

The Effect of Stakeholder Participation on the Effectiveness of Public Financial Management Reforms: Evidence from Uganda's Ministry of Finance, Planning and Economic Development

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ABSTRACT

Public Financial Management (PFM) reforms are central to improving fiscal discipline, transparency, accountability, and service delivery in the public sector. Despite extensive reforms in Uganda's Ministry of Finance, Planning and Economic Development (MoFPED), concerns persist regarding the effectiveness of these reforms, particularly in relation to stakeholder participation. This study examined the effect of stakeholder participation on the effectiveness of PFM reforms in Uganda, focusing specifically on stakeholder involvement in monitoring and oversight. The study adopted a quantitative, descriptive-correlational research design. Data were collected from 133 respondents out of 144 distributed questionnaires, representing a 92.4% response rate. The study targeted MoFPED staff involved in budgeting, accounting, audit, planning, and ICT functions. Data were analyzed using descriptive statistics and linear regression analysis. Findings revealed that stakeholder participation is generally perceived to positively influence the effectiveness of PFM reforms. However, civil society participation and access to financial information were relatively weak. Inferential results showed a strong and statistically significant positive relationship between stakeholder participation and PFM reform effectiveness ($R = 0.742$, $R^2 = 0.550$, $B = 0.684$, $p < 0.05$). This implies that stakeholder participation explains 55% of the variation in the effectiveness of PFM reforms, and that increases in stakeholder engagement significantly improve reform outcomes. The study concludes that stakeholder participation is a critical determinant of PFM reform effectiveness in Uganda. It recommends strengthening inclusive participation mechanisms, enhancing access to financial information, institutionalizing feedback systems, and improving civil society engagement in oversight processes. The study contributes to knowledge by providing empirical evidence from a developing country context and extending stakeholder theory within public financial management systems.

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KEYWORDS: *Public Financial Management, stakeholder participation, PFM reforms, accountability, transparency, Uganda, MoFPED.*

1. INTRODUCTION

Public Financial Management (PFM) has increasingly become a central pillar in promoting economic stability, efficient resource allocation, and sustainable development across the globe. Effective PFM systems ensure that public resources are mobilized, allocated, and utilized in a manner that promotes transparency, accountability, and value for money in public service delivery. Globally, governments and development

partners have prioritized strengthening PFM systems as a means of improving governance outcomes and achieving development objectives, particularly in developing and emerging economies (World Bank, 2023; International Monetary Fund, 2022; Allen et al., 2023). International frameworks such as the Public Expenditure and Financial Accountability (PEFA) framework, developed by partners including

the European Commission, the International Monetary Fund, and the Organisation for Economic Co-operation and Development, have been widely adopted to assess the performance of PFM systems and guide reform efforts (PEFA Secretariat, 2023; Sutherland et al., 2021).

Globally, PFM reforms have focused on strengthening budget credibility, fiscal discipline, transparency, and accountability in public expenditure management. Empirical evidence indicates that countries with strong PFM systems tend to achieve better development outcomes, improved service delivery, and enhanced fiscal sustainability (World Bank, 2023; International Monetary Fund, 2022). However, despite the adoption of sophisticated financial management tools and systems, many countries continue to experience gaps between formal compliance and actual performance outcomes. Recent global analysis of PEFA data shows that while average PFM performance has improved moderately over time, progress remains uneven and slow across countries (Rahman et al., 2026). This has led to increasing recognition that technical reforms alone are insufficient without complementary institutional, political, and participatory mechanisms (Andrews, 2015; Organisation for Economic Co-operation and Development, 2021).

In Sub-Saharan Africa, PFM reforms have been implemented as part of broader public sector modernization and governance improvement initiatives. These reforms have included the adoption of Medium-Term Expenditure Frameworks (MTEFs), Integrated Financial Management Information Systems (IFMIS), and program-based budgeting approaches. While these initiatives have contributed to improvements in financial reporting and budget processes, challenges such as weak institutional capacity, corruption, limited accountability, and inadequate stakeholder engagement persist across many countries (African Development Bank, 2022; PEFA Secretariat, 2023). Evidence from PEFA global and regional assessments indicates that although procedural compliance has improved, the translation of reforms into tangible service delivery outcomes remains uneven, particularly in African contexts (Sutherland et al., 2021; Andrews et al., 2017).

Uganda is widely recognized as one of the early adopters and reform leaders in PFM within Sub-Saharan Africa. Since the late 1990s, the Government of Uganda, through the Ministry of Finance, Planning and Economic Development, has implemented a series of comprehensive PFM reforms aimed at strengthening fiscal discipline, enhancing transparency, and improving accountability in public

resource management. Key reforms have included the introduction of the Integrated Financial Management System (IFMS), the Treasury Single Account (TSA), Programme-Based Budgeting (PBS), and reforms in public procurement and audit systems (World Bank, 2020; International Monetary Fund, 2022; Kuteesa et al., 2019).

These reforms have been supported through major government programs such as the Financial Management and Accountability Programme (FINMAP) that preceded the Resource Enhancement and Accountability Programme (REAP) and have played a significant role in strengthening institutional capacity and improving financial governance in Uganda. These programs aim to ensure efficient, effective, and accountable use of public resources as a basis for improved service delivery (Ministry of Finance, Planning and Economic Development, 2020). Empirical evidence suggests that Uganda has made notable progress in areas such as budget credibility, financial reporting, and external audit oversight (PEFA Secretariat, 2017; World Bank, 2020).

More recent assessments continue to highlight both progress and remaining challenges. The 2022 PEFA assessment of Uganda indicates that the country's PFM systems have improved significantly, with many indicators scoring at or above international good practice levels. The assessment also confirms active stakeholder participation in policy formulation processes and improvements in fiscal transparency and reporting systems (PEFA Secretariat, 2022). Similarly, the International Monetary Fund Public Investment Management Assessment (PIMA) notes that Uganda has achieved strong institutional design in PFM systems but still faces challenges in translating these reforms into effective outcomes, particularly in implementation and project execution (Tanberg, 2023).

Furthermore, Uganda's Public Financial Management Reform Strategy (2025–2030) underscores the importance of strengthening fiscal discipline, improving resource allocation, and enhancing service delivery outcomes through better planning, budgeting, and accountability mechanisms. The strategy emphasizes citizen-centered service delivery and calls for increased ownership and participation by stakeholders at all levels of government (Ministry of Finance, Planning and Economic Development, 2025).

Despite these achievements, the effectiveness of PFM reforms in Uganda remains a subject of ongoing debate. Several studies indicate that while formal systems and frameworks have improved, challenges

persist in terms of budget execution, expenditure efficiency, and the translation of reforms into improved public service delivery (Kuteesa et al., 2019; International Monetary Fund, 2024). For instance, recent audit and assessment reports highlight gaps in budget performance, accountability enforcement, and efficiency in public expenditure management (Institute of Certified Public Accountants of Uganda, 2023). These findings reinforce the argument that strengthening institutional systems alone is insufficient without addressing broader governance and participation challenges.

