to increase overall expenditure and (iii). the amplified need to increase the recurrent nature of expenditure.

Also traceable in 2011 was rapid depreciation of the shilling encountered in part on account of dwindling foreign direct investments, and the election related speculation related to increased monetary expansion. As aforementioned, the Uganda shilling trend has worsened this year, reaching three record lows against the dollar; at UGX 3000 shillings in March, UGX 3300 in June and UGX 3600 in July. This has come at a cost of foreign exchange reserves, as was noted in previous election cycles, in particular 2011. Uganda's reserves have reduced from 6 months of import value enjoyed in the mid to late 2000s to an average of 4 months of imports in the recent couple of years.

Inflation tends to increase during these cycles, and as noted in the monetary statement, inflation is expected to increase to 8-10% over the next year, a rate higher than national target of 5%. In 2011, inflation reached the highest at 30% in 20 years. Theoretically higher inflation tends to increase the misery index (inflation plus unemployment rate), which constrains growth and increases poverty levels. By the beginning of the year 2015, inflation was at 1.2 and by end of November, it was standing at 9.1 and is likely to raise to double digits as was the case in 2011.

The associated economic effects are often accompanied by corrective contractionary policies, often times the monetary policy side trying to mop out the excess liquidity largely created by the fiscal side. The lagged effects tend to last longer, as demonstrated by subdued private sector credit growth and below potential growth rates since 2011. The recent UBOS statistics show that Uganda grew at 5% of GDP in 2014/15 compared to 4.6% in 2013/14. These rates are in fact below our regional counterparts and way below the last 2 decades average of 6-7%.

In conclusion, election cycles in Uganda have tended to come at the cost of macro-economic stability and an increasing debt currently standing at 4.7 trillion. Therefore, the performance of our economy in the next few years has all to do with national politics as it does with exogenous factors like the strengthening dollar.

CHAPTER THREE

Sources of Election Campaign Finances

According to the interviews amongst all the political parties (UPC, FDC, DP and NRM), there was an agreement that election campaigns are factually expensive. Even the cost of ensuring that there are large crowds at a candidate's rally calls for an elaborate plan usually involving money right from the fuel pumps for the boda-boda riders to the public appearance. When discussing sources of funding, Section 14 provides for several restrictions on contributions from foreign sources that include; a non-Ugandan citizen; a foreign Government or diplomatic mission; a non-Ugandan non-Governmental organisation, registered in Uganda under the Non-Governmental Organisations Registration Act or declared terrorist organisation.

However, in Uganda and Africa as a whole, there are no definite sources of funding for political parties and the presence of weak law enforcement mechanisms further contribute towards complicating the entire business.

The funding sources can be classified as “disclosed”; “non-disclosed” and “abused”.

a. 'Disclosed' sources

(i). *Public financing.*

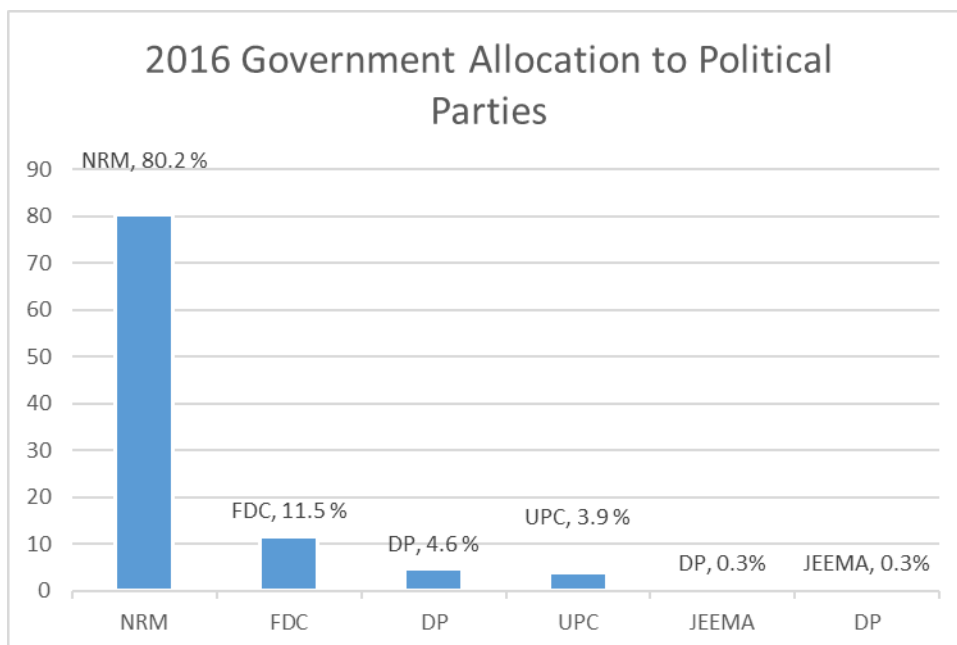
A total of 10,000,000,000 was appropriated in the 2015/16 to facilitate political parties through the electoral commission body. The distribution is done as provided for under Section 14A of the political Parties and Organisations Act, to facilitate only political parties that are represented in parliament. The ruling National Resistance Movement has the largest representation of 264 members, followed by Forum for Democratic Change with 34. Democratic Party has 12, Uganda People's Congress 10, Justice Forum 1 and Conservative Party 1. The parties therefore respectively received the following amounts:

Approximately, the NRM received a total of 8.2 billion and walked away with the largest share of the allocation; resulting into 80.2 percent. FDC received an approximate total of 1.14bn which is 11.5 percent. DP received 471 and a percentage of 4.6; while UPC which is also the former ruling party received 309 million hence a percentage of 3.9. Finally JEEMA and DP received 30.9 million and 0.3 percent respectively. Although the law is clear on the mode of distribution, it largely disadvantages the small parties in favor of the larger ones with resounding numbers in Parliament. Out of a total of 29²⁰ (twenty nine) registered political parties in Uganda²¹ only 6 (six) qualified to benefit from the public resource distribution. This renders the small parties powerless and unable to mobilize and

²⁰ Activist Party (AP); Congress Service Volunteers Organisation (COSEVO); Conservative Party (CP); Democratic Party (DP); Ecological Party of Uganda (EPU); Farmers Party of Uganda (FPU); Forum for Democratic Change (FDC); Forum for Integrity in Leadership (FIL); Green Partisan Party (GPP); Justice Forum (JEEMA); Liberal Democratic Transparency (LDT); National Convention For Democracy (NCD); National Peasants' Party (NPP); National Resistance Movement (NRM); National Unity, Reconciliation and Development Party (NURP); National Youth Revolutionary Organisation (NYRO); Party for National Unit (PNU) (formerly SDP); People's Development Party (PDP); People's Progressive Party (PPP); People's United Movement (PUM); Popular People's Democracy (PPD); Republican Women and Youth Party (RWYP); Revolutionary People's Party (RPP); Society for Peace and Development (SPD); Uganda Economic Party (UEP); Uganda Federal Alliance (UFA); Uganda Patriotic Movement (UPM); Uganda People's Congress (UPC); and Uganda People's Party (UPP).

