Globalisation and the Adoption of Budget Reforms in Developing Countries: Key Evidence from Kuwait and Uganda

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Abstract

Purpose – This paper examined the globalisation processes and key actors involved in the adoption of budget reforms in developing countries of Kuwait and Uganda.

Design/methodology/approach – This paper adopted a qualitative study to probe the influence of supranational aid agencies in the budget reforms in Kuwait and Uganda; and analysed the roles of nation-state actors in the adoption of globalised budget reforms in Kuwait and Uganda.

Findings – The study revealed that supranational aid agencies, such as the World Bank, IMF and others, influenced the adoption of "globally-oriented best practices" of budget reforms using their privileged positions of the possession of the financial resources needed for development endeavours of developing countries. In addition, nation-state actors, either through coercion or persuasion, facilitated the spread of global budget reforms in their countries by creating enabling laws, regulations and strategies to support the adoption of budget reforms.

Practical implications – This paper demonstrates how supranational aid agencies, such as the World Bank, IMF and others support the globalisation processes to traverse time and space through the globally rationalised "best practices" of budget reforms presumed to enhance efficiency and effectiveness in the allocation and utilisation of scarce resources, especially in developing countries. Similarly, the nation-state actors use the adoption of rationalised global "best practices" as a strategy to gain ease access to international development finances by appearing to be compliant with globalisation processes.

Originality/value – The paper provides further evidence of the deliberate role of the supranational aid agencies in promoting globalisation processes across time and space with the help of nation-state actors, especially in developing countries.

Keywords: Globalisation, budget reforms, developing countries, Kuwait and Uganda.
Paper type: Research paper

1. Introduction

Many countries, both developing and developed, have adopted and implemented far reaching budget reforms since the genesis of neo-liberal agenda discourses (Boex *et al*, 2000; Pollitt and Bouckaert, 2000; Lapsley and Mussari, 2008; Bogt, 2008), and mainly through globalisation (Robinson, 2012; Tanzi, 2004; Sklair, 2002; Auboin, 2007). These budget reforms are usually responses to internal and external pressures to ensure efficient and effective allocation of scarce resources and to foster "good governance" through democratic participation in decision-making, budget transparence and accountability (the Danida, 2003; the World Bank, 2000, 2006; Economic Commission for Africa, 2003, 2005; Lapsley and Mussari, 2008).

In the context of developing countries, external pressures from supranational aid institutions, such as IMF, the World Bank, DfID and others, have been instrumental in creating demand and supply for budget reforms to countries that rely heavily on external financial support (Kasumba, 2013; Uddin and Hopper, 2003). The budget reforms are usually premised on a new global production and financial system that overruns the formerly national forms of capitalism (Sklair, 2002), which is propagated by supranational aid agencies and their associates (Tambulasi, 2007; Rahaman *et al*, 2004; Alnesafi, Kasumba and Aldhuaina, 2015).

The emphasis of the supranational aid agencies is pivoted on the emergence of processes, in forms of budget reforms that do not reside in the nation-states systems but rather on the global systems (Sklair, 2002). For instance, Sklair (2002) argues that the phenomenon of “transnational practices”, such as budget reforms, especially in the developing countries, are constructed on a “theory of the global system”. He further posits that these “transnational practices” originate from “non-state actors” and “cross state borders” (see also Tanzi, 2004).

Globalisation could be described as the decoupling of space and time through which instant communication, knowledge and culture, such those about budget reforms, could be shared around the world simultaneously (Robinson, 2012, Tanzi, 2004). As Tanzi (2004) commented, globalization brings out a country’s dependence of the rest of the world for resources and rationalised practices, such as budget reforms, which are usually championed by supranational aid agencies and their associates (see also, Kasumba, 2013). Tanzi (2004) concludes by asserting that what happens abroad, especially in the developed world, matters more than what is in nation-states.

This paper, therefore, is motivated by the desire to examine globalisation processes involved in the adoption of budget reforms in developing countries. Specifically, it address the following research objectives:

i. To assess the influence of supranational aid agencies in the budget reforms in Kuwait and Uganda.
ii. To analyse the actions of nation-state actors in the budget reforms in Kuwait and Uganda.

2. Theoretical Constructs and Prior Studies

2.1 Globalisation

The term “globalization” has multiple meanings and interpretations, is used in a variety of ways by different people for different purposes (Giddens, 2002; Held and McGrew, 2003; Sklair, 2002). For instance, Giddens (2002) defines globalization as “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (p. 60). Held and McGrew (2003) expand on this:

> …globalization denotes the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction. It refers to a shift of transformation in the scale of human social organization that links distant communities and expands the reach of power relations across the world’s major regions and continents. (p. 4)

While there is no conventional definition the term “globalization, different authors converge with the following common strands: economic integration, technology, socio-cultural exchange, and political shifts (Tanzi, 2004). These common strands provide a framework for deconstructing the term and coming to a better understanding of how globalization influences the adoption and implementation of budget reforms in developing countries (Kasumba, 2013). The driving forces of these budget reforms have been economic, political, technological, and cultural (Burbules and Torres, 2000; Carnoy and Rhoten, 2002; Held and McGrew, 2003). The protagonists of the budget reforms are numerous, including supranational institutions with their associates and international conventions that have exercised influence both directly and indirectly to nation-states, especially in developing countries (Kasumba, 2013).

The global dimension of economic institutions such as markets is paralleled by the rapid development of global regulatory institutions such as the International Finance Institutions led by the World Bank and International Monetary Fund (IMF), the World Trade Organisation (WTO) and others (Denters, 2009). The global regulatory institutions have imposed a complex set of rules and regulations, such as budget reforms, on nation-states, transnational corporations (TNCs) and other actors (Auboin, 2007).

Rugumamu (1999) noted that:

> “What distinguishes the nature and magnitude of the impact of globalization on respective actors is the unequal access to dominant organizations, institutions, and dominant transactions in the emerging global order. At the heart of this uneven access is power, where power has to be conceptualized as the capacity to transform material circumstances – whether social, political, or economic – to achieve goals based on the mobilization of resources, creation of rule systems, and the control of infrastructures and institutions” (p.5).

In concrete terms, globalization presents itself as the breaking down of national barriers in terms of trade, flow of information and capital, and in terms of ownership of key industries (Robinson, 2012). Multinational corporations are increasingly displacing local ownership in key and dynamic sectors of national economies (Alnesafi, Kasumba and Aldhuaina, 2015). It is also changing the nature of national policy making in that globalization demands conformity with policy prescriptions, which national policy making instruments and processes have no role in articulating (Auboin, 2007). In addition, globalisation seeks to not only contest other rival development paradigms but also subverts them (Denters, 2009). It tries to rationalize a particular way of configuring the world, including privileging a particular type of globalization as there are indeed many types of globalizations. Budget reforms, as promoted and even imposed by supranational agencies, provide mechanism through which global ideological rationalization of “best practices” transcend time and space (Robinson, 2012).

As an economic process, globalization is the rapid integration of national economies through trade, capital and financial flows (Denters, 2009). Historically, this process is known to have taken place during the nineteenth and early twentieth century, and between 1950 and the early 1970s. In the mid-1980s, a new episode of globalization started, driven by increasing liberalization of international trade, free capital and financial flows and rapid change in transport and communications technology (Robinson, 2012). This episode is characterized by the intensification of international trade in goods and services, capital flows (foreign direct investment or FDI and short-term flows), role of multinational enterprises (MNEs), reorganization of production networks on an international scale, and the adoption of new technology, new rationalised best practices, such budget reforms, all of which are interrelated (Denters, 2009;Robinson, 2012).

Political globalization reflects the changes in the political landscape resulting from the emergence of supranational governance via regional (e.g. European Union) and global (e.g. United Nations, World Bank) organizations that exercise economic and/or political power directly or indirectly (Denters, 2009). They do this by prioritizing certain forms of development assistance and/or through international agreements and conventions (e.g. Millennium Development Goals) (Tanzi, 2004; Alnesafi, Kasumba and Aldhuaina, 2015). An array of financial mechanisms (such as budget reforms, including the existence of global networks of companies) and interest groups whose legitimacy may not be universally acknowledged, but whose existence invites collective action or at least a framework for it, also exert influence beyond their geographical base (Auboin, 2007). This has changed the power dynamics both between and within so-called “developed” (largely northern hemisphere, industrial-based countries) and “developing” (largely southern hemisphere, agrarian-based) countries (Robinson, 2012).

The industrialized countries and their surrogates, the multinational corporations, have largely set the terms of engagement and parameters of discourse with many of the developing countries via the supranational institutions and the economic mechanisms (e.g. terms of trade, development loans, foreign aid) which they control (Kasumba, 2013; Alnesafi, Kasumba and Aldhuaina, 2015). In this sense, globalization is often viewed as a process that has diminished the role of the nation-state, though this point is contested (Robinson, 2012; Tanzi, 2004).