A critical factor that has gained increasing attention in recent years is stakeholder participation in PFM reforms. Stakeholder participation refers to the involvement of key actors, including government institutions, Parliament, civil society organizations, development partners, and citizens in the planning, implementation, and oversight of public financial processes. Theoretical and empirical literature suggests that stakeholder participation enhances transparency, accountability, and ownership of reforms, thereby improving their effectiveness and sustainability (Freeman, 1984; Gaventa & Barrett, 2012; Organization for Economic Co-operation and Development, 2021).

Recent PFM research further emphasizes that inclusive and participatory budgeting processes are essential for aligning public expenditures with citizen needs and improving development outcomes. However, evidence from PEFA-related studies suggests that stakeholder participation mechanisms in many countries, including Uganda, are often weak or symbolic, limiting their impact on actual reform outcomes (Raappana & Whyte-Givans, 2023). In Uganda, while institutional stakeholders such as central government entities and development partners are actively involved, participation by citizens and local stakeholders remains limited, raising concerns about inclusiveness and sustainability of reforms (Kakumba & Fourie, 2017; World Bank, 2020).

This imbalance in stakeholder participation raises concerns regarding the inclusiveness, ownership, and long-term sustainability of PFM reforms in Uganda. Limited citizen engagement may reduce transparency and weaken accountability mechanisms, ultimately affecting the effectiveness of reforms in achieving intended outcomes such as improved service delivery and efficient resource utilization.

It is against this background that this study examines the effect of stakeholder participation on the effectiveness of Public Financial Management reforms, with specific reference to the Ministry of Finance, Planning and Economic Development in

Uganda. By focusing on the relationship between stakeholder participation and PFM reform outcomes, the study seeks to contribute to the existing body of knowledge on public sector governance and provide policy-relevant insights for strengthening PFM reforms in Uganda and other developing country contexts.

1.1. PROBLEM STATEMENT

Over the past two decades, Uganda has implemented extensive Public Financial Management (PFM) reforms aimed at strengthening fiscal discipline, enhancing transparency, and improving accountability in the management of public resources. Through the leadership of the Ministry of Finance, Planning and Economic Development, reforms such as the Integrated Financial Management System (IFMS), Treasury Single Account (TSA), Programme-Based Budgeting (PBS), and related initiatives under programs like FINMAP and REAP have significantly improved the institutional and regulatory framework for public financial governance (World Bank, 2020; Ministry of Finance, Planning and Economic Development, 2025; International Monetary Fund, 2022). Similarly, findings from Public Expenditure and Financial Accountability (PEFA) assessments indicate that Uganda has made notable progress in strengthening budget credibility, financial reporting, and external oversight mechanisms (PEFA Secretariat, 2017, 2022).

Despite these achievements, persistent challenges continue to undermine the effectiveness of PFM reforms in Uganda. Evidence from recent studies and audit reports shows that weaknesses remain in budget execution, expenditure efficiency, and the translation of reforms into improved public service delivery outcomes (Kuteesa et al., 2019; International Monetary Fund, 2024; Institute of Certified Public Accountants of Uganda, 2023). This suggests a disconnect between the existence of well-established PFM systems and their actual performance in achieving intended development results. Globally and regionally, similar patterns have been observed, where countries demonstrate improvements in formal PFM frameworks but continue to struggle with effective implementation and service delivery outcomes (Andrews, 2015; PEFA Secretariat, 2023).

One of the key factors increasingly identified in the literature as influencing the success of governance reforms is stakeholder participation. Stakeholder participation enhances transparency, promotes accountability, and fosters ownership of reform processes, thereby improving the likelihood of successful implementation and sustainability (Freeman, 1984; Gaventa & Barrett, 2012;

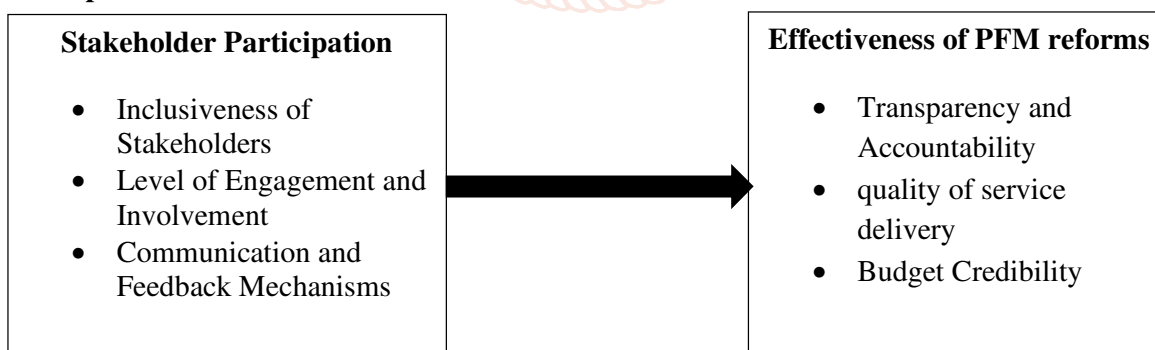
Organization for Economic Co-operation and Development, 2021). In the context of PFM, stakeholder engagement ranging from government institutions and Parliament to civil society organizations and citizens is essential for ensuring that public financial decisions reflect societal priorities and are subject to effective oversight.

However, in Uganda, stakeholder participation in PFM reforms remains uneven and, in many cases, limited. While institutional stakeholders such as central government agencies and development partners are actively involved in reform design and implementation, participation by citizens, local governments, and civil society actors is often weak or largely consultative rather than substantive (Kakumba & Fourie, 2017; World Bank, 2020). This imbalance raises concerns about the inclusiveness, transparency, and accountability of PFM processes, as well as the extent to which reforms are responsive to public needs.

Although existing studies have examined PFM reforms in Uganda, much of the literature has focused on technical and institutional aspects of reform implementation, with limited attention given to the role of stakeholder participation in influencing reform effectiveness. Consequently, there is insufficient empirical evidence on how variations in stakeholder engagement affect the performance and outcomes of PFM reforms, particularly within key institutions such as the Ministry of Finance, Planning and Economic Development.

This study therefore, seeks to address this gap by examining the effect of stakeholder participation on

1.4. Conceptual framework



Source: Adapted from Freeman (1984), Arnstein (1969), PEFA Secretariat (2023), World Bank (2023), OECD (2021), and IMF (2022).

The conceptual framework for this study is grounded in established theoretical and empirical literature on stakeholder participation and Public Financial Management (PFM) reforms. It illustrates the relationship between stakeholder participation as the independent variable and the effectiveness of PFM reforms as the dependent variable, with specific

reference to the Ministry of Finance, Planning and Economic Development in Uganda. By focusing on the Ministry of Finance, Planning and Economic Development as a case study, the research aims to provide empirical insights into how stakeholder engagement influences reform outcomes and to generate policy-relevant recommendations for enhancing the effectiveness, inclusiveness, and sustainability of PFM reforms in Uganda.

1.2. Objectives of the Study

1.2.1. General Objective

The general objective of this study is to examine the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms in Uganda, with specific reference to the Ministry of Finance, Planning and Economic Development.