²¹ See the Electoral Commission Website. <http://www.ec.or.ug/index.php/political-parties/registered-political-parties>

organize themselves as opposed to larger parties that instead continue to strengthen themselves due to the available resources at their disposal.



With the exception of the NRM Party, the rest of the political parties had dry accounts until the receipt of this money, which was then used for salvaging the respective parties. Part of this money was used for holding delegates conferences in FDC and DP respectively.

(ii). *Sell of party membership cards, T-Shirts, Badges, etc.*

The second disclosed source of election campaign financing is contributions from the sell of party cards (mainly done by the parties in the opposition). Despite the disappointment over ownership of political party cards (also because there are no alluring benefits of members), a few parties such as the FDC, UPC and DP manage to sell cards to potential members. However, this is not vigorously done as a mobilization and recruitment too. The NRM on the other hand which boasts to have registered a total of 10.2 million members, carried out the registration and distribution of party cards without charging any money. Thus in terms of funding, majority of the parties are losing income from this source. Unfortunately, some parties such as NRM have been infiltrated by private business people that produce party materials and sell, with the proceeds ending up in their pockets as opposed to contributing towards the party.

(iii). *Business arm of the party.*

There is only one party in Uganda which can make reference to their own internal sources derived from business contributions. UPC through the Milton Obote Foundation; receives a monthly contribution of 5,000,000 (five million) shillings to cover administrative costs. Although parties like FDC and JEEMA have political homes with structures of their own, they do not generate additional resources from them.

(iv). *Party well-wishers.*

Well-wishers provide resources both in cash and kind to promote their party ideologies and activities.

(v). *Remissions from MPs and other executive members.*

The parties with a membership in Parliament have an arrangement for them to remit an agreed amount to the party on monthly basis. The NRM members make a monthly contribution of 500,000 (five hundred thousand shillings only); FDC remits a total of 500,000 (three hundred thousand shillings only). The UPC members on the other hand are expected to contribute up to 1,000,000 (one million) shillings. Again, the larger the numbers in parliament, the more the income per a party.

(vi). *Donations.*

Donations to the party can be characterized as disclosed and undisclosed sources.

- a. **Disclosed sources.** Political parties especially those in the opposition have largely benefited from donor organizations. These resources are characterized by a well prepared plan and budget. Majority of the donors that provide specified support to parties are interested in strengthening internal democracy; and supporting the participation of interest groups in party politics such as women and the youth. A few have also invested in institutional development by strengthening internal systems, and procedures.

The capacity for political parties to sustain themselves using internal sources of income is very minimal. Political parties especially those on the opposition are operating under extremely modest terms. Fortunately, this is where something close to integrity, transparency and accountability can be found as opposed to the ruling party the NRM. The fact that they depend on donations (mainly from development partners with approved activities and budget lines). Others include the party subscriptions and annual membership fees – since parties are not well organized and mobilized throughout the country, there is only a handful that can be realized. The sale of Party Cards, T/Shirts, Caps and Stickers among others is equally limited and finally nomination fees and other incomes from the members. The recent government allocation of resources to Political parties has played a big role in salvaging the parties and even reinvigorate crucial activity implementation.

The sale of membership cards is supposed to be a big source of income for political parties, however, not all the parties are keen in promoting this component of fundraising including the NRM which boasts of 10.2 million registered voters.

- b. **‘Undisclosed’ sources.** Uganda is largely characterized by lack of disclosure, and lack of transparency with its sources of campaign financing. It is public knowledge that business communities especially those of Asian origin and local groups; and foreign governments make large financial contributions towards campaign budgets of different political parties especially during the campaign seasons. This category also has a sizeable amount of *‘abused*

finances: allegedly arising from the power of incumbency and encroachment on the national treasury to access public finances for running party activities/interests.

(i). The Business Community

According to the Presidential Elections Act, 2005; section 27(1) no party shall use Government resources for the purpose of campaigning for election (2). A sitting president shall only use those government facilities attached to their office. This legal ambiguity has led to the explicit misuse of government resources. The challenge of undisclosed sources of funding is even made hyperbolic by the fact that the NRM political organization has never made prepared and submitted returns to the Electoral Commission despite the presence of a legal framework requiring that a returns be made at least 6 months after the end of the presidential elections. Under ideal circumstances, the NRM should have been deregistered as a political party in Uganda for breaking the law. President Museveni has been quoted to have said “... *while in power, we have been for electoral purposes, getting funding from friends and business supports who normally do not want to show partiality in politics*”²². This does not only apply to the NRM but to all political parties in Uganda. The difference is that the smaller political parties²³; receive way little as compared to the ruling NRM Party and besides a form of transparency and accountability is displayed with the making of returns to the EC. The level of secrecy in the political parties is worse in the opposition because the people that have been found to have supported the parties have either lost their jobs, had businesses closed, or are unemployed; bank transfers are impossible as a result of the high intelligence system instituted by the reigning government almost in every institution. Thus money is handed over under dark cover, with utmost secrecy levels, if at all.

According to the Tangri and Mwenda report, the NRM has always cashed into large sums of financial support coming from the Asian Business and local businesses in Uganda for its campaign activities in return for privileges and favors. These groups notably include the Mukwano group of companies, Sudhir Ruparelia and his business empire that includes Crane bank and a chain of hotels; Harim Hirji, Madhvani, Mehta, SWIPCO and Mandela of City Oil and City Tyres. In 2011 alone, the NRM is alleged to have received USD 50m. All these business groups then ripe big from tax deductions or waivers, at the expense of the country’s national loss in GDP and revenue shortfalls.

Expenditure categories of political parties

3.1.1. The NRM Party Expenditures (2014 - 2015)

Below is an estimate of the NRM expenditure since 2014 to date;

a). Kyankwazi Members of Parliament (MPs) Meeting

The NRM has over the last 4 (four) years held annual retreats for its members of Parliament, and the Central Executive Committee. These meetings take an average of 8 – 10 days mainly to discuss

²² President Yoweri Museveni at NRM National Delegates Conference, Nov 20th, 2005 as quoted in the Roger Tangri and Andrew M. Mwenda Report of 2013 on the Politics of Elite Corruption in Africa. Uganda in comparative African Perspective.

