

CURBING THE ESCALATING COST OF POLITICS:

Comprehensive Reforms to Regulate Campaign Finance in Uganda

This policy brief addresses the critical need for comprehensive campaign finance reforms in Uganda to enhance transparency, accountability, and fairness in electoral processes for democratic renewal. It draws upon the extensive research conducted by the Alliance for Campaign Finance Monitoring (ACFIM) on campaign financing during the 2021 general elections.



Overview

A comprehensive report by the Alliance for Finance Monitoring (ACFIM) pertaining to campaign financing during the 2021 Uganda general elections unveiled a striking revelation. The political parties and candidates who actively participated in this electoral process displayed an unprecedented extravagance. To put this into perspective, the 2016 general elections witnessed an approximate expenditure of UGX 2.4 trillion (\$716 million). However, the 2021 general elections exceeded this amount significantly, with a total expenditure reaching UGX 3.983 trillion (\$1.091 billion). This dramatic escalation in campaign expenditure has underscored the deepening commercialization of politics, a topic of growing concern that now dominates discussions within Uganda's political landscape at various levels.

KEY FINDINGS

A. Rising Campaign Costs and BigSpenders:

The cost of politics in Uganda has experienced a remarkable surge since the country's return to multiparty dispensation in 2006. In the 2021 elections, campaign spending by candidates vying for direct constituency seats in Parliament stood at an average of UGX 511 million (\$141,944). However, it's important to note that there were notable exceptions, with some candidates lavishing as much as UGX 3 billion, while a few worked with more modest budgets ranging from UGX 50-70 million. Contestants for District Women Representative positions in Parliament averaged a campaign expenditure of UGX 256 million (\$71,110). City Mayoral candidates had an average expenditure of UGX 125 million (\$34,944), while those running for Municipality Mayor spent an average of UGX 61 million (\$16,944). District Chairperson candidates spent an estimated average of UGX 103 million (\$28,611). If this trend continues unabated, participating in the 2026 elections may become a domain reserved exclusively for the extremely affluent.

B. Voter Enticement:

The practice of voter inducement/enticement, which took the form of cash distributions, in-kind presents, and community contributions, played a substantial

role in campaign expenditure during both the pre-campaign and campaign phases leading up to the 2021 general elections. ACFIM's report unveils that a noteworthy chunk of campaign funds was allocated to enticing voters, constituting a significant 59.6 percent of the total expenditure.

Meanwhile, 22.8 percent of the funds were dedicated to campaign administration, with additional allocations for campaign publicity (5.3 percent), campaign materials (4.0 percent), campaign events (3.8 percent), and Election-Day operations (4.6 percent).

The Escalating Influence of Money on Electoral Results: Candidates endowed with substantial financial resources experienced amplified visibility and extended reach to voters. According to ACFIM's campaign finance report, unregulated campaign financing likely exerted undue sway over voter choices, consequently affecting election outcomes. The report discloses that in 71.4 percent of the observed races, candidates with significant financial backing emerged victorious. In essence, as the influence of money on the realm of elective politics intensifies, the average citizen's impact on election results diminishes. Money is progressively emerging as a decisive factor determining candidates' capacity to not only compete but often secure victory in elections.

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D. Neglect of Existing Political Finance Regulations:

There are established political finance provisions in place, such as Section 27 of the Presidential Elections Act of 2005 (as amended), which explicitly forbids the utilization of government resources for election campaigns. Furthermore, Section 64 of the same act explicitly prohibits voter bribery. Similarly, the Parliamentary Elections Act of 2005 (as amended) contains provisions against voter bribery. Moreover, the Political Parties and Organizations Act of 2005 (as amended) imposes restrictions on political parties, including their inability to access funding from foreign sources (Section 14).

It mandates them to submit written declarations to the Electoral Commission detailing the sources of their funds and to maintain records and audit reports that include contributions, donations, or pledges, whether in cash or kind, from the founders or promoters of the party. These records must also include a statement disclosing the sources of their funds and the names of donors or contributors (Section 12).

Regrettably, in practice, these provisions were neither enforced by the Electoral Commission (EC) nor adhered to by the political parties and candidates participating in the 2021 general elections



Shortcomings in Uganda's Electoral Legal Framework:

01

Inadequate Provisions for Compulsory Disclosure of Campaign Finance Sources:

Currently, Uganda's electoral regulations do not mandate the disclosure of the sources of campaign finance. Consequently, campaign donations in the country remain largely anonymous, leaving party members and supporters in the dark about the origins of the funds that fueled their political parties and candidates during the campaigns.

02

Absence of Mandatory Reporting on Campaign Expenses:

A significant loophole in the legal framework allows political parties and candidates to engage in various illicit campaign practices, including voter bribery, fully aware that there is no obligation to report these expenses.