The discourse of globalization and its impact have pervaded discussions in social sciences for several years (Robinson, 2012). Usually socio-economic issues, such budget reforms in developing countries, are usually discussed in relation to global linkages and dependences (Tanzi, 2004; Robinson, 2012). There is a school of thought that argues that global economic developments create homogeneity among nation-states because similar pressures force corresponding developments (Robinson, 2012). According to Meyer (2010) globalization leads to the creation of common rules, scripts and understandings that influence the adoption of increasingly similar programmes, processes and practices, such as budget reforms, around the world (see also Sklair, 2002).

2.2 Globalisation and Budget Reforms

Budget reforms could be conceptualized as embedded and integrated in an internationally or even globally institutionalized system which is embodied and promoted by supranational institutions and their associates (Beckfield, 2008; Kasumba, 2013). Globalisation provides explanatory power of supranational institutions, such as the World Bank, IMF, DfID and others, in shaping and constructing structures and actors and their behaviour (Meyer, 2000; see also Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007). In this regard, such international and national institutions create a global governance network (Robinson, 2012). For instance, the establishment of the United Nations and its related international governmental organisation (IGOs) and non-governmental organisation (INGOs) have created a network of international institutions (see Boli and Thomas, 1999). These institutions have become couriers or diffusion agents as well as recipients of the global culture, including budget reforms (Alnesafi, Kasumba and Aldhuaina, 2015; Kasumba, 2013).

Specifically, the World Bank, IMF, DfID and others, have specific focus on budget reforms, particularly for countries that rely on their financial and development assistance

(World Bank, 2013; Tanzi, 2004; Uddin and Hopper, 2003; Agbakoba and Ogbonna, 2004; Fjelstad *et al*, 2004; Kasumba, 2013).

2.3 Budget Reforms in Developing Countries

Budgeting is a formidable management tool that has pervaded the allocation and utilization of resources both in the private and public sectors (Hope and Fraser, 2003; Kasumba, 2013). A number of authors have raised serious criticisms about the relevance of budgeting processes in the contemporary times (World Bank, 2013; Kasumba, 2013). In particular, the conventional budgeting systems have come under tense criticism because it is claimed that they do not address the concepts of outputs and outcomes of the budgeting processes (ECA, 2003; Hope and Fraser, 2003; Ridder et al, 2005; Bogt, 2008), but rather focus only on restraining the expenditure behavior of public sector actors (Osborne and Gaebler, 1992; Wampler, 2007; Irvin and Stansbury, 2004; Orr and McAteer, 2004; Callanan, 2005). Accordingly as Hope and Fraser (2003) argue, conventional budgeting processes cannot lead to optimal allocation and utilization of scarce resources, particularly, in developing countries (see also, ECA, 2003).

There is an extensive accounting literature on budget reforms in the public sector (Lapsley and Pallot, 2000; Ezzamel *et al*, 2007; Nor-Aziah and Scapens, 2007; Lapsley, 2008). The changes are usually based on the neo-liberal concept of new public management (NPM) which is associated with the paradigm shift from the old bureaucratic public administration model to public management, including budget reforms (Faleti, *et al,* 2014; World Bank, 2013; Ouda, 2003). However, limited researches have theorized budget reforms, especially in developing countries, as globalized “best practices”, transmitted across time and space, through the dominating influence of supranational aid agencies and their associates. This paper attempts to pursue this trend of viewing budget reforms as not merely “best practices”, rather as global ideological rationalization of “best practices” transcend time and space (Robinson, 2012).

A number of budget reforms have been suggested, adopted and implemented in both private and public sectors around the world (Mkasiwa, 2013; Tommasi, 2009; Ouda, 2003; World Bank, 2013; Olomola, 2009;). For instance, Mkasiwa (2013) argues that the budget reforms which are adopted and implemented by many developing countries are intended to make the public sector administration more efficient, effective and responsive to the needs of the communities. Tommasi (2009) observed that the budget reforms are meant to enhance fiscal discipline, allocation of resources in conformity with government policy and fostering operational efficiency in public service delivery by “doing more with less resources”. Faleti, *et al,* (2014) state that the rationale for budget reforms was to ensure the allocation of resources meets the objectives of the spending entity.

Meanwhile, Ouda (2003) argues that budget reforms, especially in developing countries are driven by the need to improve efficiency and effectiveness of the public financial management. The emphasis is put on strategic control of public expenditure and priority setting (see also World Bank, 2013). This comes as a result of global economic crises and pressures exerted by supranational aid agencies, such as the World Bank, IMF (see Bakoup, 2013). In a related development, Olomola (2009) intimated that the essence of budgetary reforms, especially in developing and transitional countries, has been precipitated by the need to reduce excessive expenditure; reducing the cost of governance; improving resource management by curtailing wasteful expenditure; and ensuring budget discipline (see also Tommasi, 2009; Collinder, 2014).

Similarly, the World Bank (2013) posits that the most important driver for the budget reforms is to improve public financial management as a means to ensure that external assistance and domestic resources support development programs directed toward poverty alleviation. According the World Bank (2013), the budget reforms are prerequisites for the continued budget support to aid recipient countries (see also Bakoup, 2013). However, the major question to be asked is how do budget reforms traverse time and space?

2.3.1 Supranational Aid Agencies and Globalised Budget Reforms

The political and socio-economic factors of countries, especially developing countries, usually expose them to the coercive actions of supranational agencies (Tambulasi, 2007; Uddin and Hopper, 2003). Through globalisation and based on a neo-liberal agenda, supranational agencies, such as the World Bank/IDA, the DFID and the Danida, usually promote changes in organisational practices, including budget reforms, as measures to ensure the optimal allocation and utilisation of scarce resources in developing economies (Economic Commission for Africa, 2003; the World Bank, 2013; the Danida, 2003; the DFID, 2001; Allen *et al,* 2007). For instance, in an attempt to address the challenge of uncoordinated spending and public utilities in Jamaica, the World Bank rolled out a new public investment and training programme aimed at reducing fragmentation in budgeting and improving spending (Collinder, 2014). The World Bank announced approval of US$ 37 million project for budget reforms in Jamaica, which was financed by the International Bank for Reconstruction and Development (IBRD) and co-financed by the UK Department for International Development (DfID) (ibid, 2014).

Supranational aid agencies, usually lay emphasis on promoting changes in budgetary practices (*such as medium-term budgeting based on outputs and outcomes; effective budget management; budget reporting systems and participatory budgeting regimes*) (Anipa *et al*, 1999; the World Bank, 1998; Wampler, 2007; Moynihan, 2007. This is done under the guise of addressing the challenges of declining financial resources and the increasing demand for public services in developing countries (Economic Commission for Africa, 2003; Bakoup, 2013). In addition, community participation in budgeting and budget execution is believed to reduce the high incidences of corruption and the lack of transparency in the public sector and is believed to lead to better allocation and utilisation of scarce resources (the World Bank, 2000; Fjelstad *et al*, 2004; The United Nations, 2003; The Economic Commission for Africa, 2003; Wampler, 2007).

Through globalisation, supranational agencies usually set out conditions for granting social legitimacy (*in the context of developed nations*) (Philoppidou *et al*, 2008) or accessing development assistance (for developing countries) (Uddin and Hopper, 2003;

Seal, 1999; Tambulasi, 2007; Alnesafi, Kasumba and Aldhuaina, 2015) in the form of changes in organisational practices, such as budget reforms (the World Bank, 2003; the Danida, 2003). For instance, Philoppidou *et al* (2008) revealed that European Union Directives provided coercive mechanisms for the alignment of Greek public institutions with European Union practices which created the demand and supply for e-government in Greece.

However, in the context of developing countries, the changes in organisational practices, such as budget reforms, usually serve to regulate the behaviour of aid recipient governments to pursue the "best practices" acknowledged by the donor organisations (Robinson, 2012; Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007; Bakoup, 2013; Tanzi, 2004). This also represents a source of coercive action in the diffusion of budget reforms in recipient nations (Seal, 1999). In order to secure continued access to international development financing, nation-state actors must comply with "best practices", such as budget reforms promoted by supranational agencies (Uddin and Hopper, 2003; The Economic Commission for Africa, 2003; Tambulasi, 2007).