1.2.2. Specific Objectives

1. To evaluate the effect of stakeholder involvement in monitoring and oversight on the effectiveness of Public Financial Management reforms in Uganda.

1.3. Research Hypotheses

1.3.1. Main Hypothesis

➤ **H₀:** Stakeholder participation has no statistically significant effect on the effectiveness of Public Financial Management reforms in Uganda.

➤ **H₁:** Stakeholder participation has a statistically significant effect on the effectiveness of Public Financial Management reforms in Uganda.

reference to the Ministry of Finance, Planning and Economic Development in Uganda.

In this study, stakeholder participation is conceptualized as a multidimensional construct comprising inclusiveness of stakeholders, level of engagement and involvement, and communication

and feedback mechanisms. This conceptualization is informed by Stakeholder Theory, which emphasizes the importance of involving all relevant actors in decision-making processes to enhance organizational performance, accountability, and legitimacy (Freeman, 1984). Within public sector governance, stakeholder participation is widely recognized as a critical driver of transparency, accountability, and policy effectiveness (Gaventa & Barrett, 2012; OECD, 2021).

The inclusiveness of stakeholders refers to the extent to which all relevant factors, such as government institutions, civil society organizations, development partners, and citizens, are identified and given equitable opportunities to participate in PFM processes. Empirical evidence suggests that inclusive participation improves alignment between government priorities and societal needs, thereby enhancing the effectiveness of public expenditure (World Bank, 2023; Andrews et al., 2017).

The level of engagement and involvement reflects the depth and intensity of stakeholder participation across the PFM cycle, including planning, budgeting, implementation, and evaluation. Active involvement in decision-making processes enhances stakeholder ownership, commitment, and compliance with reforms. Studies indicate that meaningful engagement, beyond mere consultation, contributes to improved policy outcomes and sustainability of reforms (OECD, 2021; Andrews, 2015).

The communication and feedback mechanisms dimension captures the extent to which information is transparently shared, and feedback from stakeholders is incorporated into decision-making. Effective communication channels such as public consultations, reporting systems, and digital platforms enhance trust, responsiveness, and accountability in public financial governance (Gaventa & Barrett, 2012; OECD, 2021). However, literature cautions that participation must be substantive rather than symbolic to yield significant governance outcomes (Arnstein, 1969).

The dependent variable, effectiveness of PFM reforms, is conceptualized through three key constructs: fiscal discipline and budget credibility, transparency and accountability, and efficiency and service delivery outcomes. These dimensions are consistent with international PFM assessment frameworks such as the Public Expenditure and Financial Accountability (PEFA) framework, which evaluates PFM systems based on budget credibility, transparency, policy-based budgeting, and control in budget execution (PEFA Secretariat, 2023).

Fiscal discipline and budget credibility refer to the government's ability to maintain control over public

finances, minimize budget deficits, and ensure alignment between planned and actual expenditures. Transparency and accountability focus on openness in financial reporting, the strength of audit systems, and the extent to which public officials are held responsible for their actions. Efficiency and service delivery outcomes assess the optimal use of public resources to deliver timely and quality public services. Empirical studies show that effective PFM systems are associated with improved fiscal performance and enhanced service delivery (World Bank, 2023; IMF, 2022).

The framework assumes a direct and positive relationship between stakeholder participation and the effectiveness of PFM reforms. Increased inclusiveness, deeper engagement, and stronger communication mechanisms are expected to enhance fiscal discipline, strengthen accountability, improve efficiency in resource utilization, and ultimately lead to better service delivery outcomes. This assumption is supported by empirical findings that link participatory governance processes to improved development outcomes and more sustainable reforms (Gaventa & Barrett, 2012; OECD, 2021).

Additionally, the framework acknowledges the influence of moderating variables, including political environment, institutional capacity, and legal and regulatory frameworks. These factors can either strengthen or constrain the relationship between stakeholder participation and PFM reform effectiveness. For example, weak institutional capacity or political interference may limit the impact of stakeholder participation, even where formal mechanisms exist (Andrews et al., 2017; African Development Bank, 2022).

Overall, this conceptual framework provides a coherent analytical lens for examining how the key dimensions of stakeholder participation influence the effectiveness of PFM reforms in Uganda. It guides the empirical analysis and forms the basis for testing the hypothesized relationships between the study variables.

1.5. Scope of the Study

1.5.1. Content Scope

This study focuses on examining the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms in Uganda. Specifically, the study investigates stakeholder participation through five key dimensions: participatory planning, participatory budgeting, stakeholder involvement in monitoring and oversight, transparency and access to financial information, and stakeholder engagement mechanisms. The dependent variable is the

effectiveness of PFM reforms, measured in terms of accountability, transparency, efficiency in resource utilization, and improvement in public service delivery. The study is anchored in public governance and stakeholder theory perspectives and is aligned with international PFM assessment frameworks such as the PEFA framework.

1.5.2. Geographical Scope

The study will be conducted at the Ministry of Finance, Planning and Economic Development in Uganda. The Ministry is selected because it is the central institution responsible for designing, coordinating, and implementing Public Financial Management reforms in the country. It also plays a key role in budgeting, fiscal policy formulation, and oversight of public expenditure systems across government entities. The findings will therefore reflect the institutional perspective of PFM reform implementation in Uganda's central government framework.

1.5.3. Time Scope

The study will focus on the period from 2015 to 2025. This period is selected because it captures significant phases of Public Financial Management reforms in Uganda, including the strengthening of the Integrated Financial Management System (IFMS), the implementation of Programme-Based Budgeting, and the development and rollout of the Public Financial Management Reform Strategy. It also includes recent reforms aimed at improving fiscal transparency, accountability, and stakeholder engagement in public financial processes.

2. LITERATURE REVIEW

This chapter presents a review of literature related to the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms. The review is organized in line with the study objectives, focusing on the key dimensions of stakeholder participation, namely participatory planning, participatory budgeting, monitoring and oversight, transparency and access to information, and stakeholder engagement mechanisms. The chapter also reviews literature on the effectiveness of PFM reforms and is anchored in relevant theoretical frameworks, including Stakeholder Theory (Freeman, 1984), Accountability Theory (Bovens, 2007), Arnstein's Ladder of Participation (1969), and the Public Expenditure and Financial Accountability (PEFA) framework.

2.1. Theoretical Review

2.1.1. Stakeholder Theory

Stakeholder Theory, developed by Freeman (1984), posits that organizations and public institutions must consider the interests of all stakeholders in decision-

making processes to achieve effective and sustainable outcomes. In the context of Public Financial Management, stakeholders include government institutions, civil society organizations, development partners, Parliament, and citizens. The theory argues that inclusive participation enhances the legitimacy, accountability, and performance of public institutions.

In PFM reforms, stakeholder involvement ensures that budgetary decisions reflect public needs and priorities, thereby improving efficiency and transparency in public resource allocation (OECD, 2021). This theory directly supports the independent variable of this study, particularly participatory planning and budgeting.

