THE RIGHT TO PARTICIPATE:
PARTICIPATORY BUDGETING & REVENUE
GENERATION IN UGANDA
(DRAFT)

Africa Regional Seminar on Participatory Budgeting
March 10-14, 2008
Durban, South Africa

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Introduction and Contextual Background

“Participation relates to the institutionalized engagement and involvement of the beneficiaries in development efforts at all crucial stages and levels.” ¹ Regarding budget processes in particular, participation is a strong citizen empowerment mechanism. Participatory budgeting, therefore, is a process where citizens are engaged in determination of expenditure and revenue mandates of local governments at different stages and levels in the planning and budgeting cycle. The strength of any participatory process is conditional upon the existence of adequate processes and perceived outcomes. Additionally, convenient political space must be created and availed, allowing individuals to engage in gainful consultations through planning, project identification, analysis, and prioritization. Uganda embodies a majority of these ideals through its legal, political and institutional framework. But what is actually happening on the ground; and what opportunities exist to strengthen the process, particularly in terms of revenue generation?

The purpose of this study is to explore the participatory budgeting mechanism in Uganda in the following three contexts: normative—what should be happening based on the institutional, legal and political framework; positive—what is happening based on fieldwork carried out in January 2008; and prospective—what could be happening in terms of opportunities for further participatory governance and resource mobilization. The paper will thus examine the foundation for participatory budgeting in Uganda by attempting to understand expenditure assignment and revenue generation, exploring the potential for revenue generation at the local level and discovering critical new directions for participatory budgeting.

Research Methodology

The research for this report was conducted through fieldwork in the Mukono and Wakiso districts of Uganda, specifically in Lugazi Town Council, Kasawo Sub-county, Entebbe Municipality and Nansana Town Council. Researchers sought to understand the opportunities and potential for citizen participation and revenue generation by mapping some of the activities occurring in the selected study areas with regard to participatory planning and development, community behavior and attitudes, the role of culture and experiences, and the willingness of citizens to contribute to prioritized projects and services. For logistical reasons, municipalities were selected based on proximity to the capital and prior working relationships with the Municipal Development Partnership for Eastern and Southern Africa (MDP-ESA) in the area of participatory governance. Over 200 people were consulted by means of semi-structured and informal interviews, meetings, focus group discussions and observations. Informants included policy makers and members of advisory bodies at the national level; selected political heads and technical officials in Mukono District, Lugazi Town Council, Nansana Town Council and Entebbe Municipality; councilors and opinion leaders at lower local governments of Nansana Town Council in Wakiso District, Lugazi Town Council and Kasawo Sub-County in Mukono District; civil society organizations’ national-level leadership; prominent

members of the public with wide experience in decentralization, planning, and budgeting at national and local governments levels; and other stakeholders.

**What Should be Happening? Uganda’s Legal, Political, and Institutional Framework**

In 1992, Uganda implemented an extensive decentralization plan, devolving many important fiscal responsibilities to local governments. This plan was rapid and broad-sweeping, giving local governments a significant amount authority and autonomy over a short period of time in comparison to other countries who have implemented decentralization more incrementally. According to the National Constitution, “...decentralization shall be a principle applying to all levels of local government and in particular, from higher to lower local government units to ensure people’s participation and democratic control in decision making.”

To ensure this transfer of fiscal and administrative responsibility, the constitution also promises, “...each local government unit a sound financial base with reliable sources of revenue.” Although this figure varies under such conditions as rural versus urban localities, intergovernmental Fiscal Transfers (IFT) in the form of Conditional, Unconditional and Equalization grants account for up to 90% of local government revenues in Uganda. From these revenues, local governments are responsible for service provision and planning their budgets on both the expenditure and revenue sides. Budgeting is guided by the Uganda Poverty Eradication Action Plan (PEAP) which, in 1997, established four main pillars for transforming the Ugandan economy, namely: “...creating a framework for economic growth and transformation; ensuring good governance and security; directly increasing the ability of the poor to raise their incomes; and directly increasing the quality of the life of the poor.”