2.3.2 Nation-State Actors in the Global Circuit of Budget Reforms

It has been argued that globalisation provides explanatory power for understanding the how supranational institutions, such as the World Bank, IMF, DfID and others, shape and construct social structures and nation-state actors and their behaviour (Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007), including providing conducive environment for the diffusion of new organisational practices, such as budget reforms (Kasumba, 2013). For instance, as a way of enforcing new budgetary practices in the public sector and to secure external legitimacy from supranational agencies, nation-states usually enact new legislations (Agbakoba and Ogbonna, 2004; Fjelstad *et al*, 2004; Kasumba, 2013, Alnesafi, Kasumba and Aldhuaina, 2015).

New legislations act as coercive force for ensuring the diffusion of organisational practices, including budget reforms (Agbakoba and Ogbonna, 2004; Anessi-Pessina and Steccolini, 2005); and provide recipe for budget reforms (Kasumba, 2013; Alnesafi, Kasumba and Aldhuaina, 2015). For instance, Agbakoba and Ogbonna (2004) argue that the design of new budgetary practices in Nigerian local governments was influenced by the Constitution of the Federal Republic of Nigeria of 1999. Anessi-Pessina and Steccolini (2005) have observed that changes in budgetary practices in Italian local governments were based on legal rules. Laws and regulations were issued by the nation-state to enforce the budget reforms in local governments and to make them "governable" at a distance (Preston, 2006; Bakoup, 2013).

Similarly, Kasumba (2013) revealed that the diffusion of new budgetary practices in local governments in Uganda was enabled by the various legal instruments that were enacted by the nation-state actors with deliberate effort and support from supranational agencies, such as the World Bank, DFID, Danida and others (see Uganda, 1995, 1998, 2005, 2007). In a related development, Alnesafi, Kasumba and Aldhuaina (2015) revealed that various legislations were used to legitimise the privatization of electricity sectors some Arab States and Sub-Sahara African Countries, in which transnational corporations, which were associates of supranational aid institutions, secured operating licences and contracts to run electricity utilities.

The nation-state actors' role in the adoption or fail to adopt new organisational practices cannot be underrated (Kasumba, 2012). Deploying their power resources at their disposal, the nation-state actors can influence the adoption of new organisational practices or may resist any change (Nor-Aziah and Scapens, 2007; Jack, 2005; Giddens, 1984). Nor-Aziah and Scapens (2007) observed that the implementation of new budgeting rules in PSP in Malaysia was characterised by a lack of trust between operational managers and state accountants. They further revealed that operational managers in PSP mobilised power resources based on their stock of knowledge of the operations (see Jack, 2005) in order to resist the changes in the new budgeting rules, leading to unintended consequences (Giddens, 1984; Kasumba, 2012).

3.0 Methodology

An extensive qualitative case study and literature review were conducted to generate detailed understanding of the rationale for budget reforms in Kuwait and Uganda; and how the reforms permeated the jurisdictions, especially in developing countries. In specific terms the roles of supranational institutions, such as the World Bank, DFID, Danida, IMF; their associates were studied to get deeper insights on how they influenced the adoption of budget reforms in Kuwait and Uganda.

In addition, the responses of the external pressures from supranational aid agencies by nation-state actors were explored. The nation-state actors together with the aid agencies form a global governance network through which rationalized transnational practices, such as budget reforms, were constructed, transmitted and adopted by other countries, especially developing countries, through globalisation (Auboin, 2007; Robinson, 2012).

Two developing countries (*One Gulf Arab Country of Kuwait and One Sub-Sahara African Country of Uganda*) were selected for the study. The rationale for these two countries was that Uganda had been one of the African country which had received substantial development assistance from various supranational aid agencies, such as the World Bank, IMF, DFID, Danida and others, since 1980s (Bigsten, 2000; Kasumba, 2013). This had been through budget support and direct support to specific projects. These supranational institutions usually have their stringent conditionalities for accessing their development assistance (Tambulasi, 2007; Kasumba, 2013), among which are the budget reforms which recipient countries must comply with so as to enhance optimal allocation and utilisation of scarce resources provided by aid agencies (Uddin and Hopper, 2003; Bakoup, 2013).

On the other hand, the State of Kuwait was studied to generate a better understanding of how budget reforms were conceived and adopted in Gulf State of Kuwait. Unlike Uganda, Kuwait hadnot been that does not usually rely heavily on development assistance from supranational institutions (Smith, 2011). Instead, it had been involved in providing development assistance to other countries (Cotterrell and Harmer 2005).

This study generated external and internal dynamics for the adoption of budget reforms in Kuwait and Uganda. Various budget documents from Uganda and Kuwait were reviewed to generate detailed understanding of the rationale for the adoption and implementation of budget reforms. In addition, documents and archival records formed the basis for studying the role of supranational institutions and the responses of nation-state actors in the adoption and implementation of budget reforms in Uganda and Kuwait.

The study provided rich insights into how globalisation processes influenced the adoption of budget reforms in Kuwait and Uganda.

4.0 Background to the Study

4.1 Kuwait

Kuwait is a constitutional emirate with a petroleum-based economy. It is recognized by the World Bank as a high income economy (World Bank, 2015). Like many developing countries of the World, Kuwait suffered major economic crises in the early 1980s after the collapse of the Suok Al Manakh Stock Market and the falling oil prices which are still prevalent up today (*The New York Times, December 25, 1982*). Oil in Kuwait accounts for nearly half of its GDP and 94% of export revenues and government income (Ramadhan and Al-Musallam, 2014).

For a long time, the State of Kuwait has had budget surpluses, unlike many developing countries (Kuwait Times, 2015). For instance, in 2011/2012, Kuwait reported a budget surplus of 13.2 billion dinars, owing to strong oil income and controlled expenditure (TradeArabia News Service, 2013). In 2012/2013 fiscal year, Kuwait posted a surplus of 17.2 billion dinars in the first 10 months of the fiscal year (Reuters Middle East, 27th March, 2013). Similarly, in the 2013/2014 fiscal year, Kuwait reported a budget surplus of 4.96 billion dinars (Reuters Middle East, 27th March, 2013).

The budget of Kuwait has heavy reliance of oil revenues as the major source of financing. For several years, since 1990, the oil prices have been significantly high, thus yielding substantial revenues for the government. With such high resources, the government of Kuwait adopted a generous public expenditure model with numerous subsidies to its citizens (Ramadhan and Al-Musallam, 2014; El-Katiri *et al*, 2011). For instance, Ramadhan and Al-Musallam (2014) argues that the government of Kuwait in its efforts to share the oil wealth with its citizens has adopted an extensive welfare-oriented approach toward development. This made Kuwait a strong welfare state with public expenditure significantly higher than any other Arab state in the region. Similarly, El-Katiri et al, 2011 argue that with vast oil revenue resources and its equitable distribution, has provided Kuwaiti citizens with essential services including free healthcare, education and social security.

However, in the fiscal year 2014/15, the State of Kuwait posted an estimated deficit of 2.31 billion dinars: the first deficit since 1999/2000 fiscal year (Anas al_Saleh, Kuwait's Minister of Finance, 2015). Further, in the fiscal year 2015/16, Kuwait's Parliament approved a state budget with a deficit of 8.18 billion dinars (*equivalent to US $ 27.0 billion*) (Reuters, 1st July, 2015; Gulf News, 1st July, 2015).
Kuwait News Agency (KUNA) quoted the Minister, Saleh saying that:

> "This situation [deficit] requires us to speed up the efforts to embark on financial reforms, ration public spending and reduce reliance on oil resources as the main source of national income".

The Minister was further quoted saying that:

> "We are facing a very difficult financial situation. We must control growth in spending and diversify our resources of income so as not to remain completely reliant on oil" (Kuwait News Agency).

However, with sliding oil prices, the situation has been reversed. The state of Kuwait had been warned of a financial risk if the oil prices continue to drop on the global market, which *inter alia,* would require budget reforms.

4.2 Uganda

Since independence from the British rule in 1962, Uganda has been grappling with persistent political and economic crises (see Kannyo, 2004; Bigsten and Kayizzi-Mugerwa, 2001). In an attempt to revitalize the economy, the government of Uganda accepted and implemented a range of structural adjustment programs (SAPs), floated by supranational aid agencies, such the World Bank, IMF and others (Bigsten, 2000).

These included, *inter alia,* enforcing limits on government expenditure (Baffoe, 2000). Uganda, by then, was relying heavily on imports for both agricultural inputs and consumer goods (Kayizzi-Mugerwa, 2001). This is because production had collapsed during the period of 1971-1980 (Baffoe, 2000).

After the capture of the state power in 1986 by the National Resistance Movement/Army, radical interventions, through institutional reforms, were pursued (Bigstein and Kayizzi-Mugerwa, 2001). The adoption of changes in budgetary practices was regarded by the donor community and the government of Uganda as panacea for enhancing the optimal allocation; effective and transparent utilisation, and timely reporting on resources (Kasumba, 2013). According to Kasumba (2013) supranational aid institutions, such as the World Bank, IMF, DFID and others, were instrumental in influencing the adoption of a wide range of budget reforms both in the central and local governments, as conditionalities for accessing vital resources for economic development.