2.1.2. Accountability Theory

Accountability Theory emphasizes the obligation of public institutions to explain and justify their actions to stakeholders and accept responsibility for outcomes (Bovens, 2007). In public financial management, accountability is achieved through transparency, oversight, and reporting mechanisms that allow stakeholders to monitor government performance.

According to the International Monetary Fund (IMF, 2022), strong accountability systems are essential for ensuring fiscal discipline and reducing inefficiencies in public expenditure. Therefore, stakeholder participation in monitoring and oversight enhances accountability and improves the effectiveness of PFM reforms.

2.1.3. Arnstein's Ladder of Participation

Arnstein (1969) conceptualizes participation as a ladder ranging from non-participation to citizen power. The model highlights that meaningful participation occurs when citizens have real influence over decision-making processes rather than symbolic involvement.

In PFM reforms, this theory is critical in distinguishing between token consultation and genuine participation in budgeting and planning processes. Studies indicate that higher levels of participation are associated with improved governance outcomes, including transparency and responsiveness in public financial systems (Gaventa & Barrett, 2012).

2.1.4. PEFA Framework

The Public Expenditure and Financial Accountability (PEFA) framework provides a standardized methodology for assessing the performance of Public Financial Management systems. It focuses on key dimensions such as budget credibility, transparency, policy-based budgeting, accounting, reporting, and external scrutiny (PEFA Secretariat, 2023).

The PEFA framework is widely used by the World Bank, IMF, and development partners to evaluate PFM reform effectiveness across countries. It provides the basis for measuring the dependent variable in this study, the effectiveness of PFM reforms.

2.2. Conceptual Review of Key Study Variables

2.2.1. Stakeholder Participation

Stakeholder participation refers to the active involvement of individuals, groups, and institutions that have an interest in or are affected by public financial management reforms. In the context of Uganda's Ministry of Finance, Planning and Economic Development, stakeholders include government agencies, civil society organizations, development partners, and the general public.

The concept is grounded in participatory governance theory, which emphasizes inclusiveness, transparency, and collaboration in decision-making processes. Effective stakeholder participation ensures that diverse perspectives are incorporated into policy design and implementation, thereby increasing legitimacy and acceptance of reforms.

This study conceptualizes stakeholder participation through three constructs:

➤ **Inclusiveness of Stakeholders:**

This dimension reflects the extent to which all relevant stakeholders are identified and given equal opportunities to participate. Inclusiveness promotes fairness and ensures that marginalized groups are not excluded from the reform process.

➤ **Level of Engagement and Involvement:**

This refers to the depth and intensity of stakeholder participation. It goes beyond mere consultation to active involvement in decision-making, policy formulation, and implementation of reforms.

➤ **Communication and Feedback Mechanisms:**

This dimension focuses on the availability and effectiveness of channels for information sharing and feedback. Transparent communication enhances trust, while responsive feedback mechanisms ensure that stakeholder inputs are considered in decision-making.

2.2.2. Effectiveness of Public Financial Management (PFM) Reforms

Effectiveness of PFM reforms refers to the extent to which reforms achieve their intended objectives, including improved fiscal discipline, enhanced transparency and accountability, and efficient service delivery.

PFM reforms are critical in strengthening financial governance, promoting prudent use of public resources, and improving overall public sector

performance. Their effectiveness depends on both technical design and the level of stakeholder involvement in the reform process.

In this study, effectiveness is measured using three constructs:

➤ **Fiscal Discipline and Budget Credibility:**

This construct assesses the ability of the government to maintain control over public finances and adhere to approved budgets. It includes minimizing budget deficits, improving revenue collection, and ensuring consistency between planned and actual expenditures.

➤ **Transparency and Accountability:**

This dimension evaluates the openness of financial processes and the extent to which public officials are held responsible for their actions. It includes timely disclosure of financial information, strong audit systems, and reduced corruption.

➤ **Efficiency and Service Delivery Outcomes:**

This construct examines whether public resources are used optimally to deliver quality services. It includes cost-effectiveness, timeliness, and improvements in service delivery performance.

2.3. Empirical Review and Research Gap

2.3.1. Empirical Review

Empirical literature provides substantial evidence on the role of stakeholder participation in enhancing governance outcomes, particularly in the context of Public Financial Management (PFM) reforms. Studies across different countries and institutional settings consistently demonstrate that inclusive and participatory approaches contribute to improved transparency, accountability, and efficiency in public resource management.

Gaventa and Barrett (2012), in a meta-analysis of participatory governance studies, found that citizen engagement significantly improves accountability and responsiveness in public institutions. Their findings indicate that when stakeholders are actively involved in governance processes, there is increased pressure on public officials to act transparently and responsibly, thereby enhancing reform effectiveness. Similarly, the Organisation for Economic Co-operation and Development (OECD, 2021) highlights that stakeholder participation in budgeting and fiscal processes promotes openness and strengthens trust in public institutions.

In the context of developing countries, empirical studies show that the inclusiveness of stakeholders plays a critical role in aligning public policies with citizen needs. Andrews et al. (2017) argue that reforms that incorporate diverse stakeholder

perspectives are more likely to succeed because they reflect local realities and gain broader acceptance. Evidence from the World Bank (2023) studies further indicates that inclusive participation improves budget credibility and ensures that public resources are allocated in line with societal priorities.

Regarding the level of engagement and involvement, research suggests that deeper and more meaningful participation leads to better reform outcomes. For instance, participatory budgeting initiatives studied by Shah (2007) demonstrate that when stakeholders are actively involved in decision-making, there is improved efficiency in resource allocation and enhanced service delivery. However, Andrews (2015) cautions that superficial or tokenistic engagement does not yield significant improvements, emphasizing the importance of genuine involvement in the reform process.

Empirical evidence also underscores the importance of communication and feedback mechanisms in strengthening PFM systems. Transparent information sharing and effective feedback channels enable stakeholders to monitor government actions and hold officials accountable. Alt et al. (2006) found that fiscal transparency is strongly associated with improved fiscal discipline and reduced corruption. Similarly, the International Monetary Fund (IMF, 2022) emphasizes that robust communication systems enhance compliance and improve the overall performance of PFM reforms.

With regard to the dependent variable, studies on the effectiveness of PFM reforms highlight the importance of fiscal discipline, transparency, and efficiency. The Public Expenditure and Financial Accountability (PEFA) framework (PEFA Secretariat, 2023) provides empirical evidence that countries with stronger PFM systems exhibit better budget credibility, improved financial reporting, and enhanced service delivery outcomes. World Bank (2023) and IMF (2022) studies further confirm that effective PFM reforms lead to improved fiscal outcomes and more efficient use of public resources.

Despite these contributions, empirical findings also indicate that the relationship between stakeholder participation and PFM effectiveness is influenced by contextual factors such as institutional capacity, political environment, and legal frameworks. For example, the African Development Bank (2022) notes that weak institutions and political interference can undermine the benefits of stakeholder participation, limiting its impact on reform outcomes.

2.3.2. Research Gap

Although existing empirical studies provide valuable insights into stakeholder participation and PFM

reforms, several gaps remain that justify the need for this study.