Additionally, the Ugandan Constitution allows space for civic participation, stating that “...every Uganda citizen has the right to participate in the affairs of government, individually or through his or her representatives in accordance with law.” The straightforward process for participation in the budgeting process is laid out step-by-step in the “General Guide to the Local Government Budget Process for District & LLG Councillors, NGOs, CBOs & Civil Society,” which provides tools to guide local governments though the local government planning and budgeting cycle.

The Ugandan government has also provided a strong institutional foundation for participation through the creation and support of government bodies such as the Ministry of Local Government (MLG), advisory bodies such as the Local Government Finance Commission (LGFC) and other non-state institutions such as the Uganda Local Government Association (ULGA), business and professional associations and labor unions. The Uganda Local Government Act further contributes to the institutional framework of budgeting in Uganda as it allocates a designated number of seats in local governments for marginalized groups such as women, youth and people with disabilities.

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6 Local Government Budget Committee. “General Guide to the Local Government Budget Process for District & LLG Councillors, NGOs, CBOs & Civil Society”
The legal, political and institutional framework provides solid support for participatory budgeting in Uganda. However, beyond the established process and legal protections, factors related to implementation of the process are also necessary for the success of participatory budgeting.

**What is Happening? Reflections on Participatory Budgeting from Uganda Fieldwork**

As previously stated, there is a strong legal, political and institutional framework to support participatory budgeting activities in Uganda. This section will detail how participatory budgeting actually occurs in the selected study areas in Uganda, highlight implementation challenges and constraints and set the stage for potential areas for improvement, including opportunities to enhance and develop revenue generation capabilities. Interviews with central and local government officials, conversations with community members, observations of budget conferences and needs assessments and review of official documents and government and NGO resource materials indicate that participatory budgeting is occurring in varying degrees in Uganda. However, it is not necessarily implemented as intended in the previously discussed framework.

Well over half of the 200 individuals interviewed\(^7\) indicated that they believe participatory budgeting is not only a valuable practice in Uganda, but works better than when Central Government made most of the planning and budgeting decisions. However, nearly everyone interviewed expressed concern over what they perceived as significant hindrances to its effectiveness. Firstly, local governments are generally following the process of participatory budgeting as outlined in the General Guide to the Local Budget Process. This process includes community outreach, technical committee work and creation of the Budget Framework Papers, budget conferences, additional committee work and finally council approval (See Appendix 1). However, the fact that these steps are simply followed does not necessarily imply that participatory budgeting is being implemented in the most effective manner or having the degree of impact as intended in its conceptualization.

One area of concern is the extent to which the process is truly inclusive and participatory. For example, needs assessments are executed in the study areas, but, as observed in Nansana and Kasawo, not all stakeholders are necessarily represented or given equal voice. According to the majority of interviewees, preconceived attitudes about government processes, perceived language barriers, timing of forums and conferences, literacy skills and the degree of outreach and information dissemination, among other factors, can impact which individuals in a community attend such events. A community member at the Nansana focus group indicated that holding budget conferences right after the Christmas holidays was a good time as community members had fewer work constraints around this time. But holding them during a busier season might have adversely impacted attendance. For example, a budget conference during the working hours might preclude a business person from attending due to his occupational duties while holding it in the evening might preclude a housewife from attending due to her household duties. Additionally, the team established that when participants do attend, they do not always exercise their voice. With multiple stakeholder groups in the audience, one group can tend to dominate discussion. For example,

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\(^7\) From government officials to community members
at the Kasawo needs assessment, a group of women sat in the back and discussed the issues quietly amongst themselves, while the men yelled over each other to make their opinions heard. This conflicting method of expressing oneself means that some voices may not be heard, illustrating the difference between representation and actual participation.

Another observation made in the study was that forums provided for in the participatory budgeting framework were not adequately leveraged for revenue generation. For instance, the needs assessment in Kasawo was demand driven by community members’ “wish list” of needs, but did not provide space for discussions around generation of resources. The budget conference in Nansana also served more as a platform for the Town Council to present its activities and plans rather than for the community to discuss budgets, expenditures or revenues. The plans and projects presented at the budget conference were not attached to a specific project with associated costs and resource requirements, and were seen by both citizens and town officials as “wish lists.” Additionally, the team observed that some Council staff seemed somewhat defensive to citizen feedback rather than solicitous and facilitative. In the overall observations, it appeared that following the specific steps laid out in the process framework took precedence over the outcomes and the process itself. Technical staff missed opportunities to probe further into the rationale behind expressed needs as well as discuss the resources available within the community and how best to mobilize them to meet priorities.

