



# Chapter 9

## Conclusion and Recommendations for Political Finance Reforms

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## CONCLUSION AND RECOMMENDATIONS FOR POLITICAL FINANCE REFORMS

### Conclusion

The campaign process for general elections 2021 was monetised and commercialised at a scale that Uganda had never experienced before. As a consequence, it was so costly for the political parties and candidates that participated in it. It was also costly to the tax payer in the sense the of public spending on fuel, tear gas, food and allowances for the men and women in uniform that were tasked to enforce COVID-19 standard operating procedures (SOPs) across all districts in the country amid the excitement that comes with general elections.

The kind of Uganda's multiparty dispensation is one that can be described as a dominant party system in which a single political party continuously dominates election results over running opposition groups or parties. The NRM party crowded out the 19 opposition political parties that participated in the election in terms of numbers of candidates fielded at different electoral levels, campaign spending, publicity, and cross-country visibility on the ground among others. The lack of access to campaign finance made the opposition political parties incapable of putting up a meaningful challenge against the dominant NRM party.

The lack of legal provisions for mandatory disclosure and reporting on campaign financing created a cloud that allowed "dirty money" to find its way into financing election campaigns in 2021. It is suspected that some of this money was channeled through cryptocurrencies such Bitcoin which are fast gaining traction in Uganda. The sources of this money include but are not limited to syndicated corruption, trafficking in contraband items, terrorism and other foreign sources that could have wanted to destabilize the country. The lack of transparency in political/electoral financing, undercuts the principles of transparency and accountability, and ultimately, erodes public confidence in the integrity of the electoral process. The continued reluctance of government and in particular Parliament of Uganda to legislate on campaign finance is subjecting the sovereignty of the country into jeopardy.

The Electoral Commission is overloaded and over stretched to serve three very demanding roles namely it serves; a) Electoral Management Body (EMB); b) Political Party Registrar (PPR); c) Political Finance Regulator (PFR). These are three massive roles that a single institution may not deliver effectively. It was observed that when push comes to shove at the heat of the election campaigns the EC concentrates only on its cardinal role of organizing and conducting elections, leaving the other two roles (PPR and PFR) untended.

Last but not least, unregulated election campaign financing diminishes opportunities for inclusive participation of youth, women and other marginalised categories of the population. Until the social, economic and cultural barriers are addressed in real terms, women participation in electoral politics as candidates and voters will remain subjective, putting women at a disadvantage even when they enjoy the numerical advantage, and further exacerbating the gender-based inequalities.



## RECOMMENDATIONS

### Ministry of Justice and Constitutional Affairs, Parliament and the Political Finance Regulator

- a. Amend Section 4 of the Political Parties and Organisation's Act (2005) to take away from the Electoral Commission the responsibility of registering and regulating political parties, and create a separate institution called Registrar of Political Parties. In addition, amend sections 9(1-8) and 12 (1d,4,5,6) which speak about regulating political finance, and designate this role to the Registrar of Political Parties to also play the role of Political Finance Regulator (PFR). This is intended to let the Electoral Commission concentrate on its cardinal responsibility of organizing and conducting elections, which in itself is a role of gigantic proportions. The EC is often too busy with planning, organizing and conducting elections. The responsibilities of regulating political finance and supervising political parties will be better implemented by a separate institution, and this is the trend in other African electoral jurisdictions including Kenya.
- b. Prioritise the enactment of standalone campaign finance legislation in accordance with international good practices for mandatory public disclosure of campaign income and reporting on campaign expenditure. This will help to create a higher level of openness, transparency and accountability to counteract the threat caused by dirty money gaining unfettered access to Uganda electoral politics. There was increasing evidence from the manner of candidate spending, that unregulated campaign finance and corruption exercised undue influence on the campaign process thus undermining the integrity of elections. Therefore, controlling money in elections is crucial for building electoral integrity in pursuit of sustainable democracy.
- c. The institution responsible for registering political parties and regulating political finance should embrace digital solutions to enhance transparency surrounding political party and election campaign finance as well as the disclosure of information about public funding to political parties and the filed annual returns filed as provided under Section 9 (1&5) of the Political Parties and Organisations Act, 2005 (as amended). There should be a dedicated website or public portal that allows for online reporting, submission and public access to political party returns including audit reports. This is intended to promote open and transparent electoral processes.
- d. Amend the Financial Institutions Act that sets up the Financial Intelligence Authority (FIA) to give it powers to investigate and prosecute suspected acts of money laundering and terrorist financing. Right now, the FIA has no powers to investigate, it has no powers to prosecute a money launderer. It has to depend on the police to investigate but the capacity to investigate the complex choreography of cross border financial crimes is yet to be developed within the Uganda police. FIA further depends on the Directorate on Public Prosecutions (DPP). Whereas the FIA can order the police, but it cannot order the DPP to prosecute which slows down its progress in against financial crimes. FIA needs full powers to