²³ FDC, UPC, DP, JEEMA

issues central to the organization. The last 2 retreats (2014, 2015) were mainly focused towards the declaration of President Museveni as the sole NRM presidential candidate and consolidation of the plan following people's hesitation in fear of 'killing' internal party democracy. These meetings usually have an average of 300 people. The expense itinerary consists of transportation, meals, military uniforms²⁴ and or NRM t-shirts for each of the delegates, assorted stationery, payment for instructors, facilitation for invited Ministry Officials²⁵ and the out of pocket facilitation for each delegate is estimated to cost 100,000 per a delegate; a conservative total figure of approximately UGX 200,000,000 (two hundred million shillings) is spent in Kyankwanzi every year bringing the total of 2 meetings (2014 and 2015) to 400,000,000 (four hundred million shillings).

b). *Facilitation for the NRM Members of Parliament*

Following the declaration of the President as a sole candidate in February 2014, there were some dissenting voices from the public including a senior member Rt. Hon. John Patrick Amama Mbabazi. In fear of any form of influence to embarrass the decision, each NRM Member of Parliament was given a total of UGX. 20,000,000 (twenty million shillings) to cover the 240 constituencies under the pretext of holding consultations on some of the bills before Parliament such as the Marriage and Divorce Bill, among others. On this grounds alone, a total of UGX 4,800,000,000 (four billion, eight hundred million shillings) was spent.

c). *District Conferences*

The Constituency meetings were later followed by district conferences to popularize the NRM sole candidature of President Museveni. These conferences²⁶ are composed of an average of 80 representatives. For each of the districts, the role of members of the district conferences is to initiate policies, articulate to the population the principles, policies and programs of NRM and implement decisions made at the national level, among others. The meetings were arranged by the President's Office through the Minister for the Presidency and mobilization on the ground managed by the Resident District Commissioners (RDCs). These meetings are estimated to have cost a total of UGX 1,590,400,000 (one billion, five hundred and ninety thousand, four hundred thousand shillings).

d). *The National Delegates Conference*

The National Executive Council²⁷ is the standing committee of the National Conference, and is also considered as the national policy organ of the party. This national Party conference was held on

²⁴ Members have since 2011 received up to two sets of Military uniforms (full gear)

²⁵ The Ministry Officials appear to make presentations on the progress made in the implementation of the NRM Manifesto

²⁶ Composed of the Chairperson of the Conference who shall also be Chairperson of the District Executive Committee; NRM Members of Parliament from the District; Members of NRM Historical Leaders Forum from the district; NRM candidates in the preceding parliamentary elections from the District; Members of NRM District Executive Committee; NRM candidate for the office of District Chairperson in the preceding elections; NRM District Councilors or candidates for District Council in the preceding elections within the District; Members of the Executive Committees of special organs at district level; Members of the NRM Sub-county Executive Committees; NRM members of the Sub-county local government executive committee

²⁷ Composed of the National Chairperson; 1st National Vice Chairperson; 2nd National Vice Chairperson (female); 6(six) Vice Chairpersons representing the Regions of Uganda- East, Central, North, West, Kampala and Karamoja; the Secretary General; National Treasurer; the Deputy Secretary General; Deputy National Treasurer; National Secretaries of NRM; NRM Members of Parliament. NRM parliamentary flag bearers; NRM flag bearers for district chairpersons; Municipality mayors; NRM members of East Africa Legislative Assembly (EALA); the National Executive Committee members of all Special Organs. All Chairpersons of NRM Branches in the Diaspora; 30 Members of NRM Historical

December 14-15, 2014 in Kampala at the Mandela National Stadium, Namboole, in Kampala. This meeting brought together a total of 1,300 members approved several resolutions including; a proposal mandating the party chairperson to appoint the party Secretary General and cut short the term of the incumbent NRM secretary general, Treasurer and their deputies. These positions of the Secretary General, National Treasurer and their deputies from the National Executive Committee-NEC and Central Executive Committee-CEC were also removed from the CEC. This decision left only the National Chairperson, second Vice Chairperson, and Six Vice Chairpersons representing the Regions of East, Central, North, West, Kampala and Karamoja. Others include; the Chairperson of the NRM Parliamentary Caucus; all Chairpersons of the National Special League Committees, Chairpersons of Commissions and five eminent persons elected by NEC from a list of persons nominated by the National Chairperson and adopted that the issuance of membership cards to all NRM members be by the National Secretariat under the direction of the Secretary General. These meeting alone is estimated to have cost approximately UGX. 650,000,000 (six hundred and fifty thousand shillings) spent on transport refunds and accommodation alone. It is said that the delegates conference could have cost at least 1,000,000,000 (one billion) while taking care of other expenses including security, hire of venue, assorted stationery, 2 shirts and t-shirts; I bag, public address system, publicity, and meals; among others. Thus, for the two conferences (Dec 2014 and Oct 2015); approximately 2,000,000,000 was spent.

e). NRM Registration Process

Following the reconstitution of the NRM Secretariat, the party realized the need to establish a register in preparation for the 2016 election of flag bearers. The team then embarked on mass mobilization and registration of party members. The registration, compilation and display of the registration process ran from April - July 2015. It is said that a total of 10.2 million Ugandans were registered. This process alone is said to have cost the NRM an estimate of about UGX 450,000,000 (four hundred and fifty million).

f). NRM Primaries

The NRM held mass primaries for all the political positions at local councils, and Parliamentary level between July – October, 2015. The 2015-16 NRM primaries were managed by the newly created Secretariat of the Electoral Commission. The Commission had a task to mobilize for recruitment and training of staff to man the 60,000 NRM electoral poll stations, update teams, gazette and display polling stations; carry out publicity and voter education on election updates; Processing and Printing of National Voters Register, Village Youth, PWDs & Older Persons, UPDF, Professional Bodies and Workers' Registers. Carry out nomination of candidates for village youth, PWDs & older Persons elections; hold regional conferences for election of interest group MPs, and eventually the national conference. The entire process of elections cost a total of 30,000,000,000 (thirty billion shillings).

g). NRM Caucus Meetings

On average, NRM has held 20 MPs caucus meetings since 2014 to date. Since the conference room, meals, and transport is directly covered by State House, it is not easy to determine the price. However, each of the NRM MPs gets a total of UGX. 100,000 (one hundred thousand shillings) as facilitation for each of those meetings. These meetings attract 240 MPs as well as 100 Ex-Officials

Leaders Forum elected by the Forum; Chairpersons of NRM District Conferences; NRM Chairpersons of districts; not more than ten eminent persons elected by the Council upon nomination by the Chairperson.

bringing the total to 340 members. The cost of facilitation²⁸ alone for the 340 members per a sitting is UGX 34,000,000 (thirty four million shillings). So over the period of two years, a total of 680,000,000 (six hundred and eighty million shillings) has been spent on facilitation of MPs to the caucus meetings to State House alone. Forget the fact that there are buses that ferry them to and fro Parliament; which equally attract a cost.

h). Salvaging the Indebted Members

This money was recently given to the highly indebted MPs and is commonly known as Article 110 in the Parliamentary corridors. This money is said to have been distributed by the Office of the Chief Wipe. Over 70 MPs benefited from the cash bonanza as a result of a direct appeal to the president for a bailout. The appeal was then assessed, and the money released accordingly. Each Member of Parliament, received a total of 110,000,000 which brings the total to 7,700,000,000 (seven billion, seven hundred million shillings).

i). Facilitation per a village

The NRM Secretary General distributed a total of 57,792 villages with UGX 250,000 (two hundred and fifty thousand shillings) each. This money was mainly meant to facilitate the party executives at that level for the mobilization of party members and briefing them on the primary elections. Thus, the NRM spent a total of UGX 14,448,000,000 (fourteen billion, four hundred and forty eight million shillings) on this exercise alone.

j). Facilitation of Members of Parliament for the 2016 Elections

Despite the looming outcry of the commercialization of politics in Uganda, the NRM is preparing to provide a financial contribution towards party member flag bearers for the Parliamentary positions. While no figure has been mentioned so far, there are fears that either the party may maintain the UGX 20,000,000 (twenty million shillings) or more. Thus, if the party takes that position, it will have to spend a total of UGX 80,000,000,000 (eighty billion shillings) on that vote alone.