In the study, both community members and local government officials cited technical budgeting knowledge as a hindrance to implementing participatory budgeting. They communicated that budgeting was complicated and that inadequate understanding of the topic could impact the process both on the effectiveness of the mechanism and the process of participation in its own right. Additionally, it is likely that the lack of capacity of both technical staff and citizen participants adversely impacts the extent to which participatory budgeting occurs in Uganda. One local council member argued against a suggestion made that materials explaining the participatory budgeting process be translated into local languages. Her point was that the common citizen did not need such knowledge and awareness. Such an argument indicates that in some cases local level officials themselves do not understand what participatory processes truly mean, let alone have the capacity to facilitate them. At the needs assessment and budget conference, technical staff made presentations in a non-participatory lecture format and were defensive to citizen statements. In this sense, one can argue that there was no true participation in these forums, as technical staff neither facilitated conversation nor probed citizens to uncover their true priorities.

An informant from the Local Government Finance Commission described Participatory Budgeting as demystifying government budgets. However, our observations and interviews indicated that while budgeting may no longer be in a so-called “black box”, it is very much still in a gray box. At what was called a Budget Conference in Nansana, with over 100 participants, there were no monetary figures attached to prioritized plans. The rudiments of budgeting—costing and expenditure and revenue assignment—were remarkably missing.

Issues, Views, Embedded Meanings and Choices

Creating wish lists of needs and wants is not the intention of participatory budgeting. Rather, participatory budgeting should offer the opportunity for a community to come together and discuss its unmet priorities and challenges and the potential within a community to address
them. The process should go beyond prioritization, and even project conceptualization, to costing and expenditure and revenue planning. The study discovered that, as observed in the Uganda case and as indicated in interviews, actual budgeting is lacking from the participatory budgeting process. Additionally, opportunities for discussion are often missed. At the needs assessment and budget conference, facilitators did not ask citizens to clarify the preferences they expressed. When someone says there is need for a health center, do they truly mean a physical structure or do they mean access to health services, regular staffing and adequate supplies? In wanting to improve education, is the actual need a new school, improved technology, more educational resources, stronger curriculum, better-trained teachers or some combination thereof? Discussions can distill lofty wants down to the crux of the need. Moreover, they can provide a forum to consider how best to meet the community’s priorities given limited resources. Suppose a community prioritizes education and the proposed project for addressing educational inequities is building a primary school that will provide adequate classroom space for every child in the community of primary school age. Under the education sector grants, there are inadequate funds allocated for actually building a new physical structure. At this point, the community can decide to address education in a different manner—adding additional classrooms to an existing school, improving teacher training, and transporting children to other schools with space. However, a constraint within the conditional grant system is the volume of conditional grants\(^8\) compared to unconditional grants. If conditional grant money must be directed towards certain types of projects within a sector or can only be spent on certain types of costs, instead of offering communities the flexibility to shift funds to transportation or training to truly meet their priorities, their hands would be tied. Also, is adequate classroom space the best way to address the “education” priority in the first place? And who should make this determination? The discussion format would allow a community to explore and deliberate on the true heart of the issue. In addition to providing opportunities for discussion, it would also be a necessary precondition that the discussion facilitator be capable of guiding participants to realization and prioritization of actual needs without imposing his/her or the local government’s agenda.

Another significant hindrance to participatory budgeting, as observed through the fieldwork in Uganda, is the broken connection between contribution and service delivery. Willingness to pay taxes decreases if citizens do not see a substantial connection to services rendered. A recent study on the impacts of fiscal decentralization in developing countries indicated that 75% of citizens would be willing to pay more if they felt that their community needs were met by their local government.\(^9\) Unfortunately, in recent years, Uganda local governments have been stripped of their ability to generate own source revenues, notably with the abolition of the graduated tax, which has hindered service delivery. While the graduated tax was a controversial and largely ineffective tax, its sudden abolition and lack of adequate replacement has left most local governments almost wholly dependent on intergovernmental fiscal transfers. Oftentimes these funds are insufficient for the local governments to provide the services they are mandated to provide under the Constitution. Concurrently, the funds may

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\(^8\) Up to 90% of IFTs are Conditional Grants

not be disbursed when expected and may be less than expected. The impacts on citizen perception of local government effectiveness, and thereby participation in such processes as participatory budgeting and willingness to pay taxes, are believed to be considerable. Tying daily and regular services like garbage disposal to taxes and revenue collection has been particularly effective, as “seeing is believing”. But such examples are limited.