Uganda has been relying heavily on external funding from international donors (Uganda, 2015). For instance, in the fiscal year 2009/10, the government of Uganda projected to finance its activities with 5,576 billion shillings, out of which 4,856 billion shillings were to be raised from domestic sources; and 1,720 billion shillings were anticipated to come from external loans and grants from supranational aid institutions (Uganda, 2009). Unlike the case of Kuwait, the government of Uganda has had increasing demand for public services, yet its resource envelope was inadequate to support them. Instead, the government has been surviving mainly on financial assistance from development partners. For instance, Kuteesa *et al,* (2007) observed that:

> "For several years, Uganda's domestic revenues have been insufficient to fund its public services; as a result, it relied on concessional external borrowing and donor grants to supplement its domestic revenue earnings."

The demand for budget reforms in Uganda has been primarily influenced by the need to be more efficient and effective in the allocation and utilisation of resources, some of which were provided by international aid agencies. For example Kuteesa *et al,* (2007) noted that, “the aim of public expenditure reforms [including budget reforms] is to ensure efficient and effective utilisation of limited government resources in order to deliver on the overall long-term objective of eradicating poverty by 2017.”

With reliance on international finances to fund its budget, the government of Uganda was highly vulnerable to pressures from supranational aid agencies to adopt rationalised global practices, such as budget reforms, whose empirical evidence is provided in the ensuing sections of this paper.

6.0 The Supranational Aid Agencies and Globally-Oriented Budget Reforms

The role of supranational agencies, such as the World Bank, IMF, Danida and others, is critical in the globalisation process (Bakoup, 2013; Robinson, 2012). These international aid organisations are implicated in the transmission of globalised systems and processes across time and space without border restrictions, including budget reforms, using their privileged mechanisms, such as conditionalities for development assistance, especially, but not limited to developing countries (Meyer, 2000; Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007).

Several development partners, for instance, have subscribed to MTEFs and spearheading these globalised processes of resource allocation and utilisation over the medium-term. For example, OPM Review (2000) highlighted that:

> “The international aid community fuels the enthusiasm for Medium Term Expenditure Frameworks. Donors and lenders, including DFID and the World Bank, support MTEF as the logical mechanism around which to structure the design of government-wide instruments of budget support. In Public Expenditure Reviews (PERs) undertaken by the World Bank in Sub-Saharan Africa and other regions of the Bank’s operations, the need for an adequate medium term framework is arguably the issue given the most attention.”

The OPM Review (2000) further acknowledges that:

> "The implementation of a Medium Term Expenditure Framework (MTEF) is increasingly being accepted as an appropriate response to the problem. In many respects MTEF has become the new panacea of public expenditure management – proposed as a cure not only for the inadequacies of planning and budgeting systems but also for the broader performance problems of government….. It is not surprising that MTEFs should receive universal support. It is rational to plan and manage finances in an integrated manner, with a medium term perspective."

6.1 Kuwait

The State of Kuwait did not escaped the coercive pressure of international aid agencies trying to influence public financial management reforms, including budget reforms. The supranational aid agencies have been influential in creating the demand for budget reforms, especially in developing countries, due to their privileged position as "global regulators". For instance, at the conclusion of her visit to Kuwait on November 10th 2013, the Managing Director of the International Monetary Fund (IMF), Christine Lagarde intimated that:

> "Kuwait has navigated the global crisis well and its macroeconomic performance remain strong. The country faces challenges, however, that could be overcome by implementing stronger economic policies. Spending rigidities and a growing reliance on oil revenues have increased fiscal risks, notwithstanding the current high fiscal surplus and large buffers. To contain, these risks from eroding buffers and to save for future generations……"(IMF Press Release No.13/438).

IMF had put emphasis of the adoption and implementation of medium-term expenditure frameworks [MTEFs] as a "global best practice" intended to ensure efficient allocation and utilisation of public financial resources, especially in the wake of dwindling revenues. For example, Christine Lagarde further advised Kuwaiti government that:

> "….it is important to contain current expenditures, such as the public sector wage bill and generalized subsidies, and find way to enhance non-oil revenues. This requires strong policy frameworks and fiscal institutions to guide public spending and the medium-term fiscal consolidation process" (IMF Press Release No.13/438).

Furthermore, the IMF has been a forefront in sensitising Kuwait officials on the need to adopt the global budget reforms, such as MTEFs. Specifically, for the case of Kuwait, in the December 16-19, 2014, the IMF's Middle East Regional Technical Assistance Center organised a workshop on Medium-Term Expenditure Frameworks (MTEFs) in Beirut, Lebanon. The workshop was attended by Senior Representatives of Finance and Planning Ministries from the Middle East and North Africa (MENA) countries, including Afghanistan, Algeria, Egypt, Iraq, Jordan, Kuwait, Lebanon, Sudan, Tunisia, Yemen and West Bank and Gaza. The purpose of the workshop was to sensitise participants with the techniques, processes, and institutions required for the successful implementation of a MTEF (IMF Press Release, No. 14/603, December, 2014).

The IMF Press Release No. 14/603 further stated that: "It [workshop] aimed at deepening participants' understanding of issues related to the development of these frameworks [MTEFs] and their relationships with macro fiscal forecasting national development planning and wider issues of budgeting and public financial management."

In addition, between 18th and 30th April 2012, an International Monetary Fund (IMF) visited Kuwait and held discussions with authorities for the 2012 Article IV Consultations[i] (IMF-Kuwait, 2012). The missions are undertaken regularly (usually annually) by Consultations under Article IV of the IMF's Articles of Agreement,[ii] in the context of a request to use IMF resources (borrow from the IMF) as part of discussion of staff monitored programs, and as part of other staff reviews of economic development (IMF-Kuwait, 2012).

In the context of Kuwait, which understandably was not seeking funding from IMF, the regular discussions with IMF on matters of budgetary reforms are construed to be part of other staff reviews of economic development by IMF as a global regulator to promote "globalised best practices", rather than a development financier. Through the global regulation role, IMF and the World Bank were able to transmit "globally-acclaimed best practices", such as budget reforms across time and space.

Further, in the Concluding Remarks[iii] made by the IMF mission to Kuwait 2012, it was maintained that Kuwait needed to adopt of MTEFs as part of the budget reforms. For instance, Section 17 of the Concluding Remarks stated that: "Fiscal consolidation is therefore needed in the medium term if current spending trends continue. The Mission estimates that government expenditure will exhaust all oil revenues by 2017, which means that the government will not be able to save any portion of these revenues for future generations. In this context, medium-term benchmarks for government expenditure can help the government determine its fiscal envelope in order to target intergenerational equity in the distribution of oil resources." (IMF Mission-Kuwait, 2012).

IMF's influence on Kuwait to adopt MTEFs, which was clearly demonstrated in its agenda, was prompted by the wake of dwindling oil revenues and the need to contain public expenditure. For example, the Concluding Remarks of IMF mission to Kuwait 2012 further warned the government of Kuwait that: "The need for fiscal consolidation [based on MTEFs] is larger and more urgent in a scenario of lower oil prices. ……the adoption of a medium term budget framework and a well-designed fiscal rule could help contain pressures to increase government expenditure and improve the management of future oil cyles."(IMF Mission-Kuwait, 2012).

The World Bank, like its counterpart the IMF, has demonstrated a critical role in transmitting global "best practices" to Kuwait. For instance, in March 2008, the Managing Director of the World Bank, Juan Jose Daboub, who had concluded final arrangements with the Kuwaiti Authorities on the establishment of a World Bank office in Kuwait, underscored the Bank's role in globalisation by saying:

> "Our program in Kuwait is a good demonstration of the Bank's capacity to leverage knowledge and best practice from different parts of the world. At the same time, we are keen to learn from Kuwait's positive experience and take those lessons to the region and internationally" (World Bank-Kuwait, 2008).

Similarly, World Bank Country Manager to Kuwait, Radwan Shaban, in 2008 intimated that:

> "The World Bank team in Kuwait is committed to contributing its global knowledge and international experience to serve the country's vision for enhancing the economic and social welfare of all Kuwaitis. In response to the priorities identified by the government, we will focus on: human resources development improve public sector performance, promote

> private sector development and economic diversification.” (World Bank-Kuwait, 2008).

Both IMF and World Bank have been instrumental in creating demand for and transmitting globally rationalised budget reforms, particularly, MTEFs in Kuwait based on their global experience using their global regulatory mechanisms with inherent coercive and normative actions.