Sources of NRM Funds

1. Expression of Interest for an NRM Political Position

For the first time in the history of NRM, a fee was levied on key election positions as per the following categories: (i) Presidential candidates UGX 10,000,000 (ten million shillings); (ii) NRM national chairman UGX 10,000,000 (; (iii) NRM vice chairperson 5,000,000 (five million shillings); (iv) NRM regional vice chairpersons UGX 2,500,000 (two million five hundred thousand); (v) MPs 2, 000,000 (two million shillings); (vi) Lord Mayor 1,500,000 (one million, five hundred thousand shillings); Lord Councilors UGX 200,000 (two hundred thousand shillings); (vii) LC V Chairpersons 1,000,000 (one million shillings).

The Electoral Commission was thus able to draw a total of UGX 8,400,000,000 (eight billion, four hundred million shillings).

2. Monthly Subscription

²⁸ Each member receives UGX 100,000 (One hundred thousand shillings) each.

The MPs are expected to make a contribution of UGX 400,000 (four hundred thousand shillings) to the party. Thus, with the total of 240, NRM was able to attract a total of UGX 5,760,000,000 (five billion, seven hundred and sixty million shillings).

3. *Sale of Party Materials*

Unfortunately, there are no available statistics indicating any money accrued from the sale of party materials such as party membership cards; T-shirts, Shirts, etc. Even the mass registration process was free. No charge was placed on it. The sale of party materials is not restricted to the party, but left to the open market with individual interested persons.

4. *Contributions from well wishers*

The Asian business community in Uganda is known for providing full financial support to the NRM party and various unknown local firms/companies. However, there is no single documentation of these contributions. In 2011, it is alleged that the party received a total of 50m USD²⁹ from both the local and international business community. In 2016, this figure is forecasted to even double given the increased political pressure from the party's opponents including the internal political party challenge posed by the former Premier the Hon. Amama Mbabazi and longtime opponent Dr. Kiiza Besigye.

5. *Fundraising*

While there has only been one known and major fundraising by the NRM for the Party House³⁰, there has been no other fundraising for party activities.

3.2.3. Analysis of Income Vs Expenditure

Given the above picture, election spending trends also show that President Museveni's spending continues to grow. Estimates show that Museveni's ruling party spent Shs. 13 billion in 1996, Shs. 30 billion in 2001, Shs 50 billion in 2006, and Shs 75 billion in 2011. This projection shows that Museveni's expenditure on his re-election grows by an average of 60% above previous expenditure³¹.

Income		Expenditure	
Item	Amount	Item	Amount
1. Expression of Interest for an NRM Political Position	8,400,000,000	Kyankwazi retreats	400,000,000
2. MPs monthly Subscription	5,760,000,000	Facilitation for MPs per a constituency to mobilize for the sole candidature	4,800,000,000

²⁹ Ibid

³⁰ According to the NRM Chairperson, a total of 7 billion has been raised so far.

³¹ See more at: <http://www.independent.co.ug/cover-story/10326-musevenis-2016-budget#sthash.GMZQ7tli.dpuf>

3. Sale of party materials	-	District Conferences	1,590,400,000
4. Projected contributions from well-wishers /donations	-	Delegates conferences (2014 & 15)	2,000,000,000
5. Fundraising	-	Membership registration process	450,000,000
6. Electoral Commission	8,200,000,000	Primaries	30,000,000,000
7.	-	Caucus meetings at State House	680,000,000
8.	-	Salvaging the indebted MPs	40,000,000,000
9.	-	Village mobilization	14,448,000,000
10.	-	Proposed Facilitation for Parliamentary flag bearers	80,000,000,000
TOTAL	22,360,000,000		174,368,400,000

The FDC Party Expenditures (2014 - 2015)

The restriction of political activities and the lack of resources have largely affected the level of activism for the political parties and so, for the last two years, the party has only afforded a few activities as indicated below;

i. 2015 Party primaries

The FDC had two concurrent presidential party flag bearers' campaigns between Dr. Kiiza Besigye and Major Mugisha Muntu. It is estimated that a total an average of UGX 350,000,000 (three hundred and fifty million) was spent by the Muntu camp; while Besigye spent approximately UGX 200,000,000 (two hundred million). However, both camps are yet to file returns to the party's electoral commission as expected by law.

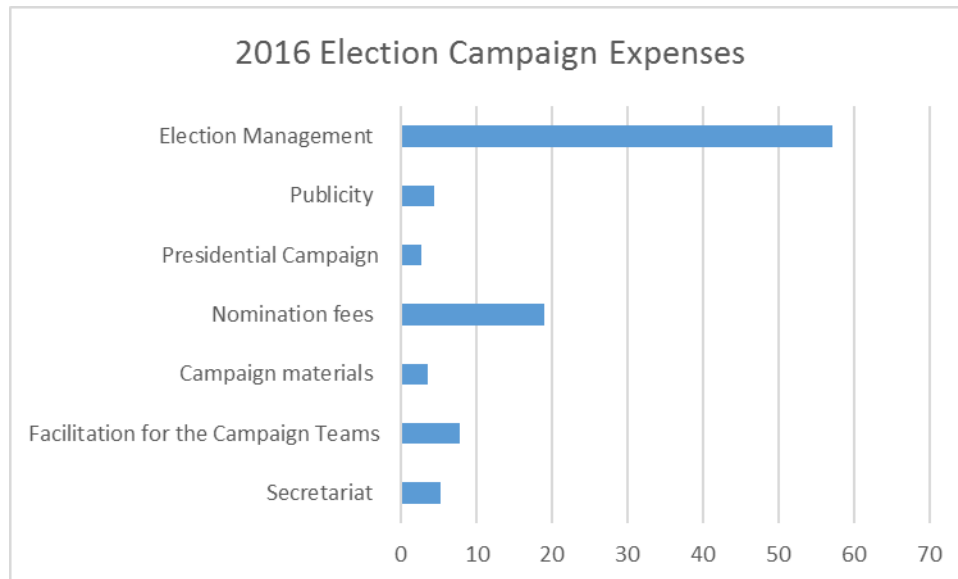
ii. The delegates Conference

The delegate's conference cost FDC a total of UGX 181,001,600 (one hundred and eighty one million, one thousand six hundred shillings only). This money was mainly to cater for election accreditation, food and drinks, accommodation, transport, facilitation for election officials, and hire of venue.

iii. The 2016 General Elections

The 2016 general elections have been projected to cost a total of UGX 17,530,666,000 (seventeen billion, five hundred and thirty thousand, six hundred and sixty six thousand shillings). This is slightly much less than the 22 billion that was budgeted for the 2011 elections.