The process of participatory budgeting, as observed, also excluded adequate feedback. Participation, as previously discussed, is dependent on people feeling that their voices are heard and considered, engendering continued participation. An important element to support this cycle of participation and engagement is feedback, which many citizen informants from the focus groups in Kasawo and Nansana felt was lacking in the current system. They expressed that although citizens come together every year to prioritize needs, they rarely get feedback from local government as to the progress of the plans. Feedback can come in many forms: through radio announcements, articles in local papers or newsletters, or a council holding open house sessions and follow ups to budget conferences and prioritization sessions. Additionally, a feedback mechanism within the participatory budgeting framework is another opportunity to include discussions of revenue generation. For example, if a project is prioritized but the conditional grant money is not enough to fund it, the process of providing this feedback through a follow-up conference could create the opportunity for a community to discuss how to overcome such an obstacle. Space could be created for a community to think about ways to generate additional revenue, such as imposing a development tax or sourcing from local businesses. Or perhaps there will be a complete re-conceptualization of the prioritized project. Regardless, this additional step could potentially increase ownership and stimulate discussion of resource generation by allowing consultations and participation to continue beyond the budget conference.

What Could be Happening? Innovations, Opportunities, Recommendations, and Ways Forward for Participatory Budgeting

From the issues raised in the preceding paragraphs, the process for participatory budgeting in Uganda is strong, at least in theoretical terms. But what occurs on the ground can and should be strengthened. The following are suggestions and recommendations rooted in the current framework. There are also opportunities to move forward and promote a more robust participatory budgeting process.

Mobilization and Sensitization for participation

Opportunities for participation in Uganda, specifically mobilization and sensitization, abound, both formally and informally. These opportunities are both the responsibility of the council and the citizenry as ambassadors of participation to inform and involve more of the population. This is one area where local governments truly have an opportunity to think outside the box and use innovative measures to involve and teach their citizenry how to take ownership over their development. This sensitization could take place on several levels; for example, sensitization trainings need to be in place for citizens on the importance of paying taxes as well as for tax collectors on how to be sensitive to communities and citizens during tax collection. This sensitization should not be led solely by government, but could also be seen as a community initiative. Every stakeholder has a role in sensitization and mobilization—part of
participation could be the mobilization of additional people for further participation. Civil society should also be included in this process, as they generally have mobilization and sensitization expertise through their own programs and could be encouraged to mobilize at lower levels. This is also an area where local governments need not reinvent the wheel, but can use similar strategies and techniques that work for other issues, like the very successful voter mobilization campaigns that have occurred throughout Uganda.

Political sensitization is also an important area for improvement. One of the common sentiments we heard in our interviews was a lack of political coordination for participatory budgeting. Taxation can be an unfavorable political statement, so many local governments are facing mixed messages with their local and national politicians’ political pronouncements with respect to taxes. With proper sensitization to the issues, local and national politicians could come together to support participatory budgeting and encourage participation as part of their political statements. One local politician we spoke with discussed his positive feelings for participatory budgeting because they enabled him to more easily understand and address the priorities of his constituency. Related to this issue, the decentralization movement in Uganda was largely due to several key political champions who truly believed in its merits and pushed the process forward. This same feeling for participatory budgeting needs to be cultivated in the next generation of political leaders.

Training and Education

Related to mobilization and sensitization, there is also great opportunity for technical training within the participatory budgeting process. This could be achieved through technical budgeting training for citizens in order to gain a better understanding of how an actual budgeting process works beyond planning. Additionally, local governments can also benefit from facilitation training where facilitators of the budgeting process would learn how to actually facilitate, probe, not be defensive and guide discussion and participation to realize the community’s own priorities and solutions.