6.2 Uganda

In the case of Uganda, the World Bank, Danida, DfID and IMF have contributed significantly, financial resources and technical assistance, to the government of Uganda, in respect to the adoption and implementation of budget reforms. The context of Uganda, being a poor and developing country, but with concerted efforts to revitalize its economic development, under the National Resistance Movement, opens it up to dominating role and coercive environment of a number of supranational aid agencies. Particularly, with the need of development financing, accessible from supranational aid agencies, such as the World Bank, IMF, the government of Uganda had to succumb to various conditionalities, including the adoption and implementation of global budget reforms for both central and local government.

From the mid-1980s, the International Monetary Fund (IMF) and the World Bank sponsored a number of structural adjustment programmes (SAPs) in Uganda. Initially, the programmes received serious criticisms and were later abandoned, but subsequently picked up by the government of President Museveni in 1992, who provided donor confidence and led to rapid increase in aid flows to Uganda (Lister, *et al,* 2006). For instance, in 1992, the World Bank, under its IDA support provided US$ 29.0 million to the Republic of Uganda to strengthen economic and financial management as part of the efforts towards economic stabilization and structural reform. The rationale for IDA Support was:

> “….The Bank [World Bank] is particularly well placed to play a catalytic role in providing associate to the target agencies to modernise their practices and operations and successful implementation is a major

> element of the capacity building program for the country."(World Bank, 1992).

In 1999, the World Bank approved financing to the government of Uganda under the Second Economic and Financial Management Project (EFMP II). This was a World Bank assistance strategy to support reforms in the public expenditure management process in Uganda (World Bank, 1999). The project was intended to improve efficiency of government planning/budgeting, financial management, and monitoring/evaluation process (ibid, 1999). One of the components of the EFMP II project, *inter alia,* was to improve and harmonise the central and local government planning and budgetary processes supporting the decentralisation of the development budget. The budgetary processes in Uganda since 1999 have undergone a metamorphosis as a result of the technical and financial support from the World Bank.

Similarly, in 2003, under the Uganda-Second Economic and Financial Management Project – Supplemental Credit, the World Bank approved supplementary financing to the EMFP II to Uganda to enhance the implementation of the Integrated Financial Management Systems (IFMS). According the World Bank, the rationale for the supplemental credit would finance the completion of the roll out of the Integrated Financial Management System (IFMS), including the implementation of the local government revenue module and site preparations amounting to US $ 13.65 million equivalent ……" (World Bank, 2003).

The enabling role of the World Bank in facilitating the creation of demand and supply for global "best practices" could not be overemphasized. In April 2007 the World Bank agreed to initiate a project named Kampala Institutional and Infrastructure Development Project [KIIDP] (the World Bank, 2007). KIIDP sought to enhance the development planning processes based on a mid-term strategy (MTEF); and to develop and implement comprehensive organisational development strategy to foster transparency and accountability in Kampala District, by then (World Bank, 2007).

In 2010, the World Bank and IMF jointly provided support in the preparation of the National Development Plan (of Uganda) 2010/11 – 2014/15. World Bank (2010) maintained that:

> “The NDP [National Development Plan] (2010/11 – 2014/15) was approved by the Cabinet [of Uganda] on 17th February, 2010 and was submitted to the International Monetary Fund (IMF) on March 9, 2010….. The World Bank and the IMF stand ready to support the authorities on designing policies to overcome the challenges and risks identified [in the NDP], with the collaboration of other development partners.”

The international aid agencies have used financial and technical assistance to the poor countries as mechanism through which they transmit global public financial management reforms, including budget reforms to developing countries. For instance, IMF, along with other development partners, extended technical and financial support to the Government of Uganda to reform its public financial management processes, including budget reforms. For instance, IMF, in respect to Uganda, claimed that:

> “The authorities—with technical support from development partners—have engaged in a comprehensive strategy to strengthen PFM at all levels of government. Since FY2011/12 considerable progress has been made on key areas, such as discussion of the PFM bill in Parliament, extension of the Information Financial Management System (IFMS) to central government ministries, departments and agencies, and completion of the first phase of the Treasury Single Account (TSA). However, action is still required in important areas, such as drafting regulations for the PFM bill and completing phase two of the TSA.” (IMF, 2014).

A number of development partners have contributed significantly in the Uganda Public Financial Management Reform Strategy (July 2014 - June 2018). The partners included: Denmark, DfID, KfW, Irish Aid, Norway and Sweden. These provided both technical and financial assistance during the formulation of the Strategy (MoFPED, 2014). Several technical personnel from different countries forming the development partners to Uganda were consulted in the process of formulating the Uganda Public Financial Management Reform Strategy (July 2014 - June 2018). The following excerpt represents the technical personnel that were consulted and their organisations:

S/No	Name	Position	Organisation
78	……………	…………………	………………
79.	Anja Kramer	Director	KfW
80.	Gloria Mugambe	Governance Advisor	DfID
81.	Alex Stevens	Advisor	DfID
82.	Stephen Smolders	Attache	EU
83.	Hazel Granger	Governance Sector Expert	KfW
84.	Enock Nyorekwa	S/Economist	Norwegian Embassy
85.	Cate Najjuma	Snr Economist	Danida
86.	Ann Lubega	Economist	Sweden
87.	Grace Munanura	Procurement Specialist	World Bank
88.	Gert van der Linde	Senior Financial Management Specialist	World Bank
89.	Robert Mpagi	DPs PFM Consultant	DPs PFM WG
90.	Jerome Dendura	PFM Consultant	DPs PFM WG
91.	AFRITAC East	Consultant	IMF

Source: Uganda Public Financial Management Reform Strategy (July 2014 - June 2018) Annex 6: List of Persons Consulted (*Extract)*

In its role in promoting globalisation of budget reforms in Uganda, IMF has been at a forefront, using its technical assistance. For instance, IMF (2014) commented by Uganda that:

> "In the first half of 2014, Uganda has continued to receive extensive technical assistances from both IMF and AFRITAC[iv] East (regional technical assistance center). FAD (*Fiscal Affairs Department*) provided TA (*Technical Assistance*) missions on PFM (*Public Finance Management*) Bill reform and VAT gap estimate, followed by AFRITAC East missions focusing on financial regulation, financial asset reporting, and forecasting capacity building. The latter is a follow-up mission of output budget tools provided in 2013. Missions to draft PFM Bill regulations and on oil resource management and tax policies are planned for this fiscal year."

In addition, the German government has also been at a forefront in supporting the budget reform in Uganda. Through the German Development Bank (*Kreditanstalt für Wiederaufbau* (KfW), since 2010, Germany had provided a total of 16 million EUR (UGX. 53 billion) of financial cooperation to specifically address reforms in public finance management and tax administration. In fact, KfW acted as chair of PFM Working Group in Uganda. For example, KfW intimated that:

> "KfW as former chair of the PFM working group has been leading the support effort towards the Uganda Government in the update of the PFM Reform Strategy 2014/15 – 2017/18 and assisted to design the new phase FINMAP (FINMAP III 2014-2018). FINMAP III is a core programme delivering the PFM reforms."(MoFPED, 2014)

The UK's supranational aid agency, DfID, floated its support in influencing the budget reforms in Uganda. In particular, it established what it termed "The Budget Support Project". According to DfID (2012), it was observed that:

> "This Budget Support Project forms a central part of DFID's contribution to strengthening the institutional systems, public financial management and accountability needed for GOU (Government of Uganda) to attain its National Development Plan goals, namely, "growth, employment and socio-economic transformation for prosperity."

Similarly, the European Union had its stake in reforming the budgetary practices in Uganda. While speaking at the launch of the Uganda Public Financial Management Reform Strategy (July 2014 - June 2018), the Ambassador Kristian Schmidt, The Head of Delegation of the European Union to the Republic of Uganda, underscored the importance of development partners in supporting public financial management reforms in Uganda. For instance, he observed that:

> "You are very well aware that we development partners have over the last years looked critically at several prominent cases of fraud, embezzlement and mismanagement of public funds. These events have been catalysts to either start or accelerate important PFM reforms…." (European Union, 2014).

He further reiterated that:

> "For the European Union, I can confirm that we will continue our support to the area of good governance which also covers public finance management…. I take this opportunity to thank our German colleagues for the successful chairing of that group [PFM Working Group in Uganda] over the last three years." (European Union, 2014).

As it has been noted, a number of development partners had their take on the design of the Uganda Public Financial Management Reform Strategy (July 2014 - June 2018). After the preparation of the PFM Reform Strategy, it had to be presented to IMF for approval before it was launched. IMF had to ensure that global “best practices” were incorporated before flagging it off. This was done following the third review of Uganda’s economic performance (IMF, 2014).

