INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 2025

PROGRAMME: BPA
YEAR/SEM: YEAR 2/SEMESTER 2
COURSE CODE: FIN 2205
NAME: PUBLIC SECTOR FINANCE

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

SECTION A IS COMPULSRORY

Question 1:

Case study

Uganda’s budgeting system serves as a foundational tool for channeling public resources toward the country’s development priorities. Anchored in strategic frameworks such as the Medium Term Expenditure Framework (MTEF) and Sector Budget Framework Papers (SBFPs), the process is designed to ensure that financial planning is both systematic and aligned with long-term goals. The MTEF provides a three-year outlook that helps prioritize expenditures across sectors based on projected revenues and macroeconomic targets, while SBFPs offer detailed sector-specific plans, including objectives, spending needs, and performance indicators. Together, these frameworks guide the budgeting process through critical stages—planning, formulation, approval, and execution—ensuring that public funds are allocated efficiently and transparently. This structured approach enhances fiscal discipline, promotes accountability, and supports the effective delivery of public services.develop six questions from that case study

Required

1)How does the Medium Term Expenditure Framework (MTEF) contribute to aligning budget allocations with long-term development goals?

(10Marks)

2) What role do Sector Budget Framework Papers (SBFPs) play in ensuring sector-specific priorities are addressed in Uganda’s budget?

(10Marks)

3)What are the key stages of Uganda's budgeting process, and how do they ensure efficient allocation of public funds?

(10Marks)

4)In what ways does Uganda's structured budgeting approach promote fiscal discipline and accountability?

(10Marks)

Question 2:

Uganda's budgeting process, though built on structured frameworks, faces persistent challenges that hinder its effectiveness. A major issue is revenue volatility, stemming from reliance on a narrow base of income sources such as import and agricultural taxes. These revenues are highly sensitive to global market shifts and seasonal production, making accurate forecasting difficult and disrupting budget stability. Operational delays further complicate the process—donor funds often arrive late, and parliamentary approval of the national budget is frequently postponed. These setbacks stall the rollout of development projects and essential services, eroding public confidence and slowing economic growth. Moreover, mid-year budget adjustments

triggered by revenue shortfalls or political pressures interrupt program continuity, weakening the impact of planned initiatives. Together, these challenges highlight the need for more resilient financial planning and governance reforms to ensure consistent and transparent budget execution.

Required

a) How do delays in donor disbursements and parliamentary budget approvals impact development project implementation and public service delivery?

(10Marks)

b) What are the consequences of mid-year budget cuts or adjustments on program continuity and development outcomes?

(10Marks)

c)Why is accurate revenue forecasting critical to Uganda's budget planning and allocation process? (10Marks)

d)In what ways do political pressures influence budget execution and resource allocation in Uganda? (10Marks)

SECTION B

ANSWER ANY THREE QUESTIONS FROM SECTION B

Question 1:

a) The concept of incidence of taxation has been variously described by different economists. Dalton for instance, consider incidence as the direct burden of tax on the person who ultimately pays it. Using examples discuss the factors that contribute to tax shifting.(10marks)

b) How can governments effectively balance fiscal policy decisions to promote both economic growth and the public interest, while ensuring the well-being of their citizens in a dynamic global economy?

(10marks)

Question 2:

a) How do the distinct contexts, objectives, and stakeholder considerations of public and private finance influence their respective approaches to decision-making, resource allocation, and risk management strategies?

(**10marks**)

b)What are the main economic, social, and political drivers behind the rising trend of public expenditure in contemporary times, and how do these influences shape government budget priorities and fiscal policies?
(10marks)

Question 3:

a)Differentiate using examples between current and capital expenditure.**(10Marks)**

b)Explain the canons of public expenditure in a real economy like Uganda.(10Marks)

Question 4:

a)Explain using examples the characteristics of a good tax.**(10Marks)**

b) How does taxation affect the following?

a) Production

b. b) Distribution

c. c) Stabilization

d. d) Investment

Question 5:

A tax system is composed of both direct and indirect taxes. Since effects of direct and indirect taxes on production, distribution and consumption are separate and distinct, it is necessary to examine their merits and demerits. Using example, explain the merits and demerits of both direct and indirect taxes. **(20Marks)**

Question 6:

Using example explain the differences between public finance and private finance **.(20Marks)**

Question 7:

You are a consultant in public sector finance. You are one of the four (4) consultants invited to present a paper at a workshop for public service workers sponsored by the World Bank. The objective of the workshop is to enhance performance management in the public sector and to discuss the ongoing public sector financial management reforms.

You have been specifically asked to cover the factors impacting on public sector financial management and the indicators of performance management in the public sector.

Required:

Prepare a draft paper in summary form to be used as part of your presentation covering the following:

(a) Explanation of the four types of performance indicators in the public sector. (8 marks)

(b) Explanation of the four factors influencing public sector financial management reforms in Uganda. (12 marks)

Question 8:

a) Discuss the main sources of public debt and explain the purpose of debt. (10Marks)

b) Using examples, Differentiate between public and private debt. **(10Marks)**

Question 9:

a) Discuss the five main categories of financial activities that constitute the subject matter of Public Finance**.**

(10Marks)

b) Explain the primary focus of the study of Public Finance, and why is it important for government financial management**.**

(10Marks)

Question 10:

a) Explain the benefits canons of public expenditure important in shaping government spending policies.

(10Marks)

b) In what ways can public expenditure promote the development and improvement of social life within a community?

(10Marks)

Question 11:

a) Explain the difference between the incidence and the shifting of a tax in public finance. (5Marks)

b) How does tax shifting affect the actual burden of taxation on consumers and producers? (15Marks

Question 12:

a) Using examples, explain the various forms of public debt**. (10marks)**

b) Discuss using examples the different sources of public debt to a country like Uganda. **(10marks)**