provide oversight and enforce compliance including supervising the transaction of the real estate sector because sizeable chunk of the dirty money in Uganda is hidden in real estate.

### **Recommendations to Ministry of Finance Planning and Economic Development, and Electoral Commission**

- a. Put in place an established accountability framework for public funds that are disbursed to political parties under section 14 (a-d) of the Political parties and Organisations Act (as amended) 2005. The framework should provide for when the funds should be released to allow for proper planning and cure the current problem where public funds to political parties represented in Parliament, are often released late and received in form of arrears, hence subjecting them to possible misuse. In addition, the Electoral Commission should make publicly accessible (also in line with the Access to Information Act 2005), information on how Government financing to political parties has been utilized and accounted for by the recipient political parties.
- b. Section 14(b) of the Political Parties and Organisations Act (as emended) 2005 which provides for government financing political organizations and parties on equal basis in respect to elections, should be planned for and implemented for the next elections in 2026.

### **Recommendations to Political Party Leaders**

- a. Leaders of political parties should embrace and instil a culture of open, transparent and accountable management of their respective organisations including management of funds day-to-day activities and election campaigns. Open, transparent and accountable political financing may not blossom and thrive in Uganda's democracy unless the leaders of political parties are willing to play along. Political parties' internal handling of access to information on utilisation of political income is the foundation on which the rest of the political finance edifice is built. How parties manage campaign funds will set the tone for building integrity in sourcing and utilising campaign finance, and how political finance laws and regulations are designed and enforced. The tendency of political party leaders to conceal information about the sources of campaign finance and not reporting on how the funds were spent, should be discouraged.

### **Recommendation to Civil Society Organizations**

- a. Engage in policy analysis and advocacy for a standalone election campaign finance law as one of the much-needed electoral reforms. This will require extensive engagements with the NRM party leadership in Parliament including mobilisation of likeminded individuals within the NRM caucus, relevant Government institutions, civil society, the private sector, and development partners.
- b. Conduct civic engagement to empower the electorate to participate meaningfully in the electoral processes. The voters should be helped to recognize and appreciate the power of their vote. The electorate should be mobilized to make informed electoral decisions and consequently to hold elected leaders accountable to the citizens. Civil society should be the catalyst that leads to this civic empowerment and civic consciousness.



## About ACFIM

Alliance for Finance Monitoring (ACFIM) is an independent, non-partisan, Pan-African Political Finance Think-Tank and Watchdog organisation. ACFIM defends democracy by promoting transparent and accountable political finance systems for improved political integrity in Africa. We do this by empowering citizens and civil society organisations to monitor the source of financing for elections, political parties and other forms democratic politics.

ACFIM works with likeminded civil society organisations in African countries to monitor, document and publish information on financing political parties, election campaigns and other democratic politics on one hand, while also keeping a keen eye on the enforcement and compliance with political finance laws.

Our mission is to promote and strengthen political integrity by fostering inclusiveness, transparency and accountability in financing politics for sustainable democracy in Africa. We do this through knowledge generation, civic engagement and formulating policy solutions. ACFIM also hosts the Secretariat of the African Election Observers Network (AfEONet)

### **Our Programme Areas**

1. Money in Politics Programme
2. Improving Political Finance Systems Programme
3. Strengthening capacities of EMBs, political parties and pan-African CSOs in political finance transparency Programme.

ACFIM further offers training and learning platforms through the African Political Finance Academy. ACFIM organises periodic online events on the subject of money in politics in Africa. These include the monthly webinars on Money in Politics in Africa and the Annual Symposium on Money in Politics in Africa.

### **Where do we work?**

ACFIM is headquartered in Kampala, Uganda from where she leverages on partnerships with like-minded organisations across the continent to advance the agenda on open, transparent and accountable political financing for sustainable democracy in Africa.

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