7.0 Nation- State Actors and Globalised Budget Reforms

Nation-state actors are critical in the globalisation process (Uddin and Hopper, 2003; The Economic Commission for Africa, 2003; Tambulasi, 2007). They provide the conducing environment for the entrenchment of the globalized and rationalised “best practices”, such as budget reforms (Kasumba, 2013; Agbakoba and Ogbonna, 2004; Fjelstad *et al*, 2004; Kasumba, 2013, Alnesafi, Kasumba and Aldhuaina, 2015). The following section provides evidence of the actions and behaviour of nation-state actors in Kuwait and Uganda, in the budget reform processes.

7.1 Kuwait

Owing to the declining oil revenues, the continued need to maintain a strong welfare state and the pressures from supranational aid agencies, various nation-state actors in the State of Kuwait responded in different ways in the process of the entrenchment of globalized budget reforms. For instance, while opening the new Parliamentary term on October, 27th 2014, the Emir Sheik Sabah Al Ahmed Al Jaber Al Sabah[v] noted that:

> “Here again, we are witnessing another cycle of sliding oil prices as a result of economic and political factors hitting the global economy, which is negatively affecting the national economy” (Kuwait News Agency (KUNA), 2014).

The Emir further remarked that:

> “You [Parliamentarians] are responsible for stopping squandering of resources and rationalising spending as well as to direct subsidies to those who deserve it without undermining the basic needs of citizens or affecting the standard of living” (Kuwait News Agency (KUNA), 2014).

Secondly, while representing the Kuwaiti Prime Minister at the launch the World Bank Group new office in Kuwait, H.E. Mustafa Al-Shamali, and the Kuwaiti Minister of Finance said that

> ″We are looking forward to a strengthened partnership with the World Bank. Our vision to become a regional financial and trade hub will benefit from international best practice which we can tailor to our Kuwaiti needs and priorities…..The World Bank Group, with its knowledge and operational experience, is in an ideal position to facilitate this global exposure," he further added. (World Bank- Kuwait, January 20, 2009)**.**

In a similar development, while speaking at a meeting of Gulf Finance Ministers in Kuwait, the Finance Minister of Kuwait, Anas Al Saleh noted that the Gulf States needed to:

> "reduce their dependence on oil and that implementing [reforms] had become inevitable…….Comprehensive economic reforms, including the reforms of imbalances in public finance were necessary." (The National Newspaper, 25th October, 2014).

Meanwhile, Kuwait Finance Minister Anas Al Saleh, while speaking at a meeting of the Gulf Finance Ministers in Kuwait in October 2014, noted that the Gulf States must: "Reduce their dependence on oil and that implementing [reforms] had become inevitable." He further added that: "Comprehensive economic reforms, including the reforms on imbalances in public finance were necessary" (The National Newspaper, 25th October, 2014).

Furthermore, in an exclusive interview on March 9th 2010 with the Arab Reform Bulletin (ARB), the Dr. Rola Dashti, Member of the Kuwaiti Parliament, once said:

> "The parliament wanted to move forward in the legislative process. We recently passed a very important law, which was the five year plan. It states the economic and social reform policies that the country is going to undertake, which are very important because there is a major shift in social and economic policies, moving from entitlement to engagement, from consumerism to productivity." (ARB, 2010).

The Central Bank of Kuwait has also played an important role in suggesting various public financial management reforms, especially in the event that oil revenues were on the decline and that the government needed to operate efficiently and effectively. In an annual press conference, the Governor of the Central Bank of Kuwait, Mohammad al-Hashel, reiterated that:

> "It is necessary to act actively to push forward comprehensive economic reforms [including budget reforms] through a bundle of policies, which will contribute to improving the economic environment and boosting efficiency of the government performance." (Middle East Eye Newspaper, 2014).

Notwithstanding, the nation-state actors, particularly the Members of Parliament of Kuwait, have always acted different in ensuring that many public financial management, including budget reforms, do not succeed.

The government of Kuwait wants to diversify its economy and emulate the success of Gulf Arab commercial hub Dubai, but several reforms had been delayed in parliament due to a long-running standoff with the government. (UK-Reuters, Wednesday May 14, 2008)[vi]. For instance, Koch, the Director of International Studies at the Gulf Research Center in Dubai, noted about Kuwait that:

> "…little progress has been made on the corruption issue or on much needed economic reforms. Government-promoted, neo-liberal economic proposals have tended to be treated on a case-by-case basis by legislators, who have rejected several measures." (ISN Security Watch, 2008).

Usually the nation-state actors, particularly the Members of Parliament, are responsive in establishing enabling legislations to entrench public sector reforms. However, in the case of Kuwait, there has been tension between the Executive led by the Emir and the Legislature (responsible for enacting enabling laws), resulting into resistance to economic reforms. In 2008, the Washington Institute posited that there were long-pending economic reforms in Kuwait, languished in legislative limbo, much to the frustration of many leading cabinet officials and businessmen (Washington Institute, 2008). Thus, unlike nation-state actors in other developing countries who were involved in setting up a conducive environment for the adoption of globalized best practices of budget reforms, officials in Kuwait were involved in tensions and conflicts between the executive and legislature.

At one point the Emir (a leader of the Constitutional Monarchy in Kuwait), used a decree to dissolve the Parliament with a bid to iron out the conflicts and tensions between the Executive and the Legislature (The New York Times, May 17th 2009). Purportedly, the conflicts and tensions had slowed the adoption and implementation of economic reforms. (The New York Times, May 17th 2009).

In sum, whereas the executive arm of the government of Kuwait had all the intentions to adopt the globalized public financial management reforms, including budget reforms, tensions and conflicts with the legislature, the reforms were hampered by the delayed enactment of the appropriate legal framework.

7.2 Uganda

In an attempt to be in step with globalisation, the nation-state actors in Uganda, with financial and technical assistance from supranational aid agencies, notably the World Bank, IMF, Danida and other, have made deliberate statements in support of entrenching globalized "best practices" of budget reforms and have enacted various legislations and Regulations to support them [budget reforms].

In the first instance, in a Letter of Intent to IMF, the Minister of Finance and Economic Planning of Uganda [MEFP], then Maria Kiwanuka wrote:

> "We intend to work with the IMF and other development partners on the implementation of our program, and will consult with the Fund on the adoption of any such further measures, and in advance of revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation. We will provide the IMF with such information as the Fund requests in connection with our progress implementing the policies and reaching the objectives of the program. We also consent to publication of the documents for the second review under the PSI[vii] (Uganda, 2014).

The Minister further argued that:

> "Government believes that the policies set out in the attached MEFP will be sufficient to achieve the objectives of our PSI-supported program but, as always, we stand ready to take any further measures that may become appropriate for this purpose." (Uganda, 2014).

It was believed that the budget reforms in Uganda would target the improvement of scarce resource allocation. For example, the Director of Budget in the Ministry of Finance and Economic Planning of Uganda said:

> “These reforms have not only targeted to improve resource allocation for effective service delivery but also to promote accountability and transparency in the utilisation of public resources.” (The New Vision Newspaper, Jun 14, 2012).

In order to provide a legal framework to support the adoption and implementation of globalised budget reforms, a series of Parliamentary Acts. These Acts were promulgated with the assistance of supranational aid agencies. The legal mandates for the budgeting processes in Uganda are provided for in a number of legislations and orders, notably the Constitution of the Republic of Uganda (Uganda, 1995 and as amended in 2005); The Financial Laws and Regulations, including The Budget Act, 2001, The Public Finance and Accountability Act, 2003, The Public Financial Management Act, 2015; The Local Government Act, 1997 and as amended in 2006; The Local Government Financial and Accountability Regulations, 1998 and as amended in 2007).

Within the budget reform strategy, the government of Uganda enacted the Budget Act, 2001. The Act was intended for and to regulate the budgetary procedures for a systematic and efficient budgetary process and for other matters connected therewith (Uganda, 2001).

In 2003, The Public Finance and Accountability Act, 2003 was enacted. It was intended to provide for the development of an economic and fiscal policy framework for Uganda; to regulate the financial management of the Government…. The Act highlights the role of various actor in the public finance management and accountability (Uganda, 2003). In the pursuance of further budget reforms, the government of Uganda formulated the Public Financial Management Act, 2015.

In 2012, while presenting the Public Financial Management Bill to the Parliamentary Finance Committee, before it eventually became a bill in 2015, the then Minister of Finance said:

> "Contained in this Bill I bring to you, are fundamental reforms in our public financial management, ways and practices intended to raise the thresholds for accountability and make the Government more accountable to Parliament and the people of Uganda." (The New Vision Newspaper, Nov 16, 2012).