First, many studies have examined stakeholder participation in a general governance context, with limited focus on its specific influence on the effectiveness of PFM reforms. While participation is widely acknowledged as important, there is insufficient empirical evidence linking its key dimensions, inclusiveness, level of engagement, and communication mechanisms to concrete PFM outcomes such as fiscal discipline, transparency, and service delivery.

Second, much of the existing literature is based on cross-country analyses or developed country contexts, which may not adequately reflect the institutional realities of developing countries like Uganda. The unique socio-political and institutional environment in Uganda necessitates context-specific research to better understand how stakeholder participation influences PFM reforms.

Third, previous studies often treat stakeholder participation as a unidimensional concept, without disaggregating it into measurable constructs. This limits the ability to identify which specific aspects of participation have the greatest impact on reform effectiveness. This study addresses this gap by operationalizing stakeholder participation into distinct constructs: inclusiveness, engagement, and communication.

Fourth, there is limited empirical research focusing specifically on the Ministry of Finance, Planning and Economic Development in Uganda, despite its central role in designing and implementing PFM reforms. Existing studies tend to adopt a broader public sector perspective, thereby overlooking institutional-level dynamics.

Fifth, while prior studies acknowledge the role of moderating factors such as institutional capacity and political environment, few have systematically incorporated these variables into empirical models. This creates a gap in understanding how contextual factors influence the relationship between stakeholder participation and PFM reform effectiveness.

Therefore, this study seeks to fill these gaps by providing an empirical analysis of how the key dimensions of stakeholder participation influence the effectiveness of PFM reforms within Uganda's Ministry of Finance, Planning and Economic Development. By adopting a multidimensional approach and focusing on a specific institutional context, the study contributes to both theory and practice in public financial management and governance.

2.4. Summary of Literature Review

The literature reviewed in this chapter demonstrates a strong theoretical and empirical link between stakeholder participation and the effectiveness of Public Financial Management (PFM) reforms. The review is anchored in Stakeholder Theory, which emphasizes the importance of involving all relevant actors in decision-making processes to improve accountability, transparency, and institutional performance (Freeman, 1984).

Empirical studies consistently indicate that stakeholder participation enhances governance outcomes by improving fiscal discipline, strengthening transparency, and promoting efficient use of public resources. Evidence from global institutions such as the World Bank (2023), OECD (2021), and IMF (2022) shows that participatory governance systems contribute to more credible budgets, improved accountability mechanisms, and better service delivery outcomes.

The review further identifies that stakeholder participation is a multidimensional construct comprising inclusiveness of stakeholders, level of engagement and involvement, and communication and feedback mechanisms. Literature suggests that when stakeholders are inclusively represented, actively engaged, and effectively informed, public financial management systems tend to perform better and achieve intended reform objectives.

Similarly, the effectiveness of PFM reforms is conceptualized through fiscal discipline and budget credibility, transparency and accountability, and efficiency in service delivery outcomes. Empirical findings confirm that strong PFM systems are characterized by sound budget execution, reduced corruption, improved financial reporting, and enhanced public service delivery.

However, the literature also highlights important contextual influences. Factors such as institutional capacity, political environment, and regulatory frameworks can either strengthen or weaken the relationship between stakeholder participation and PFM reform effectiveness. This indicates that the impact of participation is not automatic but depends on the governance context in which reforms are implemented.

Despite the strong body of evidence, gaps remain in the literature, particularly regarding the disaggregated effects of specific dimensions of stakeholder participation on PFM reform outcomes, and the limited focus on institutional-level studies within Uganda's Ministry of Finance, Planning and Economic Development. Most existing studies are

either broad, cross-country analyses or treat participation as a single construct, limiting their explanatory power in specific public sector settings.

3. METHODOLOGY

This study employed a quantitative, descriptive-correlational research design to examine the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms within Uganda's Ministry of Finance, Planning and Economic Development (MoFPED). Guided by the conceptual framework, stakeholder participation was treated as the independent variable, while effectiveness of PFM reforms was measured through fiscal discipline and budget credibility, transparency and accountability, and efficiency in service delivery outcomes as the dependent variable. This design enabled the empirical assessment of relationships between variables in a real institutional setting (Creswell & Creswell, 2018).

The target population consisted of approximately 580 stakeholders, including 541 permanent employees of the Ministry of Finance, Planning and Economic Development (MoFPED) and key institutional stakeholders involved in budgeting, financial management, auditing, policy formulation, and monitoring of Public Financial Management reforms. These stakeholders were drawn from various directorates and departments such as the Budget Directorate, Accountant General's Office, Internal Audit, Economic Affairs, and other relevant units and projects actively engaged in the PFM reform processes (MoFPED Payroll, 2026). A stratified random sampling technique was used to ensure proportional representation across relevant departments and stakeholder categories, yielding a sample of 144 respondents, determined using Krejcie and Morgan's (1970) sampling table.

Data were collected using a structured questionnaire designed with five-point Likert scale items. The instrument measured demographic characteristics, stakeholder participation indicators (inclusiveness of stakeholders, level of engagement and involvement, and communication and feedback mechanisms), and PFM reform effectiveness indicators (fiscal discipline and budget credibility, transparency and accountability, and efficiency in service delivery outcomes). The questionnaire items were adapted from previously validated instruments in governance and public financial management studies (OECD, 2021; World Bank, 2023; Andrews et al., 2017).

Validity and reliability of the research instrument were ensured through expert review and pilot testing. The questionnaire was pre-tested with 20 respondents to assess clarity, relevance, and consistency of items.

Reliability was determined using Cronbach's alpha coefficient, where values of 0.70 and above were considered acceptable for internal consistency (Nunnally, 1978).

Ethical considerations were strictly observed throughout the study. Informed consent was obtained from all respondents prior to participation. Respondents were assured of anonymity and confidentiality, and all data collected were used strictly for academic purposes. Participation was voluntary, and respondents were free to withdraw at any stage of the research process without any consequences.

Data analysis involved both descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize respondent characteristics and to describe levels of stakeholder participation and effectiveness of PFM reforms. Inferential statistics, specifically Pearson correlation and multiple regression analysis, were used to examine the relationship between stakeholder participation and PFM reform effectiveness. All statistical analyses were conducted at a 0.05 level of significance, providing empirical evidence on the effect of stakeholder participation on the effectiveness of PFM reforms within MoFPED.

4. RESULTS AND DISCUSSION

4.1. Response Rate

Table 1 presents the response rate for the quantitative data collection instrument used in the study. It shows the level of participation among respondents and the extent to which the distributed questionnaires were successfully returned and completed. The response rate is an important indicator of data adequacy, reliability, and representativeness of the findings.

Table 1: Response Rate of the Study

Instrument	Frequency	Percentage (%)
Questionnaires Distributed	144	100
Questionnaires Returned	133	92.4
Questionnaires Not Returned	11	7.6
Total	144	100

Source: Field Data (2025)

The results in Table 1 indicate that out of the 144 questionnaires distributed to respondents within Uganda's Ministry of Finance, Planning and Economic Development, 133 were fully completed and returned, representing a response rate of 92.4%, while 11 questionnaires were not returned, accounting for 7.6% non-response.