FDC Expenditure Projections



The plan and budget for the 2016 elections in FDC seems to focus and attempt to respond to the reports that they were rigged of their previous election attempts. Thus, more attention has been put on the allocation of the largest share of the budgeted resources of 57 percent to election management which is earmarked to include: training of all polling agents; supervisors; meals; transport; and airtime facilitation. The second largest allocation went to cater for the candidate's nomination fees at 19 percent and then facilitation for the nomination teams at 8 percent. Other costs include the establishment of the Secretariat at 5 percent; campaign materials and publicity have 4 percent respectively and finally the costs of the nationwide presidential campaign taking up 3 percent of the budget.

Sources of FDC Funds

The FDC party is mainly dependent on donations from external political parties; and MPs monthly remittances. Other sources include the disbursement from Electoral Commission and currently, FDC is receiving contributions from sympathizers during the campaign trail. However, there is no proper documentation and declaration of how much money/gifts have been received so far.

The Democratic Party Expenses 2010-2015

The DP just like the FDC party are struggling financially and have only been able to carry out a few activities in the last two years as indicated below;

i. The Delegates Conference

The national delegates' conference held in July, 2015; cost the party 148,800,000/= (one hundred and forty eight thousand, eight hundred and thousand shillings only).

ii. The National Executive Committee Meeting

The above meeting held in July 2015 cost the party 2,280,000/= (two million, two hundred and eighty thousand shillings).

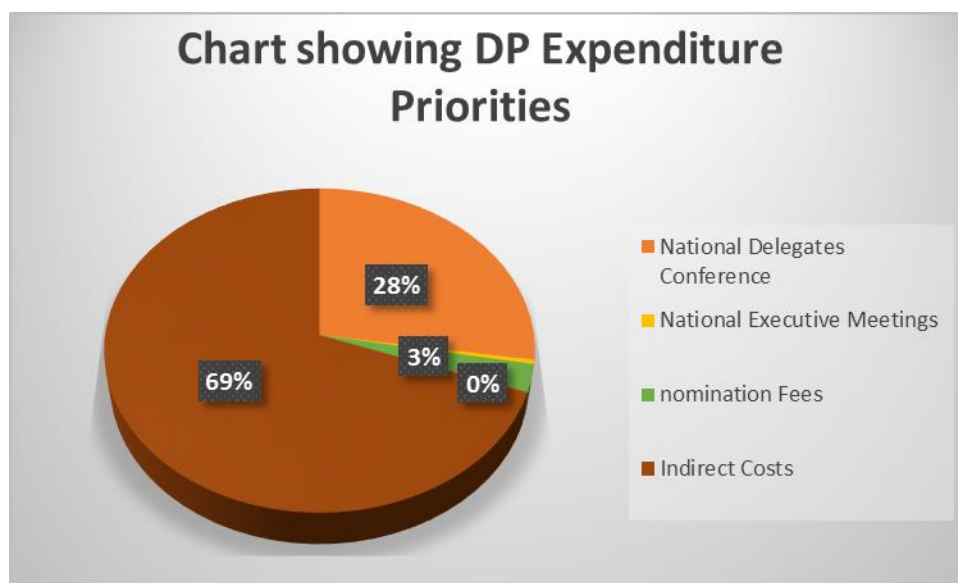
iii. Nomination fees

The party earmarked expenditure on nomination fees of 15,000,000 (fifteen million shillings).

iv. Indirect Costs

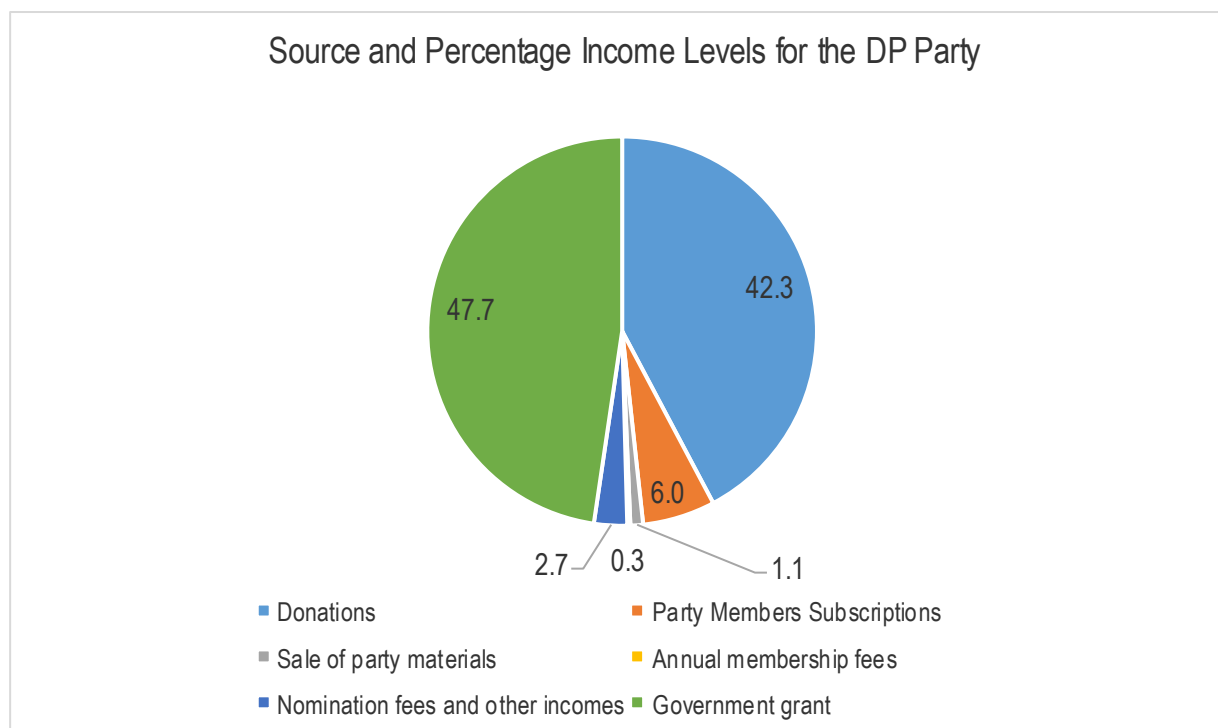
This cost the party a total of 376, 363,505 (three hundred and seventy six million, three hundred and sixty three thousand, and five hundred, five shillings).

3.4.2. DP Expenditure Priorities



Sources of DP Funds

The government of Uganda through the Electoral Commission disbursed a total of 471,000,000 (four hundred and seventy one million shillings) to the DP Party in June, 2015. Other sources include; MPs, Councenths and other Executive members Donations; Nomination fees and other incomes; Donations; Party Subscriptions and the sale of party cards.



Uganda People's Congress Expenses

UPC is one of the parties in the opposition and just like the rest of the parties, they do not have any better financial standing. UPC is however, slightly advantaged by the fact they do receive seed financial support from the Milton Obote Foundation. Unfortunately this has not been in effect since June 2015 with the disputed election of the current Party President. However, the following expenses have been incurred so far. The party is not scheduled to participate in the 2016 presidential elections, however, members are vying for various political offices at parliamentary, and local council elections.