Well more than half of all interviewees cited education levels and literacy as hindrances to participation. However, while constraining, minimal education and illiteracy are not entirely prohibitive. While low literacy levels in some local municipalities are seen as a barrier to participation by local officials and community members themselves, they need not completely preclude it. Literacy is not a prerequisite for participation or understanding of budgeting or priorities. The illiterate can still understand the prioritization process and should be involved at all levels. Additionally, it is likely that every member of the community has at least some knowledge of budgeting in the linkage between income and expenses as well as costs. The true barrier with regard to literacy could be that facilitators do not know how to tailor tactics or cater for varying literacy levels within the general attendance.

Accountability and Transparency

Participatory budgeting in and of itself lends itself to increased accountability and transparency as it allows all parties to more effectively monitor how revenues and resources are being used. To promote further accountability in the local governments, Uganda can follow the guidelines of the current devolution policy, which expands the current 10% reallocation flexibility of conditional grants and gradually increases it, based on performance-based
measures such as predetermined benchmarks of accountability, efficiency and effectiveness. Additionally, both local governments and the Ugandan central government should be more open about budgets. Local budgets are already posted in newspapers, but this can be expanded to the central government budget, and more effort should be made to post on public notice boards and create radio and TV programming about the budgeting process.

Technical improvements can also be made to advance the degree of accountability in revenue collection. In Lugazi, the Town Council is attempting to implement computerized receipting and a central data collection center for more efficient information transfer, while Entebbe has attempted to implement computerized business registrations for ease of collection of license fees. Technological advancements could also provide local governments more ability to easily target collection reminders, which could be expanded to other revenue generation activities. These technical improvements could also help promote perceived “fairness” in the community, which is integral in community revenue generating activities.

Related to accountability and transparency are increased feedback mechanisms. In addition to budgeting session attendance, an effort to engender true participation must make citizens feel that their opinions are not only heard, but responded to. More mechanisms for response and feedback to comments made in various sessions will promote further participation as people will feel that they have participated and been heard. Related to this, unfunded projects need not be kept secret or hidden. They present an opportunity for local governments to explain and promote the concept of three-year plans and the current year’s budget as well as mobilize stakeholders around tackling unfunded priorities. Feedback builds confidence in the process and provides citizens impetus to continue participating so that their needs might be met in another budget cycle.

**Partnerships**

Public/private partnerships are yet another mechanism for increased participatory budgeting. The business community can and should be leveraged to bring in revenue for community activities. For example, in Lugazi, the Town Council worked with the large local sugar and tea companies in the town to require their contracted farmers to register for business licenses with the Town Council, ensuring a steady stream of revenue. Furthermore, some businesses help maintain infrastructure, particularly roads that are necessary for their business activities, or run health centers and schools for their employees and families. Thus, cooperation between local governments and businesses is important in terms of taking advantage of available resources and not duplicating services.

There is also great opportunity to strengthen relationships with CSOs. Interviews with NGO officials and local government officials alike detailed a high degree of mistrust between LGs and NGOs. However, they are often working towards similar goals, and actually using similar participation methods. By leveraging NGOs’ propensity towards citizen advocacy, local governments can utilize NGO capabilities to increase citizens’ analysis capacity to ask the right questions. In Kabaroli, an NGO is running a poverty resource monitoring and tracking tool which gathers citizens to identify resources outside the formal participatory budgeting process and how to leverage and protect the resources. The program is having an impact because it is creating citizen agents, leading to further participation in local governance.
Civic Pride

Another opportunity for cultivating more participation and revenue generation is to cultivate aspects of the Ugandan culture related to participation and contribution. Many people discussed an inherent pride that is associated with paying taxes. Additionally, a bumper sticker on a car boasting, “I love Uganda. I pay my taxes,” demonstrated that using social capital is a potential strategy to encourage tax payment. Some interviewees spoke of instances where social capital was achieved through paying taxes and being in higher tax brackets. In addition to this pride, paying taxes is an essential mechanism for being able to demand accountability from the government. Thus participation is a cyclical process; by paying your taxes you not only get better services but also have the agency and capacity to demand more from your government. And the government has more ability to meet the needs of the people, which will improve participation in the long run. Additionally, competition, games and tournaments can be used to capitalize on the inherent civic pride to further promote contribution and revenue generation.