This response rate is considered very high and adequate for statistical analysis, as it exceeds the commonly accepted threshold of 70% for social science research. The high response rate enhances the reliability, validity, and generalizability of the study findings regarding the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms. It further indicates strong engagement and willingness of respondents to participate in the study, likely due to the relevance of the topic to their institutional responsibilities and experience with PFM reform processes within MoFPED.

4.2. Demographic Characteristics of Respondents

The demographic characteristics of respondents were analyzed to understand the profile of participants involved in the study on stakeholder participation and the effectiveness of Public Financial Management (PFM) reforms in Uganda's Ministry of Finance, Planning and Economic Development.

Table 2: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	78	58.6
Female	55	41.4
Total	133	100

Source: Field Data (2025)

Gender distribution (Table 2) shows that the majority of respondents were male (58.6%), while females accounted for 41.4%. This indicates a relatively balanced gender representation, although males slightly dominated the sample, reflecting the general staffing structure in technical government financial management roles.

Table 3: Age Distribution of Respondents

Age Category (Years)	Frequency	Percentage (%)
20–29	28	21.1
30–39	52	39.1
40–49	37	27.8
50 and above	16	12.0
Total	133	100

Source: Field Data (2025)

Age distribution (Table 3) reveals that most respondents were in the active working-age bracket, with the largest proportion (39.1%) aged 30–39 years, followed by 27.8% aged 40–49 years. Respondents aged 20–29 years constituted 21.1%, while those aged 50 years and above were 12.0%. This suggests that the study largely captured mid-career professionals who are actively involved in PFM reform processes.

Table 4: Level of Education

Education Level	Frequency	Percentage (%)
Diploma	2	1.5
Bachelor's Degree	62	46.62
Postgraduate Diploma	40	30.08
Master's Degree	29	21.8
Total	133	100

Source: Field Data (2025)

Education levels (Table 4) indicate that the majority of respondents were well-educated, with 46.6% holding bachelor's degrees, 21.8% holding master's degrees, 18.0% holding postgraduate diplomas, and 13.5% holding diplomas. This implies that respondents had adequate academic qualifications and technical capacity to understand issues related to stakeholder participation and PFM reforms.

Table 5: Department of Respondents

Department	Frequency	Percentage (%)
Budget Directorate	34	25.6
Accountant General Office-Accounts	41	30.8
Internal Audit Directorate	28	21.1
Economic Affairs Directorate	18	13.5
Accountant General Office-Accounts / Systems Support	12	9.0
Total	133	100

Source: Field Data (2025)

Departmental representation (Table 5) shows that respondents were drawn from key functional areas of PFM reforms. The Accountant General Office-Accounts had the highest representation (30.8%), followed by the Budget Directorate (25.6%), Internal Audit Directorate (21.1%), Economic Affairs Directorate (13.5%), and Accountant General Office-Accounts / Systems Support (9.0%). This distribution demonstrates that respondents were directly involved in core functions of financial management and reform implementation.

Table 6: Years of Experience in PFM Reforms

Experience (Years)	Frequency	Percentage (%)
Less than 3 years	22	16.5
3–5 years	45	33.8
6–10 years	39	29.3
Above 10 years	27	20.3
Total	133	100

Source: Field Data (2025)

Years of experience (Table 6) indicate that most respondents had practical experience in PFM-related activities, with 33.8% having 3–5 years of experience, 29.3% with 6–10 years, 20.3% with over 10 years, and 16.5% with less than 3 years. This shows that the majority of respondents had sufficient experience to provide informed views on stakeholder participation and PFM reform effectiveness.

4.3. Stakeholder Involvement in Monitoring and Oversight and Effectiveness of PFM Reforms in MoFPED

Respondents were asked to assess how stakeholder involvement in monitoring and oversight influences the effectiveness of Public Financial Management (PFM) reforms in MoFPED, focusing on transparency, accountability, access to information, and stakeholder roles in reform monitoring. The findings are summarized in Table 7 below.

Table 7: Respondents' Views on Stakeholder Involvement in Monitoring and Oversight and Effectiveness of PFM Reforms in MoFPED

Items	SD	D	N	A	SA	Mean	Std. Dev
Stakeholders are actively involved in monitoring budget implementation in MoFPED reforms.	6	10	12	55	50	4.00	1.02
Parliament and oversight bodies effectively review PFM reform implementation.	5	14	15	52	47	3.92	1.05
Civil society organizations participate in monitoring government expenditure.	8	18	20	48	39	3.66	1.15
Audit reports are regularly used by stakeholders to improve financial accountability.	7	12	18	60	36	3.85	1.03
There is transparency in reporting budget execution to stakeholders.	6	11	16	58	42	3.95	1.01
Stakeholders are given access to financial performance information during implementation.	9	17	19	54	34	3.69	1.14
Monitoring mechanisms allow stakeholders to detect financial irregularities effectively.	8	16	21	57	31	3.66	1.12
Feedback from stakeholders is incorporated into PFM reform improvements.	6	13	17	56	41	3.89	1.04
Oversight institutions have sufficient capacity to monitor PFM reforms effectively.	10	15	18	50	40	3.75	1.11
Stakeholder monitoring has reduced the misuse of public funds in MoFPED reforms.	7	14	20	55	37	3.77	1.07
Public financial reports are accessible and understandable to stakeholders.	8	16	19	52	38	3.70	1.10
Overall stakeholder monitoring and oversight improve the effectiveness of PFM reforms.	5	12	15	60	41	3.94	1.02

Key: SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree

Source: Field data (2025)

The findings presented in Table 7 indicate that respondents generally held a positive perception of stakeholder involvement in monitoring and oversight as a means of enhancing the effectiveness of Public Financial Management (PFM) reforms in Uganda's Ministry of Finance, Planning and Economic Development (MoFPED). Overall mean scores ranging from 3.66 to 4.00 suggest a general agreement that stakeholder monitoring and oversight significantly contribute to improved PFM reform outcomes.

Specifically, respondents strongly agreed that stakeholders are actively involved in monitoring budget implementation (Mean = 4.00, SD = 1.02). They also agreed that Parliament and other oversight bodies effectively review PFM reform implementation (Mean = 3.92, SD = 1.05), underscoring the continued importance of formal oversight institutions in strengthening accountability and ensuring compliance within reform processes.

The findings further show that civil society organizations participate in monitoring government expenditure; however, this item recorded a comparatively lower mean (Mean = 3.66, SD = 1.15). This suggests that while CSO involvement exists within the PFM reform environment, its level and consistency remain weaker compared to formal state-led oversight mechanisms, indicating a gap in inclusive stakeholder participation.

In addition, respondents agreed that audit reports are regularly used to improve financial accountability (Mean = 3.85, SD = 1.03) and that transparency in reporting budget execution is relatively strong (Mean = 3.95, SD = 1.01). These findings imply that existing audit and reporting systems are generally effective in supporting oversight functions and promoting financial transparency within PFM reforms.