- i. Delegates Conference. Approximately, 126,000,000 was spent on the party's delegate's conference in 2015.
- ii. Spend a total of 6,000,000 (six million) annually on administrative costs derived from the Milton Obote Foundation.

- iii. Mobilization. 150,000,000 (one hundred and fifty million) is earmarked for spending for mobilization and facilitation of nomination fees for grass root party representatives. The party chose not to pitch a Presidential Candidate in the 2016 contest.

Sources of UPC Funds

UPC receives funding from development partners, membership fees, Milton Obote Foundation, and sympathizers.

- a. Obote Foundation: is expected to release a total of 5,000,000 per a month for the running of administrative costs at the Party headquarters
- b. Annual subscriptions: UPC has a total of 10 members of parliament, all of whom are expected to remit 1,000,000 on monthly basis to the party.
- c. Remittance from Independent Electoral Commission: the Party received 309,000,000 (three hundred and nine million) as her share from the money appropriated to political parties by Parliament.
- d. Sell of membership cards: the party sells each membership card at a rate of 1,000 shillings only.
- e. Support from development partners: this mainly includes the Democratic Governance Facility (DGF). This money is mainly used for specific party activities such as institutional development and mobilization of interest groups to participate in party activities.

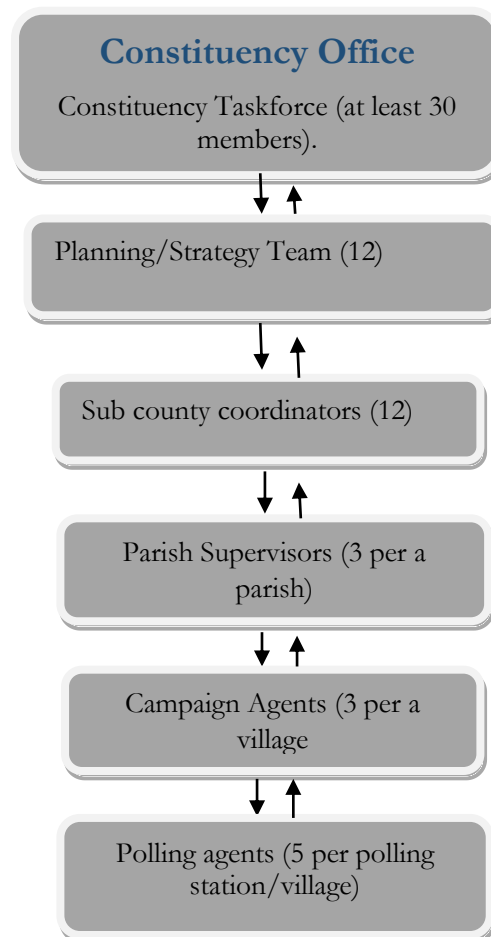
Expenditure categories of candidates in party primaries

This year has registered one of the most expensive primaries for Members of Parliament (MPs) as compared to the previous elections. Other political parties hardly held party primaries for MPs and other elective positions. This is because majority of the positions in the opposition are rarely contested and wherever there was need, consensus was used for determining the flag bearers.

Below is a typical scenario of NRM – MP Primaries covering all campaign requirements ranging from mobilization, planning, managing rallies, publicity – media, food, personal care – welfare, posters and provision of support to organized groups.

a. Establishment of a Campaign Structure

The MP aspirants all aim at ensuring that there is a campaign structure through which mobilization can be realized. Below is an example of one of the Constituencies in Western Uganda with 4 sub counties and 24 parishes in total.



No.	Structure	Total No.	Number of meetings per a Campaign Period	Amount paid out per a meeting	Total Spent
1	Constituency Office. This is occupied by the Constituency taskforce members responsible for overseeing all the campaign activities. These hold bi weekly meetings and must have meals	30	6	30,000	5,400,000
2	Planning Team. Responsible for issues of strategy and counter strategies of the opponents	12 per Constituency	10	30,000	3,600,000
3	Sub County Coordinators	12	5	25,000	1,500,000
4	Parish Supervisors (total of 72)	3 per a sub county	5	20,000	7,200,000
5	Campaign Agents/mobilizers (total 720)	30 per a village	3	5000	10,800,000
6	Polling Agents (total 240). These must have appointment letters stating the allowance and must be facilitated a day before the elections.	5 per a polling station	1	20,000	4,800,000
TOTAL					27, 900,000

b. Managing a Rally

Each rally requires an advance team to carry out mobilization of the members; hiring of boda boda riders as part of the procession; hire of a public address system; hire of pickups carrying people to cheer the candidate throughout the journey from one venue to another and another to carry the dancers/entertainment crew. In a Constituency of 24 parishes; the aspirants spends a total of 1,500,000 (one million five hundred thousand shillings) to cover all the expense costs. By the end of the campaigns the candidate is estimated to have spent 36,000,000 (thirty six million).

c. Branding

Each aspirant is expected to have a branding plan that includes posters; t-shirts and placards; among others. The total cost was estimated to include 15,000,000 (fifteen million shillings only).

d. Publicity

The use of the media is a necessary component of the campaign programme. These includes paying for radio talk shows; payment of musicians composing songs in praise of the aspirant; journalists to promote the candidate on local print and electronic media as well as counter the negative publicity from opponents. By the end of the campaign, the candidate will have paid a minimum of 8,000,000 (eight million shillings only).

e. Financing organized groups

The campaign period is also a lucrative fundraising period for the organized groups (women, persons with disabilities; youth; and churches). All these groups are resident in the villages and the candidates must make a contribution to each one of the churches/mosques and interest groups. By the end of the campaign, an aspirant will have spent not less than 60,000,000 (sixty million shillings) on these organized groups alone.

CHAPTER FOUR

Why the Worrying Trend?

Looking back at the 2011 elections, the inflation rates kept growing at a very alarming rates³². According to the observer reports, an analysis of estimates in the past election expenditure, only shows a growing trend which economists have put at 60 percent each election year since 1996. For instance, in the 1996 elections, it is estimated that the NRM Party spent a total of 13 billion. In 2001, it is estimated that the NRM spent between 29 – 30 billion. In 2006, over 75 billion is estimated to have been spent by the same party³³. Finally, in 2011, it is estimated that 580 billion must have been spent³⁴. The Commonwealth Observers on the other hand placed the figure at

Election expenditure has been growing over time. In the 2011 elections, it is said that the NRM budgeted for UGX 65 billion for parliamentary and local council elections in 2011. The FDC budgeted Shs23 billion for all elections (Presidential, parliament, and LC), DP had UGX 9 billion, and the Uganda Federal Alliance UGX 4 billion. In 2015, the NRM is reported to have budgeted for 1.5 trillion; FDC has UGX 17.5 billion and the Go Forward campaign UGX 1 trillion. All this money is meant to flow into the economy at an unlimited apex and to the masses who are overwhelmed with tirade of boundless needs as a result of poverty and apathy.