03

Lack of a Ban on Foreign Donations to Candidates:

While the Political Parties and Organizations Act (PPOA) imposes restrictions on foreign funding, it applies solely to political parties, leaving candidates free from such limitations.

04

Unregulated Corporate Contributions:

Contributions from business entities and corporations remain de facto unregulated. This situation raises concerns about potential conflicts of interest, as companies with active government contracts can donate campaign funds to the incumbent political party or presidential candidate.

05

Absence of Donation Limits:

Uganda's electoral legal framework lacks provisions that set limits on the amount of money a donor can contribute to a political party or candidate during an election. This creates a scenario where a single affluent donor can finance an entire political party or a group of candidates, subsequently wielding significant influence over government policymaking and legislative decisions. The absence of spending limits also fosters a costly "arms race" in campaign expenditures.

06

Lack of Mandatory Use of the Banking System:

The absence of a legal requirement for the mandatory use of the banking system makes it challenging, if not impossible, for the electoral management body to monitor campaign financing. Additionally, it creates opportunities for the laundering of "dirty money" through campaign finances.

Transparency Deficits in Political Financing:

The manner in which political parties and candidates' campaign expenditures are handled in Uganda is veiled in secrecy. Similarly, the procedures involving the statutory public funding allocated to political parties represented in Parliament, as stipulated in section 14 of the Political Parties and Organizations Act (PPOA) of 2005 (with amendments), remain shrouded in obscurity. There are lingering doubts regarding the allocation and accountability of state grants to political parties. Surprisingly, the Electoral Commission, which plays a pivotal role in regulating political finance, does not readily share this crucial information for public scrutiny. ACFIM findings shed light on the lack of thoroughness on the part of the Office of the Auditor General in auditing the public funds disbursed to political parties, as mandated under section 14A(d) of the PPOA. This lack of transparency in public fund utilization by political parties, can pave the way for misuse and corruption.

Insufficient civic competence:

This is evident among Ugandan voters, who appear to hold the belief that they are entitled to receive monetary and in-kind donations from candidates in exchange for their votes. This perspective seems to overlook the significance of their vote as a tool for wielding power and demanding accountability. Consequently, they place undue demands on both aspiring and nominated political candidates, resulting in exorbitant political costs. The detrimental consequence of this practice is that elected officials become beholden to their campaign donors rather than their constituents. Once in office, their primary focus shifts towards recovering their investments and amassing significant funds for future elections. Ultimately, this situation hampers the effectiveness of democracy for the ordinary citizens.

Gender Disparities:

Women politicians encountered significant financial barriers that hindered their ability to secure nominations within political party systems, compelling many to run as independent candidates. These structural impediments resulted in fewer women appearing on ballot papers compared to their male counterparts, reflecting a growing trend of male predominance within political parties. This trend, in turn, restricts women's engagement in political processes and decision-making. According to the ACFIM report, a mere 0.03 percent of the total of 2,664 candidates nominated for the position of Member of Parliament were female. In the 146 District Chairperson (LCV) races, there were only two female candidates, and just two women vied for the role of City Mayor across the 11 cities, with one candidate in Kampala Capital City and the other in Masaka City. This gender imbalance in candidate participation in Ugandan elections can largely be attributed, in part, to limited access to campaign funding.

Financial Hurdles Impeding Youth Participation in Elections as Candidates:

In addition to the youth's representation within the electoral college, the presence of young candidates on the ballot for various elective positions in the 2021 elections was remarkably low. Numerous individuals aged 30 and under, faced challenges in obtaining nominations, primarily stemming from their inability to meet the required nomination fees within their respective political parties or from the Electoral Commission. The National Resistance Movement (NRM) party, for instance, imposed a UGX 2 million (\$547) fee for primary election nominations, while the Electoral Commission levied a UGX 3 million (\$820) fee for parliamentary nominations. The substantial amounts imposed as nomination fees represent a structural impediment that significantly hinders young people from presenting themselves as candidates in elections.

Money Laundering:

The extensively commercialized campaign season presented an ideal environment for the legitimization of illicitly acquired funds stemming from a variety of financial crimes, including but not limited to organized corruption, fraudulent activities, illegal wildlife product trafficking, and narcotics smuggling, among others. The absence of transparency in the origins of campaign finances for political parties and candidates cast a shadow of opacity that could potentially have enabled the funneling of proceeds from international criminal activities into the financing of election campaigns. This opaque financing environment may have also facilitated the acquisition of opulent real estate properties and the purchase of luxurious automobiles using these laundered funds.



POLICY RECOMMENDATIONS

Create a Standalone Campaign Finance Law:

1. Gender Disparities:

Enact a comprehensive campaign finance law that addresses the gaps in the current legal framework. This law should ensure transparency in campaign financing for both political parties and candidates, including mandatory disclosure of income sources and reporting of campaign expenses. Additionally, it should impose a ban on foreign donations to candidates to safeguard the integrity of the electoral process.