Contributions are not solely monetary, and other forms of participation or involvement should be recognized. A certificate, similar to a tax ticket, could be employed for all contributions, including monetary, labor and expertise, materials, etc. This again builds on civic pride as citizens will feel that they have contributed to community projects and that their contribution is recognized, increasing their social capital in the community.

Participation from Marginalized Groups

The space for participation among marginalized groups is also an important consideration. Not only do specific tactics need to be used with specific groups of stakeholders, but while working on participation strategies, it is important to remember that established quotas for women, youth, etc. improve representation but not necessarily participation. Additionally, all participation needs to be considered equally important. Throughout the study, the youth population was summarily disregarded because their priorities were considered odd (like balls, football pitches and gambling stalls). However, these requests do in their own way mobilize these constituencies so should be considered seriously. More communication and outreach needs to happen at all stages of the process, and it needs to be more targeted towards underserved groups.

Language is also often considered a barrier to participation as all government documents are supposed to be published in English and not local languages. This is most certainly a barrier to participation for those who do not speak English, but it need not be. Government documents can be translated and meetings can be held in local languages. There is Constitutional precedent for this, as Article 4a states that “the State shall promote public awareness of this Constitution by translating it into Ugandan languages and disseminating it as widely as possible,” and Article 6-2 says “…Any other language may be used as a medium of instruction in schools or other educational institutions or for legislative, administrative or judicial purposes as may be prescribed by law.”

Conclusion

In some ways, the limited research carried out in Uganda elicits more questions than answers. Some of these questions (see Appendix 2) provide a compelling case for further research in order to obtain a more robust understanding of Uganda’s Participatory Budgeting process in theory and practice. Though overall, Uganda presents an interesting case study for participatory budgeting because of its strong decentralization framework and the political, legal and institutional foundations for participatory development processes. However, Uganda faces many challenges to successful implementation of its established participatory budgeting process. With commitment to providing a more robust participatory budgeting process, Uganda has the potential to become a leading innovator in the field of participatory budgeting. Additionally, the lessons learned in Uganda are transferable to other contexts and should be used as a guide to promote civic participation in the budgeting process.
Acknowledgements
The field research that informed this report was a joint effort between Makerere University-Department of Political Science and Public Administration (Makerere) and New York University-Robert F. Wagner Graduate School of Public Service (NYU-Wagner), under the direction of the Municipal Development Partnership for Eastern and Southern Africa (MDP-ESA). The field research team included Courtney Babcock (NYU-Wagner), Erin Brannan (NYU-Wagner), Milly Bulega (Makerere) and Albert Rugambwa (Markerere). The report team is especially grateful to our Makerere counterparts for their significant contributions to this case study. The team would also like to thank Dr. Yasin Olum (Chair, Department of Political Science and Public Administration-Makerere) for his support of the field research team and George Matovu (Director, MDP-ESA) for his unyielding guidance, support and encouragement throughout this process. We gratefully recognize the comments, insights, inputs and suggestions of all interviewees and the valuable feedback from the Dissemination Workshop attendees.

References


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Local Government Budget Committee. “General Guide to the Local Government Budget Process for District & LLG Councilors, NGOs, CBOs & Civil Society”


Appendix 1: General Guide to the Local Government Budget Process
QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.
Appendix 2: Areas for Further Research

Some areas for further research include:

1) A quantitative study on citizen participation in participatory planning & budgeting activities including gender, income levels, education, regional, employment categories, land owners, asset categories, tribal distinctions, etc. In addition, the study should look at the correlations between size of district, revenues, technical capacity of LGs, and other related issues that are quantifiable.

2) A study looking at the implications of recentralization (or changing decentralization framework) of Kampala and Uganda on participation.

3) A study looking at participatory budgeting and how it might work (in the same way or differently) in different contexts.
   - Multiparty vs. one-party system in Uganda
   - Political context and implications on participation (ex. Tanzania under socialism, South Africa under apartheid)
   - Direct vs. indirect taxation?

4) One informant of our study expressed the notion that Uganda is essentially acting as a welfare state, and because of this, the pressure on the national treasury is enormous. How will that affect governance, particularly Uganda’s highly empowered local governments?

5) A quantitative study on implications of participation on resource generation.