Although the parties may have an overall budgets, however, this nothing as compared to the amount of money likely to be spent by each individual Parliamentary election aspirant. With over 400 constituencies

In the 2011 election, the ruling NRM party gave each of its candidates at the Parliamentary level 20 million as a campaign booster. The members of Parliament have also provided a high level of spending with hundreds vying for the over 400 constituencies in the 2015/16 general elections. It is also said that election spending was at the heart of an explosion of inflation to the highs of 30% immediately after the 2011 polls. It is this inflation that inspired some of the fiercest riots in the so-called "walk-to-work" protests that claimed over 10 lives and injured hundreds. Since the NRM has not submitted audited expenditures to the Electoral Commission as required by law, it is impossible to know exactly how much money it spends on elections.

As noted, the NRM campaign is charged by opponents and observers with widely distributing everything from t-shirts, sugar and salt, to motorcycle helmets and envelopes filled with cash, while making use of robocalls, hiring celebrity campaigners, and employing other expensive tactics.

³² Monetary reports from bank of Uganda reported 10 percent before elections, 10 percent during and 30 percent in the aftermath.

³³ *ibid*

³⁴ Afrobarometer (2011). Museveni and the 2011 Ugandan Election: Did the Money Matter?

Largesesse was also allegedly distributed in the form of a rapid infusion of funds into community development projects in the months preceding the elections.³⁵

Suspicion Shrouds the 2015/16 Budget

Although there is no available documentation on the extent to which the national treasury contributes towards the consolidation and sustenance of the NRM party, a number of variables suggest so. The NRM is known for holding large meetings of party members at State House as indicated above for instance in Kyankwazi, Kololo³⁶ and Namboole³⁷ – all venues being government facilities. Thus, the fact that the greatest sources of funding are not declared, and being that the NRM is not known for running any successful business enterprise, it is only obvious that party activities are funded into government finances.

The above analysis indicating the amount of money spent and known sources of money, it is clear that the NRM cannot on her own manage to finance the mirage of activities that have taken place in the last 2 years within the NRM. In fact, some of the interviewees indicated that the leap from 17 trillion to 23 trillion was a pointer to the fact that the 2015/16 budget was to supplement election expenditures. The 2015/16 budget attracted a total of 23.972 trillion. The budget had a remarkable increase from the 15trillion Shillings approved to run for the 2014/15 Financial Year. Indeed, the usual suspicious sectors include; the Ministry of Defense and Security. There is no genuine reason as to why this sectors should receive huge percentage of the budget share considering the geopolitics of the country at African Union, United Nation, Sudan, Somalia and even internally. There is no overwhelming threat, even when the terrorists are feared, the costs of keeping them off Uganda's territory does not justify all the allocation figures. However, it is important to note that the 2016 election agenda strongly carries a saving political deal under the code named "operation wealth creation" programme that is currently being popularized throughout the country. Other suspicious sources include the President's Office, State House and the Ministry of Works and Transport.

When these financial sources were corroborated with the budget allocations, it was noted that the works and transport sector took the largest share, of UGX 3.328 trillion, followed by the Ministry of Energy with UGX 2.826 trillion, and Security with Shillings UGX 1.632trillion. In the Previous 2014/2015 financial year, the Works and Transport sector was allocated 2.389trillion Shillings, Energy and Mineral Development sector UGX 1.829trillion, Security UGX 1.159trillion.

Unfortunately, the above financial allocation and prioritization is opposed to the sectors fronted by the NDP II (2015/16-2019/20). The NDP prioritizes agriculture, tourism, minerals, human capital development, and infrastructure. Interesting, agriculture instead experienced a reduction in funds from 2.9 percent to 2.7 percent.

³⁵ Afrobarometer (2011). Museveni and the 2011 Ugandan Election: Did the Money Matter? Pg. 8
See <http://afrobarometer.org/sites/default/files/publications/Working%20paper/AfropaperNo135.pdf>

³⁶ During the nominations celebrations on 4th November, 2015

³⁷ Both venues being government facilities, there is no evidence to suggest that these facilities were paid for the NRM party

CHALLENGES

- Campaign financing is a highly secretive business in Uganda. There are no sure and documented sources of funding for political campaign activities. This is because people want to hide their identity for fear of witch hunt by the powers that be for supporting a particular party – especially if it is the opposition. Matters are even worse for the opposition parties whose efforts to raise funds is masked by a high government intelligence mechanism that is able to spot all their possible local sources of funds. Thus, with no deliberate single source of receipt and documentation of finances, budgeting and expenditure, it is difficult to give a satisfactory report on campaign expenditure in Uganda. Because of the secretive nature of funding, it is difficult to assess the credibility of the persons giving the funds and to know their motivation, some of these may be detrimental to the nation as a whole especially where there are incentives such as tax waivers and unwarranted privileges given to those who support especially the party that eventually assumes power.
- From the above political party analysis, it is clear that the NRM party has over the years led the country into unprecedented expenditures during electioneering years, with very suspicious sources of income. The President who doubles as the NRM Chairperson had this to say; “...the other political mistake is the use of money in elections and the distorting of the purpose of leadership. A political leader is not a welfare officer, he is not an employee of the population, he is not a service provider. He is from the people, by the people and for the people. His role is to lead — to show the way by speech (advice, sensitization, etc.) and by example”³⁸. Clearly, Uganda’s democracy died with the introduction of money in elections to do all sorts of things including vote buying and bribes involving all – which has also affected the performance of opposition parties.
- While looking into the campaign financing at party level, it is also important to consider individual parliamentary elections bidders. A lot of money is spent by individuals on the campaign trail thus contributing towards the economy’s overall negative performance. The NRM MPs interviewed indicated that by the end of polling day, they foresee an expenditure of not less than UGX 300m. The ACFIM campaign monitoring report - September – October, 2015; reports that those who participated in the NRM primaries spent a minimum of UGX 200m. These money is reported to be coming from personal sources including property sale, business and remuneration from Parliament, and loans.
- Closely related to the above, is the fear that the opposition parties are increasingly losing clout and accused of ‘failing’ on their part mainly due to lack of finances. The electorate has

³⁸ <http://www.statehouse.go.ug/media/speeches/2014/12/15/speech-nrm-national-delegates-conference-2014>

been highly polarized in favor of financial handouts and since the opposition parties have no reliable sources of income, they have ended up registering low performance.