However, comparatively lower mean scores were recorded for access to financial performance information (Mean = 3.69, SD = 1.14) and the effectiveness of monitoring mechanisms in detecting financial irregularities (Mean = 3.66, SD = 1.12). These results point to persistent challenges in the accessibility, timeliness, and practical effectiveness of oversight information and tools available to stakeholders.

Respondents also agreed that feedback from stakeholders is incorporated into PFM reforms (Mean = 3.89, SD = 1.04) and that oversight institutions possess sufficient capacity to monitor reforms (Mean = 3.75, SD = 1.11). Furthermore, they indicated that stakeholder monitoring has contributed to reducing the misuse of public funds (Mean = 3.77, SD = 1.07), reinforcing the role of oversight in promoting financial discipline and accountability.

Importantly, the overall statement that stakeholder monitoring and oversight improve the effectiveness of PFM reforms recorded a high mean (Mean = 3.94, SD = 1.02), confirming a strong consensus that participatory oversight is a key determinant of reform success within MoFPED.

The findings imply that stakeholder involvement in monitoring and oversight is a critical determinant of PFM reform effectiveness, particularly in strengthening transparency, accountability, and financial discipline. This supports the conceptual framework assumption that participatory oversight enhances governance outcomes by increasing scrutiny and reducing opportunities for misuse of public resources.

The results further suggest that while formal oversight institutions such as Parliament and audit bodies are relatively strong and effective, the participation of civil society organizations remains limited. This indicates an imbalance in stakeholder inclusion, which constrains the depth of participatory accountability and calls for broader engagement of non-state actors in oversight processes.

Additionally, the findings reveal gaps in access to and usability of financial information, which may limit the ability of stakeholders to effectively participate in monitoring activities. This highlights the need for improved dissemination strategies, simplified financial reporting formats, and enhanced access to timely and user-friendly financial data.

Although feedback mechanisms are present and recognized as valuable, their effectiveness depends on the extent to which stakeholder input is institutionalized within reform processes. Strengthening these mechanisms would enhance responsiveness, learning, and continuous improvement in PFM systems, ultimately improving reform effectiveness.

4.4. INFERENCE ANALYSIS

This section presents inferential statistics used to examine the effect of Stakeholder Participation on the Effectiveness of Public Financial Management (PFM) Reforms in Uganda's Ministry of Finance, Planning and Economic Development (MoFPED). The analysis was conducted using linear regression, supported by model summary, ANOVA, and regression coefficients.

4.4.1. The Effects of Stakeholder Participation on the Effectiveness of Public Financial Management Reforms

Table 8: Model Summary on the Effects of Stakeholder Participation on the Effectiveness of PFM Reforms

Model Summary				
Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	0.742	0.550	0.546	0.421
a. Predictors: (Constant), Stakeholder Participation				

Source: Field Data (2025)

The model summary results in Table 8 indicate a strong positive association between stakeholder participation and the effectiveness of Public Financial Management (PFM) reforms, as shown by the correlation coefficient ($R = 0.742$). This value of R represents the strength and direction of the linear relationship between the independent variable (stakeholder participation) and the dependent variable (effectiveness of PFM reforms). The positive value indicates that increases in stakeholder participation are associated with improvements in the effectiveness of PFM reforms.

The R-squared value (0.550) represents the proportion of variance in the dependent variable that is jointly explained by the independent variable in the regression model. In this case, it indicates that stakeholder participation explains 55.0% of the variation in the effectiveness of PFM reforms. This suggests that more than

half of the changes in PFM reform effectiveness can be accounted for by differences in stakeholder participation, while the remaining 45.0% is explained by other factors not included in the model.

The Adjusted R Square (0.546) further refines this estimate by adjusting for sample size and the number of predictors in the model. It provides a more conservative and reliable measure of explanatory power. The small difference between R Square and Adjusted R Square (0.004) indicates that the model is stable and not inflated by unnecessary variables, confirming that stakeholder participation is a robust predictor of PFM reform effectiveness.

The standard error of the estimate (0.421) indicates the average distance between the observed values and the values predicted by the regression model. A relatively low value suggests that the model has good predictive accuracy and that the predicted values closely approximate the actual observed outcomes.

Table 9: ANOVA Results on the Effects of Stakeholder Participation on the Effectiveness of PFM Reforms

ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	52.318	1	52.318	295.742	0.000
	Residual	42.702	131	0.326		
	Total	95.020	132			
a. Dependent Variable: Effectiveness of PFM Reforms						
b. Predictors: (Constant), Stakeholder Participation						

Source: Field Data (2025)

The ANOVA results presented in Table 9 provide strong empirical evidence on the relationship between stakeholder participation and the effectiveness of Public Financial Management (PFM) reforms in Uganda's Ministry of Finance, Planning and Economic Development (MoFPED). The results show that the regression model is statistically significant, with an F-statistic of 295.742 and a p-value of 0.000 ($p < 0.05$). This implies that stakeholder participation is a statistically meaningful predictor of variations in PFM reform effectiveness, and the observed relationship is not due to chance. The Regression Sum of Squares (52.318) indicates the portion of variation in PFM reform effectiveness that is explained by stakeholder participation, while the Residual Sum of Squares (42.702) represents the variation explained by other factors not included in the model. This suggests that although stakeholder participation plays a major role in shaping reform outcomes, other institutional and contextual factors also contribute to effectiveness.

The results further confirm that the high F-statistic is derived from the ratio of the Mean Square for Regression (52.318) to the Mean Square for Residual (0.326), demonstrating that the explanatory power of the model is statistically strong. In practical terms, this means that incorporating stakeholder participation significantly improves the ability to predict and explain the effectiveness of PFM reforms compared to a model without it. Overall, the ANOVA findings validate the study model and confirm that stakeholder participation is a key determinant of PFM reform effectiveness in MoFPED, thereby supporting the study's conceptual framework and reinforcing the importance of participatory governance in public financial management systems.

Table 10: Linear Regression Coefficients on the Effects of Stakeholder Participation on the Effectiveness of PFM Reforms

Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.812	0.210	—	3.867	0.000
	Stakeholder Participation	0.684	0.040	0.742	17.196	0.000
a. Dependent Variable: Effectiveness of PFM Reforms						

Source: Field Data (2025)

The regression results in Table 10 indicate that stakeholder participation has a positive and statistically significant effect on the effectiveness of Public Financial Management (PFM) reforms in Uganda's Ministry of Finance, Planning and Economic Development (MoFPED) ($B = 0.684$, $p = 0.000$). This means that an increase in stakeholder participation leads to a corresponding improvement in the effectiveness of PFM reforms, holding other factors constant. In practical terms, it implies that when stakeholders are more actively involved in

monitoring, oversight, engagement, and feedback processes, key outcomes of PFM reforms such as fiscal discipline, transparency, accountability, and service delivery are significantly strengthened.

Given that the p-value (0.000) is less than the significance level of 0.05, the null hypothesis (H_0): “Stakeholder participation has no significant effect on the effectiveness of PFM reforms in MoFPED” is rejected, while the alternative hypothesis (H_1): “Stakeholder participation has a significant effect on the effectiveness of PFM reforms in MoFPED” is accepted. This statistical decision confirms that stakeholder participation is a significant predictor of PFM reform effectiveness.

