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THE PROCESS AND OUTCOMES OF PARTICIPATORY BUDGETING IN A
DECENTRALISED LOCAL GOVERNMENT FRAMEWORK: A CASE IN UGANDA

By

SATURNINUS KASOZI-MULINDWA

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Birmingham Business School

College of Social Sciences

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ABSTRACT

The study was carried out against a background of a general perception that participatory budgeting (PB) in developing countries is an annual ritual exercise to comply with pressure from supranational agencies to adopt New Public Management (NPM) reforms, rather than a practical process that involves citizens in formulating and developing local government plans and budgets that incorporate their needs and priorities. The study adopts a qualitative interpretive approach and a case study design, using Uganda and Wamala District Local Government as country and study sites respectively, to explore how PB is implemented in practice and whether the desired outcomes are achieved. It further explores the underlying factors that restrict or enhance PB in a decentralised LG framework. The study argues that adapting NPM reforms to the local environment, and citizens exercising their rights and responsibilities, are critical to the achievement of desires, goals and outcomes. The findings of the study demonstrate that owing to power relations, inadequate locally raised revenues, citizens' lack of knowledge, skills and competencies in public sector financial management, and inherent cultural norms and values, PB may not achieve the desired goals and outcomes in developing countries under a decentralised local governance system. The contribution to accounting theory from this study is that institutional pressures (coercive, mimetic and normative) can be mitigated by empowering citizens to exercise their civil, social, political and economic/financial citizenship rights and responsibilities effectively. This could lead to strengthening management accounting systems, and result in policy reforms (that are donor driven) achieving desired outcomes.

Dedication

“You should appreciate the darkness because it is the only time you can look up and see the stars” (Piper, 2012:30).

This study is dedicated to: My late father, **Teacher Francis Mulindwa**, who heavily invested in my education, which has opened many gates for me to access numerous opportunities. I am forever indebted to you for instilling in me the values of hard work, discipline and education. And, the late **Monsignor Lawrence Mbwega**, for his spiritual guidance and love to me and my family. Though they are physically gone, I have always felt and seen their presence along this academic journey. I would not be the man I am today without their great contributions. They have made a difference in my life,

May their souls rest in eternal peace!

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LIST OF ABBREVIATIONS

ABB	Activity Based Budgeting
BFP	Budget Framework Paper
CAO	Chief Administrative Officer
CBOs	Community Based Organisations
CFO	Chief Finance Officer
CSOs	Civil Society Organisations
DDP	District Development Plans
DEC	District Executive Committee
DFID	(UK) Department for International Development
DTPC	District Technical Planning Committee
FDS	Fiscal Decentralisation Strategy
FGD	Focus Group Discussion
FY	Financial Year
GAAP	Generally Acceptable Accounting Principles
GFDC	Ghana Food Distribution Corporation
GoU	Government of the Republic of Uganda

IMF	International Monetary Fund
IPF	Indicative Planning Figures
LC	Local Council
LG	Local Government
LGs	Local Governments
LGA	Local Government Act
LGDP	Local Government Development Programme
LG FAR	Local Government Financial Accounting Regulations
LGFC	Local Government Finance Commission
LLGs	Lower Local Governments
MDGs	Millennium Development Goals
MDP-ESA	Municipal Development Programme - East and Southern Africa
MC	Municipal Council
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation

NGOs	Non-Governmental Organisations
NIS	Neo-Institutional Sociology
NPA	National Planning Authority
NPM	New Public Management
NRM	National Resistance Movement
NY	New York
OBT	Output Budgeting Tool
OECD	Organization for Economic Co-operation and Development
PB	Participatory Budgeting
PPBS	Planning Programming Budgeting System
PEAP	Poverty Eradication Action Plan
PRSP	Poverty Reduction Strategy Papers
RCs	Resistance Councils
SAPS	Structural Adjustment Programme Strategies
SAS	Senior Assistant Secretary
SC	Sub-county
TAPE	Transparency, Accountability Participation and Equity
TC	Town Council

UBOS	Uganda Bureau of Statistics
UK	United Kingdom
UMI	Uganda Management Institute
UN	United Nations
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States of America Aid and Development
WB	World Bank
WDLG	Wamala District Local Government
WDR	World Development Report
ZBB	Zero Base Budgeting

CHAPTER ONE: Introduction and General Background

1.1 Introduction

In the 1970s, developed countries like Australia, Denmark, New Zealand and the United Kingdom implemented public sector reforms that greatly enhanced the efficiency and accountability and effectiveness of public sector organisations (Lapsley and Wright, 2004). Public sector reforms as adopted and implemented in developed countries came to be commonly referred to as the New Public Management (NPM). According to Navarra and Cornford (2006), the introduction of NPM was aimed at addressing new public management issues that arose with the changing circumstances and demand in managing public affairs. Based on the experience of the developed countries, NPM reforms were advanced as a solution that would make public sector organisations more accountable, efficient and democratic, which were considered to be the main constraints to service delivery by public sector organisations (Weiss, 1976; Hood, 1983; Hood, 1991; Pollitt, 2003;). The thinking behind NPM advocates was that to enhance efficiency accountability and transparency, organisations in the public sector should be structured and operated on the same principles like organisations in the private sector.

Following NPM reforms, the principles of bureaucratic hierarchy and centralisation were replaced with a market enterprise culture based on transparency, accountability, participation and equity (TAPE) in public service management. The running and management of public affairs came to be referred to as public management other than public administration.