- The lack of checks and balances on the incumbent president gives the ruling party an upper hand over the rest of the opposition parties in terms of access to state resources. Therefore, the ruling party being the largest in Parliament is able to pass all legislature in their favor because, towards election time, there's usually increasing fusion between the legislature and the executive. This is because of the broken moral fabric especially regarding finances, where the Legislature is totally dependent on the Executive. There is need for all stakeholders to question the existing procedures and systems that give so much power to the incumbent President and party in power.
- The failure by the Independent Electoral Commission to implement existing election laws on enforcing accountability has given way to a lot of electoral fraud in terms of sources of income and expenditure. While the key opposition parties have endeavored to make returns after every general election, the NRM party has been particularly accused of never making any returns to the Commission and no reprimand has ever been issued in respect to this.
- The opposition suffers a lot of setbacks in campaign financing mainly because, not many people with thriving businesses; progressive individuals and governments are free to openly support an opposition candidate. The Government of Uganda grant for instance contributed greatly to the financial revival of parties like the Democratic Party and the Uganda People's Congress. In the DP for instance, it was only possible to make extra payments of creditors, purchase of office equipment and repairs, as well as hold a delegates conference upon receipt of the money. The UPC could then pay staff salaries, run administrative costs and prepare for the forthcoming elections at the parliamentary and local government level. The wrangles in the party have affected its financial flow from MOF and the remittances from MPs since June, 2015 when the Akena group took over leadership.
- Uganda is particularly faced with a big economic challenge during the election years. Experience has shown that during this period, the shilling collapses because there is a lot of money released into the economy with less focus on production, export nor manufacturing. Thus the rate of inflation goes up into double digits and yet it takes over a year to recover post the election.
- There is a systematic fusion between the state and the ruling political party and this must be considered as an issue of contention. For instance, the NRM vs. Parliament; NRM vs. government sectors; NRM and Security sectors, etc. Given the above income vs. expenditure sheets for the NRM, it is only suspect that some of the NRM party activities are directly financed by the government sector budgets such as Defense; Gender, Labor and Social Development; State House, President's Office, Roads and Works; among others.

RECOMMENDATIONS

- Reforms on the height of campaign financing should be instituted to curb the rising cost of campaigns and elections in Uganda by limiting the amount to be spent by each political party for the campaigns; and limit the amount of money spent by MPs during an election. This change can only come with the good will of all political parties in Uganda with representation in Parliament³⁹. From the analysis above, all political actors have been overwhelmed by the depth and breadth of election expenditure. The fact that majority of the people have to take loans and pick from their own investments, must be reason to demand an end to the escalated levels of expenditure during electioneering.
- Secondly, there is need to promote legitimacy, transparency and accountability through the implementation of the existing legal provisions especially regarding the filing of political returns. For the last 2 elections (2006 and 2011); the ruling NRM Party is not known to have submitted to the Electoral Commission its financial reports. This has legal implications if implemented including penalizing the party. Failure to let the law take its course, has created a culture of impunity and unnecessary suspicions on sources and amounts of money spent on an election by political parties. Public Finance Management Act, 2015 under section 19 requires publication of pre and post-election economic and fiscal reports by the Minister. 19 (a) states that a pre-election economic and fiscal update not earlier than four months before the polling day for a general election and 19 (b) a post-election economic and fiscal update not later than four months after the polling day of a general election”. These reports would be a subject of national accountability and transparency in financial management of the country detailing all election related spending by the Electoral Commission; Political Parties and individuals.
- Thus, a minimum of expenditure levels and declaration of sources of finances should be established. Make Parliament unattractive by slashing the total amount of salaries and emoluments to less than 10m. In this way, opportunists, business persons and masqueraders will be locked out of the house to give room to talented policy makers – ready to objectively serve the country.
- There is need to redefine political parties and their functions in Uganda so as to spread out activities throughout the years to include normal day to day activities visa viz elections. Currently, political party expenditure is defined by election years. An active political party, whether in power or not is expected to be in campaigns throughout and communicating its moral reason for existence in promotion of their ideologies, values, activities and thus seek to capture and or maintain state power. The Conservative Party Offices have termed themselves as the “Campaign Headquarters”; which is what it should be swarmed with a beehive of activities and day to day interaction with the citizens. However, it only turns out that in Uganda, campaigns are literary limited to the election years. During this period,

³⁹ National Democratic Institute for International Affairs (NDI), 2005. Money in Politics: A study of party Financing Practices in 22 Countries/edited by Shari Bryan and Denise Baer, pg. 4

everything locks down to the election factor. Thus the inflation rates run up to double digits; limited social service provision; and increased public expenditure (supplementary budgets).⁴⁰

- Political parties need to introduce internal mechanisms of promoting accountability through their annual general meetings. The NRM party for instance holds annual party manifesto reviews in Kyankwazi. Such gatherings would demand that the party presents their financial statements, and audited accounts for the view of members. The same meetings should also approve operational budgets for the coming year. This will provide an opportunity for all members to be more involved in party financing in terms of sourcing and demanding accountability.
- There is need to make political emoluments particularly for the Members of Parliament (MPs) less attractive so as to reduce on the unnecessary high expenditures incurred during campaigns for these offices. This will lead to the promotion of talent in Parliament as opposed to the attraction of any one who is able to outspend the other during campaigns whether with or without qualities of a public leader.
- All political parties in Parliament need to be supported equally especially in terms of institutional development. At the moment, the law favors the party with the highest members in Parliament in terms financial allocation.
- Involvement of political aspirants in fundraising activities should be totally scrapped by law during the campaign period. This mainly gives an upper hand to the incumbents (both presidential, parliamentary and local council iv) who will have secured and put aside money for such activities over the years as compared to the new comers. Secondly, it is one of the contributing factors towards the escalation of corruption related activities in Uganda resulting into voter bribery and vote buying during the election period. This kind of expenditure further contributes towards the worsening inflation rates during all election years.

CONCLUSION

Any analysis of political financing in Africa can be considered a tell-tale of the political party dynamics especially in countries such as Uganda. The Parties definitely require funding to cater for expenses incurred in holding activities such as rallies and events; paid media outreach; campaign materials and paraphernalia; and personnel and administrative costs.⁴¹ The political parties are increasingly becoming inevitable in the democratic path anywhere in the world. However, the inadequate levels of transparency in terms of financial sources, operational budgets, expenditure streams, and the total amounts spent by a political party during an election year is daunting. All these information is tightly managed by a small group that is usually very inaccessible in every political

⁴⁰ <http://observer.ug/component/content/article?id=25163:2016-polls-to-cost-shs-12-trillion>

⁴¹ Ibid

party. The figures that are eventually available to the public are only mere estimates usually on the minimum side. While the government through parliament appropriated a total of 10 billion to the parties to run their programmes and with a clarity on how much each party will accrue, the rest of the incomes and expenditure sheets are unknown except for a few. This leaves room for 'illicit' financing derived from illegal sources such as theft, corruption, and demand for tax waivers in return. There is need for a strong consideration of the electoral laws on political party financing to tighten institutional development in terms of documentation; legitimacy, transparency and accountability. This will go a long way in contributing towards the reduction in voter bribery, escalating inflation rates during election years, and corruption.

Finally, while the challenges have been clearly spelt out above, ACFIM should be concerned about; illicit political party financing especially from undisclosed sources and the business community. This sources come with hidden motives that are likely to benefit only individuals at the expense of the country in areas such as land bonanzas; tax waivers and corruption within the circles of the winning party. Secondly, monitor and document the implementation of the existing laws on election financing and make a comprehensive report on strengths, gaps and recommendations at the end of the election circle with examples from the electoral process.