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Funding of the Uganda Broadcasting Corporation

1 Main sources of funding

Article 6 of the Declaration of Principles on Freedom of Expression in Africa 2002 stipulates that ‘Public broadcasters should be adequately funded in a manner that protects them from arbitrary interference with their budgets.’ Indeed, among the strategies proposed in Uganda’s Broadcasting Policy 2004 is for the government to ‘adequately fund the public broadcasters in a manner that protects them from arbitrary interference with their budgets’.112

Unfortunately, this principle is not fully developed in the broadcasting policy, and it is not mentioned at all in the UBC Act. Section 14(i) of the act simply provides that funding for the Corporation shall consist of ‘grants’ from the government, ‘loans’ from the government; organisations or individuals; revenue ‘generated in the discharge of its functions and commercial activities’; donations; TV viewing licence fees and advertising.

Funding through government grants was based on the assumption that UBC would soon become a financially viable and self-sustaining institution through its own revenue streams, notably television viewing licence fees and income from advertising.113 In other words, the government grants were envisaged for only a few years of operation following the creation of UBC. Afterwards, it was assumed that UBC would be able to support itself in the same way the government’s newspaper corporation, the highly successful New Vision Printing and Publishing Corporation, has managed to do.

In 2004, long before the creation of UBC, the minister of information introduced

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112 National Broadcasting Policy, p. 19.
the TV viewing licence fee in the hope that it would generate enough income to sustain the state broadcaster. A South African company was contracted to collect an annual fee of Shs 10 000 (about US$ 5) from each Ugandan household and entity in possession of a TV set. However, the move attracted wide condemnation from the public, with the government-owned newspaper, *The New Vision*, and the private *Monitor* both describing it as ill-thought.

The BBC reported at the time that the unpopularity of the licence fee stemmed from the fact that UTV was seen as a government broadcaster ‘unashamedly subservient to the interests of ruling parties or military juntas’. It quoted an editorial in *The Monitor* which argued that ‘UTV remains an electronic bulletin board for officialdom. It spends a disproportionate amount of time on the activities of government officials, and all sorts of endless (and sometimes useless) workshops.’ In its editorial, *The New Vision* argued that given that UTV competed for commercial advertising, it ‘should not be eligible for subsidy through a television licence fee’.

In 2005, President Museveni decided to stop the implementation of the TV licence fee system ahead of the 2006 presidential elections. This was even before the ministry of information had tested the administrative ability to collect the fee. So by the time UBC was created at the end of 2005, the licence fee idea had been shelved, at least temporarily.

In the last three financial years (2006/07, 2007/08, and 2008/09), the government has provided UBC with a grant of about Shs 1bn (about US$ 500 000) each year. The amount, which is disbursed in quarterly instalments, was determined by the ministry of information in conjunction with the ministry of finance. According to a senior UBC manager, the annual government grant, which is ‘not sufficient’, constitutes about 10–15 per cent of the broadcaster’s budget. The grant is not insulated, secure, nor transparent. According to the manager, the final figure and the timing of the disbursements ‘depend on the mood of the finance ministry officials’. He said lengthy bureaucratic delays often mean that the money is released too late to channel it into developing and producing programmes that address the needs of the public.

Although the manager said the government grant ‘has no bearing on editorial independence’, it is perhaps not lost on the management that the law provides no guarantees about what percentage of its funding UBC will receive from the government and the manner in which it will be disbursed. Conceivably, it would not be beyond influential government officials to withhold this grant if the broadcaster was

115 Ibid.
116 Personal interview, Kampala, 10 June 2008.
117 Personal interview, Kampala, 10 June 2008.
perceived as pursuing an ‘anti-government’ agenda, which is how independent critical reporting is often interpreted by officialdom in Uganda.

For now, UBC generates about 85 per cent of its revenue from advertising (spot advertising as well as programme sponsorship) and rentals on its masts.\textsuperscript{118}

One downside of this reliance on advertising revenue is that UBC has gone into direct competition with private broadcasters by providing the same entertainment-heavy content that attracts viewers and thus can be easily sold to advertisers instead of innovative and unique programming that would justify public funding.

Another major problem with reliance on advertising, especially in an environment where there is no clearly laid down editorial policy, is the potential influence of advertisers on programming and editorial independence. The government, therefore, has an obligation to fund UBC through grants and licence fees, with commercial revenue only supplementing the other sources. But, in any case, the law establishing UBC should have specified the proportion of funding that should come from commercial adverts to avoid compromising the national broadcaster’s public service mandate.

Besides, as industry observers note, the TV advertising market in Uganda is lean and highly competitive, to the extent that even a normal market share would not provide sufficient revenue for UBC to provide innovative and unique programming that meets the demands of public broadcasting.\textsuperscript{119}

Surprisingly, the fact that UBC competes for advertising revenue with commercial broadcasters has not been the subject of any serious public debate. But Peter Kabba, the head of radio at the Monitor Publications Ltd, the owner of KFM Radio, was unequivocal in his views on this issue during a public broadcasting round table discussion: ‘If UBC takes taxpayer money, it should not take commercial advertising at the same time. It is unfair for them to compete for the small advertising revenue with private broadcasters who do not get government cash.’\textsuperscript{120} The advocacy work of the National Association of Broadcasters is still confined among industry players and policy makers. And perhaps the ambivalence of the political class, civil society, and the public at large on this issue has only reinforced the current management’s ambitions to commercialise UBC even further.