2. Political Finance Oversight Body:

Establish an independent oversight body responsible for monitoring and enforcing political party and campaign finance regulations. This body should conduct audits, investigate irregularities, and impose penalties for violations. At the moment, this role is assumed to be performed by the Electoral Commission but the commission is largely preoccupied with its original mandate as stipulated in the constitutions and the Act that set it up.

3. Campaign Finance Transparency:

Enhance transparency in campaign finance reporting by requiring all political parties and

candidates to disclose the sources of their campaign funding. This transparency should include detailed breakdowns of contributions, donations, and expenditures, ensuring that financial support to women candidates is adequately tracked and reported. This information should be made readily available to the public for scrutiny.

4. Separate Roles of the Electoral Commission and Registrar of Political Parties:

Amend the Political Parties and Organizations Act to establish a separate Registrar of Political Parties responsible for registering and regulating political parties. This restructuring will allow the Electoral Commission to focus on its core mandate of organizing and conducting elections, reducing conflicts of interest and enhancing electoral integrity.

5. Accountability for Public Funds:

Develop a clear and transparent accountability framework for public funds disbursed to political parties. Ensure timely disbursement of the funds to prevent misuse and make information on fund utilization publicly accessible. This will foster trust and accountability in the use of public resources for political activities but also engender a culture of transparency and accountability within political parties.

Civic Engagement:

Civil society organizations should actively engage in policy advocacy for comprehensive electoral reforms, including the campaign finance law. They should also conduct robust civic education campaigns to empower voters, raise awareness about the power of their vote, and combat vote buying, thereby enhancing the electoral process's transparency and fairness. Additionally, launch awareness campaigns to educate the public, political parties, and civil society about the importance of gender equality in politics. The public must be educated about the importance of transparent campaign financing and encourage citizens to report any suspicious financial activities related to election campaigns.

Gender-Responsive Campaign Financing:

Introduce gender-responsive campaign financing mechanisms that provide financial support to women candidates, particularly those facing financial barriers. This could include dedicated campaign funding for women, grants, or subsidies to level the playing field. Advocate for affirmative Action within Political Parties with a view to encourage them to adopt affirmative action policies that promote the inclusion of women in candidate nomination processes. This can include setting quotas or targets for women candidates and actively recruiting and supporting women within party structures. Invest in capacity-building programs for women interested in politics, providing them with the necessary skills and resources to navigate the political landscape effectively. This could include training in campaign management, public speaking, and policy development.

Youth Nomination Fee Reduction or Waiver:

Introduce a substantial reduction or complete waiver of nomination fees for young candidates aged 30 and under. This will ensure that financial constraints do not deter talented and motivated young individuals from seeking elected office. Alternatively, establish a dedicated fund to provide

financial support to young candidates. This fund should offer grants or subsidies to cover campaign expenses, allowing young candidates to compete effectively on an equal footing with other contenders. Last but not least, offer training and capacity-building programs specifically tailored to young candidates. These programs should cover campaign strategy, policy development, public speaking, and other essential skills necessary for a successful political campaign.

Enhanced Anti-Money Laundering (AML) Regulations:

Strengthen AML laws and regulations to specifically address the potential laundering of illicit funds through election campaigns. This includes conducting due diligence on campaign contributors and ensuring that political parties and candidates or their agents are not inadvertently or intentionally involved in money laundering activities. Additionally, collaborate with international organizations, financial institutions, and law enforcement agencies to identify and track illicit funds that may be used to finance election campaigns. This should include sharing information and intelligence on potential money laundering activities. Provide accessible reporting mechanisms and protect whistleblowers.

Conclusion:

Comprehensive campaign finance reforms are essential for promoting democratic integrity, transparency, and accountability in Uganda's electoral processes. Addressing issues such as voter inducement, gender disparities, and the lack of transparency in political party financing will contribute to a more equitable and accountable democratic system. These reforms should be a top priority for policymakers to strengthen Uganda's democratic institutions and practices. By implementing these policy recommendations, Uganda can take significant steps towards increasing transparency in campaign financing, curbing the growing commercialization of politics, ensure fair and equitable participation for candidates of all financial means, reduce gender disparities in

politics, ensuring that women have equal opportunities to participate in the political process, reduce the risk of money laundering in the political arena with a view to promote transparency, and safeguard the integrity of its electoral process for the benefit of Ugandan citizens.

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About Alliance for Finance Monitoring (ACFIM)

ACFIM is an independent, non-partisan, non-governmental, pro-democracy organisation that engages in research, knowledge production and capacity building on the subject of money in politics in Africa. ACFIM promotes transparency in financing political parties and election campaigns, peaceful, credible elections, civic engagement and participation as well as making efforts towards making the relationship between business and politics is transparent, accountable, and aligned with the principles of good governance. For more, please visit us on: www.acfim.org

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