To emphasize the importance of globalisation of budget reforms, the Minister of Finance added that "the process for the formulation of the Bill involved borrowing a leaf from nations with the best practices in the efficient management of public funds. She cited Norway, the United Kingdom, Botswana and Timor Leste, whose experiences have been incorporated in the Bill to give it an international standard." (The New Vision Newspaper, Nov 16, 2012).

In 2005, the Public Financial Management Bill of 2012 was finally passed by Parliament and assented to by the President to become The Public Financial Management Act, 2015. The Act provides a fundamental change in the budgeting processes in Uganda, a significant departure from the repealed Public Finance and Accountability Act, 2003. Specifically, the Act sought to:

> "….provide for fiscal and macroeconomic management; to provide for the Charter for Fiscal Responsibility; to provide for the Budget Framework Paper; to provide for the roles of the Minister and the Secretary to the Treasury in the budgeting process; to provide for virements, multiyear expenditures, supplementary budgets and excess expenditure; to provide for the Contingencies Fund; to provide for the Consolidated Fund and commitments against the Consolidated Fund;…." (Uganda, 2015).

Commenting on the Public Financial Management Act, 2015, Prof. Augustus Nuwagaba of Makerere University said the Act was a good law in principle because it seeks to instill prudence in budget management. He further noted that:

> "It creates a contingency fund as a control of supplementary budget, provides indicators for sovereign debt management. He recommended that

> the IMF decisions on aid/ debt issues must involve all critical stake holders…" (The New Vision Newspaper, Jun 16, 2015).

In respect to local government, several legislations and regulations have been issues to support the budget reforms. For instance, between 2005 and 2006, DFID provided financial and technical assistance to the government of Uganda to support the review of the Local Government Financial and Accounting Regulations [LGFAR] of 1998 to entrench the integrated financial management system, which had be construed as a panacea for budget reforms in Uganda. The review culminated in the amendment of the LGFAR, among other things, to regularise the adoption and implementation of the IFMS in local governments in Uganda (LGFAR, 2007).

In addition, Part III of the LGFAR of 2007 addresses issues of budgeting in local governments. Specifically, Section 17 of LGFAR of 2007 states that:

> "A local government council shall formulate, approve and execute budgets and plans in accordance with Section 77 of the Local Government Act."

Furthermore, budget reforms in local governments, specifically with regard to budget revision are enshrined in Section 25 of LGFAR of 2007. In particular, the Section introduces new concepts of virements, reallocations and supplementary budgets and the respective authorities to initiate and approve them. (Uganda, 2007).

Other than legislations and regulations, the Government of Uganda developed strategies intended to create operational guidelines for implementing budget reforms in Uganda. For instance, Uganda PFM Reform Strategy (2011/12 - 2016/17) was developed by officials of the Ministry of Finance and Planning and Economic Development to consolidate, widen and deepening PFM reforms with a focus on sequencing (MOFPED, 2010). The Strategy provides a guide to the future focus of PFM reforms in Uganda over a five-year period from 2011/12 to 2016/17 (Uganda, 2010).

In order to further embed budget reforms in Uganda, the government, with assistance from international aid agencies, formulated reform programmes and projects. Specifically, the Financial Management and Accountability Programme (FINMAP) was used a vehicle to implement PFM Strategy in Uganda. The overall objective of Government's Financial Management and Accountability Programme (FINMAP) was to improve the efficiency and effectiveness of Central and Local Government public financial management and financial accountability processes, including an increase in transparency in the use of public funds and reduced opportunities for corruption (Uganda, 2006). The ultimate goal was to ensure efficient, effective and accountable use of public resources as a basis for poverty eradication and improved service delivery. FINMAP has been critical in the entrenchment of the integrated financial management systems (IFMS) in the government (Uganda, 2006).

With assistance from the World Bank, the government of Uganda designed and implemented the Second Economic Financial Management Project was targeted at integrating the central and local government planning and budgetary processes and supporting the decentralisation of the development budget. It was also targeted at introducing outcome-oriented budgeting; strengthening expenditure management skills and implementing expenditure management information systems (IFMS). According the project document for EFMP II, the specific objectives were:

> "[I]ntegrate the central and local government planning and budgetary processes and support the decentralisation of the development budget; introduce an outcome-oriented budgetary process by strengthening expenditure management skills and commencing implementation of expenditure management information systems; and support monitoring and evaluation of the performance of the economy, poverty reduction and government service delivery (World Bank, 1999b)".

In sum, this section has provided evidence of the actions of nation-state actors, with technical and financial assistance from supranational aid agencies, of Kuwait and Uganda in deliberate efforts to adopt and institutionalize various budget reforms best of global experience.

8.0 Discussion

This paper set out to examine the how globalisation influenced the adoption of budget reforms in developing countries, with specific reference to Kuwait and Uganda. Specifically, the paper assessed and analysed the influence of supranational aid agencies and the actions of the nation-state actors in the adoption of budget reforms in Kuwait and Uganda as illuminated below:

8.1 Supranational Aid Agencies and Budget Reforms in Kuwait and Uganda

Supranational aid agencies, such the World Bank, IMF, Danida and others are critical in the globalisation process (Auboin, 2007; Robinson, 2012). They facilitate the transmission of globalized "best practices", such as budget reforms across time and space (Philoppidou *et al*, 2008; Uddin and Hopper, 2003; Seal, 1999; Tambulasi, 2007; Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007). In this study, a number of supranational aid agencies were identified to have play significant roles in creating demand and supply for the globalized budget reforms in Kuwait and Uganda as illuminated below:

As had been mentioned earlier that Kuwait for a number of years had been endowed with substantial amount of public revenue derived from oil sales, thus it was not susceptible to fiscal crises, which would have exposed it to the wrath of supranational aid agencies (Philoppidou *et al*, 2008). For instance, Philoppidou *et al*, (2008) revealed that the European Union had significant influence on the Greek government to reform its budgetary systems. Unlike, its counterparts in the developing world, Kuwait did not need budget support to meet its public expenditure (see Smith, 2011; Cotterrell and Harmer, 2005). Instead, evidence revealed that in fact Kuwait had become an aid agency itself through its Kuwait Fund for Arab Economic Development, popularly known as the Kuwait Fund. Despite its sound financial base, resulting from strong oil revenues, the State of Kuwait did not escape the globalizing arms of supranational aid agencies (Alnesafi, Kasumba and Aldhuaina, 2015). For instance, Alnesafi, Kasumba and Aldhuaina, (2015) revealed that although Kuwait had its own resources to reform the power sector, various supranational aid agencies were deeply involved in the shaping the reform through what they referred to as "global electric capitalism" (see also Robinson, 2012).

Ideally, it has been mentioned before that the need for development assistance especially for developing countries always make the highly vulnerable to the stringent conditionalities of supranational aid agencies (Uddin and Hopper, 2003; Tambulasi, 2007). However, the case of Kuwait is different. With all its sound financial resources, they could not escape the dominating and the global regulatory role of supranational aid agencies (Robinson, 2012). For instance, the continued presence of IMF and its advisory role on the public financial management matters/reforms in Kuwait is a clear testimony of the influential role of IMF in the globalisation processes in Kuwait (Economic Commission for Africa, 2003). Besides, the statements made by IMF Executive and staff on annual basis, prescribing wide ranges of budget reforms, including MTEFs, demonstrate the role of IMF as a global transmitter of "globally-rationalised best practices" (Robinson, 2012; Alnesafi, Kasumba and Aldhuaina, 2015; Tambulasi, 2007; Bakoup, 2013; Tanzi, 2004).

In the context of Uganda, the influence of supranational aid agencies, such as the World Bank, IMF, Danida and others in the public financial management reforms processes, including budget reforms, was highly motivated by the significant budget support they extended to Uganda over time (see Uddin and Hopper, 2003; Bigstein, 2000; Kasumba, 2013). Using the coercive conditionalities for accessing development assistance in forms of budget support, the supranational aid agencies were able to transmit globally-rationalised budget reforms under the wider framework of public financial management reforms in Uganda (Tambulasi, 2007; Bakoup, 2013; Tanzi, 2004). For instance, the adoption of IFMS and MTEFs in Uganda was a result of influence by the World Bank under the Second Economic and Financial Management Project (EFMP II). The IFMS sought to improve the monitoring of public expenditure in Uganda (World Bank, 2003). In addition, KIIDP was intended to enhance the development planning processes based on a mid-term strategy (MTEF). Using projects, the supranational aid agencies, particularly the World Bank was able to promote the dissemination of global "best practices" of budget reforms in Uganda (Kasumba, 2013).