These findings are strongly supported by empirical literature on participatory governance and public financial management. The OECD (2021) emphasizes that inclusive stakeholder engagement in budgeting and oversight enhances transparency and strengthens accountability in public finance systems. Similarly, the World Bank (2023) argues that participatory approaches in public financial management improve budget credibility and ensure more efficient allocation of public resources in line with citizen priorities. Gaventa and Barrett (2012) also found that stakeholder participation improves governance outcomes by strengthening accountability and reducing inefficiencies in public sector operations. The standardized beta coefficient ($\beta = 0.742$) further confirms that stakeholder participation has a strong influence on PFM reform effectiveness, consistent with these empirical studies.

From a theoretical perspective, the findings align with Stakeholder Theory (Freeman, 1984), which argues that organizational effectiveness improves when all relevant stakeholders are actively involved in decision-making and implementation processes. In the context of MoFPED, this implies that PFM reforms become more effective when government institutions engage Parliament, civil society, development partners, and other actors in monitoring and oversight functions. The constant term (0.812) indicates the baseline level of PFM reform effectiveness when stakeholder participation is absent, suggesting that although systems may operate independently, their performance is significantly enhanced through participatory governance mechanisms.

Empirical Regression Model (Formula)

The empirical relationship estimated in this study is expressed as:

$$Y = \beta_0 + \beta_1 X + \varepsilon$$

Where:

- Y = Effectiveness of Public Financial Management (PFM) Reforms
- β_0 = Constant (Intercept) = 0.812
- β_1 = Regression coefficient for Stakeholder Participation = 0.684
- X = Stakeholder Participation
- ε = Error term (other unexplained factors)

Thus, the estimated regression equation becomes:

$$\text{PFM Reform Effectiveness} = 0.812 + 0.684(\text{Stakeholder Participation}) + \varepsilon$$

5. SUMMARY OF FINDINGS

This study examined the effect of stakeholder participation on the effectiveness of Public Financial Management (PFM) reforms in Uganda’s Ministry of Finance, Planning and Economic Development (MoFPED), with particular emphasis on stakeholder involvement in monitoring and oversight.

Descriptive findings indicate that respondents generally perceive stakeholder participation as an important driver of PFM reform effectiveness. In particular, stakeholders are actively involved in monitoring budget implementation, and formal oversight institutions such as Parliament and audit bodies are considered effective in reviewing reform implementation. However, participation by civil society organizations and access to financial performance information were comparatively weaker,

indicating gaps in inclusive and transparent oversight systems.

Inferential results confirm a strong and statistically significant relationship between stakeholder participation and the effectiveness of PFM reforms. The regression results show that stakeholder participation significantly predicts PFM reform effectiveness ($B = 0.684$, $p < 0.05$), with a strong explanatory power ($R^2 = 0.550$). This implies that 55% of the variation in PFM reform effectiveness is explained by stakeholder participation. Overall, the findings demonstrate that improvements in stakeholder engagement lead to measurable gains in fiscal discipline, transparency, accountability, and service delivery outcomes.

5.1. CONTRIBUTION TO NEW KNOWLEDGE

This study makes several key contributions to the body of knowledge on Public Financial Management (PFM) reforms.

First, it provides empirical evidence from Uganda's Ministry of Finance, Planning and Economic Development demonstrating that stakeholder participation is a statistically significant determinant of PFM reform effectiveness. This strengthens existing literature that has largely relied on theoretical arguments by offering context-specific quantitative validation from a developing country setting.

Second, the study advances knowledge by operationalizing stakeholder participation into measurable governance dimensions and empirically testing its overall effect using regression analysis. This moves beyond general conceptual discussions by providing statistically validated evidence of how participation translates into improved reform outcomes.

Third, the study extends Stakeholder Theory (Freeman, 1984) within the public financial management context by empirically confirming that participatory governance is not only normative but also performance-enhancing. The findings show that stakeholder participation directly improves fiscal discipline, transparency, and accountability in public financial systems.

Finally, the study contributes a context-specific governance model for Uganda's PFM reforms, demonstrating that reform effectiveness is significantly strengthened when stakeholder participation is institutionalized through monitoring, oversight, and feedback mechanisms. This provides a practical framework for policymakers in Uganda and similar developing economies.

5.2. CONCLUSIONS

The study concludes that stakeholder participation is a key determinant of the effectiveness of Public Financial Management reforms in MoFPED. Increased stakeholder involvement in monitoring, oversight, and feedback processes significantly enhances transparency, strengthens accountability, and improves overall reform performance.

However, the effectiveness of PFM reforms is constrained by relatively weak participation of non-state actors, particularly civil society organizations, and limited access to financial information. This indicates that while formal oversight structures are relatively strong, the inclusiveness and depth of participation remain insufficient.

Therefore, the study concludes that PFM reform effectiveness is maximized when stakeholder participation is both broad-based and meaningful, extending beyond institutional actors to include civil society and citizens supported by transparent information systems.

5.3. RECOMMENDATIONS

Practical Recommendations to Enhance Stakeholder Participation and Effectiveness of PFM Reforms in Uganda

Establish Regular Multi-Stakeholder Coordination Forums at MoFPED

MoFPED should create formal and scheduled forums (e.g., quarterly stakeholder meetings) involving government units, development partners, civil society, and private sector representatives. These forums will serve as platforms for sharing progress updates, identifying challenges, and coordinating actions related to PFM reforms. Assign a dedicated secretariat within MoFPED to organize and document these engagements to ensure continuity.

Empower Civil Society Organizations to Actively Monitor Budgets and Expenditure

Government, through MoFPED and NGOs, should provide training and resources to selected civil society organizations across Uganda to strengthen their skills in budget analysis, expenditure tracking, and reporting. This could include developing a mentorship program linking CSOs with MoFPED technical staff and establishing clear guidelines for civil society participation in budget oversight committees at district and national levels.

Make Financial Information More Accessible and Understandable

MoFPED should produce simplified budget summaries and financial reports using clear language and visuals, and publish them regularly on accessible platforms such as the Ministry's website, social media, and local radio broadcasts. Information should also be distributed at the community level through partnerships with local government offices and CSOs, ensuring ordinary Ugandans can engage meaningfully with PFM processes.

Create a Feedback System That Directly Influences Reform Implementation

Develop a structured mechanism (e.g., an online portal and periodic stakeholder surveys) where stakeholders can submit feedback on PFM reforms. This feedback should be reviewed quarterly by MoFPED reform teams and used to adjust reform strategies and processes. Assign clear responsibilities within MoFPED to track, analyze, and respond to

feedback to demonstrate accountability and responsiveness.

Enhance the Operational Capacity of Parliamentary and Audit Oversight Bodies

Provide targeted training workshops and allocate specialized resources to relevant committees of Parliament and the Office of the Auditor General, focusing on PFM reforms, risk assessment, and financial auditing techniques. Additionally, improve the independence and autonomy of these bodies by ensuring the timely allocation of their budgets and promoting transparent appointment processes for key oversight officials.

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