While UBC continues to compete for revenue, the boundaries between advertorial and editorial content are getting blurred, undermining not just the programming quality of the broadcaster, but also the professional credibility of staff/journalists.\textsuperscript{121}

\textsuperscript{118} Management declined to divulge the specific revenue percentages from advertising.
\textsuperscript{119} Personal interview with journalist and media consultant David Ouma Balikowa, Kampala, 12 December 2007.
\textsuperscript{120} Public Broadcasting in Africa: Uganda Report – Round Table Discussion, Kampala, 3 December 2009.
\textsuperscript{121} A show producer at UBC told our interviewer that his job was partly ‘to find guests who were willing to pay to appear on the show’.
UBC staff interviewed said a lot of content considered damaging to major advertisers was routinely left out or glossed over, which has inevitably watered down the quality of programming and compromised the credibility of the Corporation.122 ‘In most cases promotional stories about the major advertisers, especially beer manufacturers and mobile phone operators, are passed off as business news. In a nutshell, we cannot antagonise Celtel,’ one manager said.123 Then UBC TV manager Mark Walungama for his part said, ‘At times you have to sell, so business also counts.’124

It has now become standard practice for NGOs and sometimes government agencies to pay for talk shows which focus uncritically on their activities. In most cases, viewers are not warned that the talk shows have been paid for by the very people who appear on them as guests.

Up to now, the future of UBC funding remains unclear and continues to affect the broadcaster’s ability to offer diversified, creative, and unique programming. The absence of parliamentary or any other form of systematic public oversight over UBC also ensures that there is no regular or transparent accountability for its grant and advertising income.

### 2 Spending

According to Section 19 of the UBC Act, the audited annual accounts of the broadcaster and the Auditor General’s report on them are supposed to be delivered by the board to the minister, who in turn is supposed to present them to Parliament. Thus far no such accounts have been tabled before Parliament or made public in any other form, making it impossible to independently scrutinise UBC’s expenditure.

According to one manager, UBC spends 40 per cent of its budget on ‘technical’ areas, 35 per cent on administration, 15 per cent on programming and 10 per cent on local programmes.125 In the absence of a rigorous policy and accountability mechanism, it is impossible for the broadcaster to explain whether such a breakdown provides value for money. For instance, it is unclear whether there is a ceiling for expenditure on administration.

Sections of UBC staff interviewed complained that too much money was spent on sitting allowances for board members. According to the UBC Act, the board is supposed to meet at least once every three months. However, the current board meets at least every month and sometimes twice a month. Some staff members felt the

122 Personal interviews with several UBC staff members, Kampala, September 2008.
123 Celtel, the mobile phone operator, has since been renamed Zain and is one of UBC’s major advertisers.
124 Personal interview, Kampala, September 2008.
125 Personal interview, Kampala, 10 June 2008.
frequency of the meetings was a backdoor method of the board members rewarding themselves.

Conceivably, the minister of information can use the powers of the office to determine how much money UBC is to spend on specific areas. Section 16(1) of the UBC Act provides that the board shall within a period of three months before the end of each financial year submit to the minister for approval the estimates of income and expenditure of the Corporation for the ensuing year. Section 16(2) provides that 'No expenditure shall be made out of the funds of the Corporation unless the expenditure has been approved by the minister under the estimates for the year in which the expenditure is to be made or in any supplementary estimates.'

Managers interviewed said they had so far not felt any pressure from the government on the broadcaster to spend funds on activities outside its mandate or budget. Incidentally, one manager reported that during the repairs to the complex that houses the broadcaster, management was forced to change the colours of the wall fence as the blue that they had chosen was the official colour of the opposition Forum for Democratic Change (FDC).

3 Conclusions and recommendations

The lack of streamlined funding mechanisms has left UBC exposed to the vagaries of the market, competing with private stations for advertising while at the same time getting public funds for its operations. The competition has also meant that UBC has tended to adopt too much popular programming that attracts audiences but does not necessarily promote its public service mandate. In fact, in some cases, UBC’s public mandate has been compromised by commercialisation. Major advertisers continue to get a free pass on both UBC TV and UBC Radio, while programme sponsorship has reached levels where the boundaries between advertorials and editorial programming are blurred.

Moreover, as a result of insufficient funding, UBC editorial staff numbers remain too low, there are too few cameras and recorders, often of poor quality, some studio and transmission equipment is obsolete, and the news and programming budget remains inadequate. In the circumstances, it is inconceivable that UBC can produce the creative, innovative and diverse programming that public broadcasting demands.
Recommendations

- The basic precondition for any successful reform of funding is the review of the UBC Act with the goal of transformation the Corporation into a credible public broadcaster offering quality programming designed to meet diverse audience needs.
- UBC should be funded by a healthy mix of government grants, licence fees, and income from advertising/sponsorships. Before deciding on the mix, a proper audit should establish the actual financial needs of UBC.
- The funding of UBC needs to be addressed urgently if the broadcaster is to fulfill its public service mandate.
- If licence fees are to be levied on TV sets as envisaged in the UBC Act, there should be broader public and stakeholder consultations.
- Among many issues, a debate is needed on whether a broadcaster that is supported by public funds should be allowed to engage in commercial advertising and, if so, to what extent.
- In order to uphold the principle that the public broadcaster should be adequately funded in a manner that protects it from arbitrary interference with its budget, the UBC Act should be amended to specify the percentage of funding that should come from government grants. Also, the disbursement of these grants should not be left to the discretion of the ministry of finance.