Similarly, the World Bank and other bilateral donors were responsible for the introduction of MTEFs and bottom-up participatory budgeting practices in local governments in Uganda, which were regarded as critical in fostering transparency and accountability of financial resources (Wampler, 2007; Moynihan, 2007). These "best practices" were regarded as a springboard for enhancing efficiency and effectiveness in financial resource allocation and utilisation in local governments in Uganda (Economic Commission for Africa, 2003; 2005; Lapsley and Mussari, 2008; Olomola, 2009; Tommasi, 2009; Mkasiwa, 2013; Faleti, *et al,* 2014; Collinder, 2014; Ouda, 2003).

Furthermore, the role of supranational aid agencies in promoting global practices cannot be underrated (Robinson, 2012; Alnesafi, Kasumba and Aldhuaina*,* 2015). Their ability to use triangulation of approaches to enable the transportation of best practices, based on global experience, within time and space is unbelievable (Beckfield, 2008; Kasumba, 2013), especially in developing countries (Uddin and Hopper, 2003; Tambulasi, 2007). Legislations are usually coercive mechanisms in which "best practices", using based on global experience are entrenched within time and space (Kasumba, 2013). For example in Uganda, the World Bank and IMF played their globalisation regulatory role by providing technical and financial assistance to the government of Uganda during the preparation of the Public Finance Management Reform Bill and later on Act of 2015 in which significant budget reforms were passed into law by the Parliament of Uganda (Anessi-Pessina and Steccolini, 2005; Agbakoba and Ogbonna, 2004; Fjelstad *et al*, 2004; Kasumba, 2013, Alnesafi, Kasumba and Aldhuaina, 2015).

The influence of supranational aid agencies was also seen in the preparation of the Uganda Public Financial Management Reform Strategy (July 2014 - June 2018). Consultations were made with various staff of supranational aid agencies, who were used as conduits for the supply of globalized best practices of budget reforms, through the normative isomorphism, through the use of consultants from the World Bank (Kasumba, 2013). It has been noted that various supranational aid agencies had different mechanisms in which they channeled their influence, as global regulators, to create demand and supply of globally-rationalised "best practices" of budget reforms in Kuwait and Uganda (Alnesafi, Kasumba and Aldhuaina*,* 2015; Tambulasi, 2007; Robinson, 2012).

8.2 The Actions of Nation-State Actors in the Budget Reforms in Kuwait and Uganda

Within the global circuits of operations, the actions of nation-state actors are influential in creating conducive ground for the adoption of global practices (Alnesafi, Kasumba and Aldhuaina, 2015).

In the context of Kuwait, the top government officials, including the Emir, the Prime Minister and the Minister of Finance, echoed similar sentiments about the need to adopt economic reforms, including budget reforms in order to counteract the sliding oil revenues (IMF Mission-Kuwait, 2012). This action and intentions had relentless efforts of supranational aid agencies, who observed the dwindling oil revenues as a good ground for the adoption of globally-rationalised "best practices" of budget reforms, such as the MTEFs as panacea for efficiency and effective allocation and utilisation of the diminishing public financial resources (Anipa, *et al,* 1999). For instance (Anipa, *et al,* 1999) recommended MTEFs in Malawi and Ghana as a potential solution of enhancing allocation and utilisation of public financial resources over the medium-term (see also, World Bank, 1998).

Notwithstanding, the actions of the Legislature of the State of Kuwait were reluctant to embrace the budget reforms that were suggested by supranational aid agencies due to tensions and conflicts that existed between the nation-state actors (the executive and the legislature), which retarded the adoption of economic reforms, including budget reforms (see Kasumba, 2009). For instance, Kasumba (2009) revealed that the tensions and conflicts between the local councilors and the technical staff affected the adoption and implementation of budget reforms in Kampala District in Uganda. However, deploying the power resources at his disposal, the Emir of Kuwait managed to foster the adoption of public financial management reforms, including budget reforms, by dissolving the conflicting Parliament and was replaced by nation-state actors who were more acceptable to the reforms (Shapiro and Matson, 2008; Lukka, 2007).

The intentions of the nation-state actors in Kuwait to promote globalisation were demonstrated by the enactment of enabling laws to support the budget reforms (Alnesafi, Kasumba and Aldhuaina, 2015). For instance, Alnesafi, Kasumba and

Aldhuaina (2015) revealed that various government actors in developing countries harnessed the entrenchment of global electric capitalism by enacting enabling laws that made it possible for global capital to traverse their space and time with ease (see also, Robinson, 2012).

However, the case of Uganda presented a different situation from Kuwait. The deplorable economic environment, which was characterised by insufficient public resources to support the ever increasing public expenditure, and thus, highly supported by handouts from supranational aid agencies, placed Uganda in a catch 22 situation (Uddin and Hopper, 2003). The government of Uganda fell prey to the coercive pressures from supranational aid agencies to adopt the globalised budget reforms (Tambulasi, 2007; Uddin and Hopper, 2003; Robinson, 2012). The government of Uganda willingly expressed their intentions to work with supranational aid agencies in creating enabling environments for the adoption of budget reforms, an action that could be construed to be a strategy in itself to appear compliant with global "best practices" in order to have easy access to international development finance to support its budget (Kasumba, 2013). For example, Kasumba (2013) revealed that the adoption of the mode of decentralisation system that was similar to that of Denmark, was a strategic move for Uganda government to easily access the generous funding from the Danish government.

Further, in order to create assurance to the supranational aid agencies of the commitment to harness the globalisation processes, especially the adoption of globally rationalised budget reforms, the nation-state actors enacted a series of enabling legal framework (Alnesafi, Kasumba and Aldhuaina*,* 2015; Kasumba, 2013). To further apply their power resources in the globalisation process, the supranational aid agencies and their associates were key in the drafting of the various laws that provided ground for the adoption of the budget reforms in Uganda, based on global experience and international standards (Anessi-Pessina and Steccolini, 2005). For instance, in 2012 the Minister of Finance acknowledged that the Public Financial Management Bill, that sought to reform the budgetary practices in Uganda, had been prepared with reference to "best practices" mimicked from nations with efficient and effective management of public funds (DiMaggio and Powell, 1983; Scott, 2001).

In addition, to legislations, the nation-state actors in Uganda used projects, such as FINMAP, that were supported financially and technically by supranational aid agencies (Tambulasi, 2007), were clear testimony of the efforts and intentions to institutionalise the adoption of the globally rationalised budget reforms in Uganda (Alnesafi, Kasumba and Aldhuaina*,* 2015). FINMAP was particularly crucial for the adoption of the Integrated Financial Management Systems (IFMS), which were believed to essential ingredient in improving the efficiency and effectiveness of central and local government, including increasing transparency in the use of public funds (Uganda, 2003; 2006; MoLG, 2003a; World Bank, 1999b; LGFAR, 2007).

In essence, it could be summed that supranational aid agencies were influential in creating demand and supply for the globally-oriented budget reforms in Kuwait and Uganda (Alnesafi, Kasumba and Aldhuaina*,* 2015), through their coercive methodologies, especially the conditionalities for accessing international development finance, but also using normative mechanism through technical support (World Bank, 2013; Bakoup, 2013). In addition, the actions of nation-state actors have been identified to facilitate global budget reforms to traverse time and space, and in some instance, as a strategic position to have easy access to international finances from supranational aid agencies (Kasumba, 2013). However, for developing countries which have sound economic conditions and not relying external funding demonstrated reluctance to follow the tune of supranational aid agencies (Economic Commission for Africa, 2003). Thus, the economic positioning of a country determines its response to the pressure of globalisation from supranational aid agencies (Tambulasi, 2007; Robinson, 2012; Uddin and Hopper, 2003).

Finally, globalisation is a multi-faceted process which involve multi-actors deploying different power resources to achieve similar goals of making the world similar in processes, systems, thinking, cultural values and methodologies in dealing with societal opportunities and challenges.

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End Notes

[i] Article IV Consultations
[ii] Article IV: Obligations Regarding Exchange Arrangements
[iii] At the end of each visit to a member country, IMF prepares and present Concluding Remarks in which they highlight salient issues about the economic status of the country

and make recommendations, which include the necessary reforms needed to be followed.

[iv] East AFRITAC is a collaborative venture between the International Monetary Fund (IMF), the recipient countries, and bilateral and multilateral donors. It originated from the IMF's response to African leaders call on the international community to increase technical assistance (TA) to Africa and focus it more sharply on capacity building.

[v] This is the Political monarchy of Kuwait

[vi] FACTBOX-Economic reforms at stake in Kuwait elections

[vii] The Policy Support Instrument (PSI) offers low-income countries that do not want—or need—Fund financial assistance a flexible tool that enables them to secure Fund advice and support without a borrowing arrangement.