International agencies identified lack of accountability, ineffectiveness and inefficiency as impediments to effective service delivery by public sector organisations in developing countries (Awio et al., 2007). To address this constraint to development, led by the

International Monetary Fund (IMF) and the World Bank (WB), they engineered and imposed NPM reforms as a pre-condition for granting aid and accessing donor funding.

Reforms in the public sector implemented in developing countries over the last thirty years have been part of the World Bank (WB) and International Monetary Fund (IMF) Structural Adjustment Programmes (SAPs) which were initiated by the WB in the 1980s (Economic Commission for Africa, 2003). Decentralisation and privatisation are part of the NPM reforms aimed at achieving efficiency, accountability and effectiveness in public sector organisations (Economic Commission for Africa, 2003). The WB (1997) has argued that decentralisation has the potential to improve the delivery of poverty related services to the community. Decentralisation of government functions to lower local governments is widely recognised as one of the strategies to increase local participation and ownership of the political and development process (World Bank, 1997). Reduction in Poverty Levels to 15% by 2015 is one of the eight United Nations (UN) Millennium Development Goals (MDGs) set in 2000 (UN Millennium Goal Report, 2010). Based on the experience and success of Porto Alegre in Brazil, decentralisation and citizen participation in the budgeting process are viewed as effective strategies for poverty reduction. Decentralisation has thus been adopted by many developing countries since the 1990s. However, some scholars argue that participation by local citizens is still low, because the NPM method is grounded on the concept of value for money, that is, economy, effectiveness and efficiency (Frederickson, 1997; Lynn, 2002).

Decentralisation involves undertaking reforms in public sector financial management and accounting. Participation by all stakeholders in the budgeting process is at the centre of NPM reforms in public sector financial management, regarded as one of the crucial elements for

enhancing democracy necessary for improving service delivery for the benefit of all stakeholders (Economic Commission for Africa, 2003; World Bank, 1997).

Since 1987, the Government of Uganda (GoU) has been committed to an economic recovery programme to reverse the sharp economic decline of the 1970s and early 1980s. The recovery programme has included macro-economic adjustment and structural reforms with strong support from multilateral and bilateral creditors and donors. The objectives of the public sector reforms were to increase efficiency of resource allocation while reducing the direct role of government in production and commercial activities. At the same time, the reforms were aimed at promoting the private sector as the main engine of economic growth. The first phase of the reforms was stabilisation and the second was the implementation of measures to remove structural distortions in the economy. The third phase, which started in 1997, focused on improving public service delivery, the removal of impediments to private sector growth and participation in social service delivery. This third phase commits government to the overriding priority of tackling poverty through decentralisation and privatisation policies (MoFPED, 2000; USAID, 1998; MoFPED 2002).

Uganda's NPM reforms in public financial management have focused on planning, budgeting and accountability. As Rubin (1990) observed, planning and budgeting have merged. In Uganda budgets are derived from the three-year development plan, both at national and local government level. Since the early 1990s, local government budget processes have changed substantially due to NPM reforms and the availability of information technology. The decentralisation policy (one of the NPM reforms) was adopted as a local governance system and enshrined in the 1995 Constitution. The concept of participatory budgeting (PB) as part of the decentralisation policy was operationalised in 1997 under the Local government Act

1997. Therefore, by law citizens are expected to be involved in the process of planning and budgeting at all levels of local governments in Uganda.

After adopting decentralisation, local government budgeting processes changed substantially, as more focus was put on principles of good governance as advocated by donor agencies, who at the time were funding more than 60% of the national budget (MoFPED, 2000; USAID, 1998, MoFPED & PEAP 2002).

Participatory Budgeting (PB), the extent to which stakeholders are involved with and have influence on the determination of their budgets (Brownell, 1982), has been embraced by both developed and developing countries as a strategy for poverty reduction. Scholars and practitioners based on the success in Latin America hypothesised that citizens' participation in resource allocation (through the budgeting process) leads to addressing the priority concerns of the citizens in their communities, and therefore their well-being, through poverty reduction (Sterling, Grunfelder and Borges, 2006). The hypothesis is based on the assumption that participants in the budgeting process are fully involved in determining their local needs by identifying service options for investment and disinvestment, evaluating these options, based on available evidence and data, to make resource allocations. Based on the above assumptions stakeholders involvement in the process of budgeting in local governments, is considered to be one of the means of increasing and enhancing service delivery as it promotes accountability efficiency and effectiveness (Franklin and Ebdon, 2004).

This study explores how the process of participatory budgeting introduced by supranational agencies under NPM reforms operates in developing countries, and whether the desired outcomes are achieved. The study was undertaken in the context of Uganda's decentralised local government system.

1.2 Statement of the Problem

The subject of participatory budgeting has received considerable attention in the normative and descriptive literature (Caiden and Wildavsky, 1980; Ebdon, 2002; Acioly et al., 2002; Awio and Northcott, 2001; Kelly, et.al, 2008), yet there is "...persistent evidence that citizen participation occurs infrequently and has little influence on decision-making" (Franklin and Ebdon, 2004:210). Though there are many studies on participatory budgeting, no rigorous analytical study has been conducted on how the design features and preconditions of participatory budgeting influence its desired outcomes (Goldfrank, 2005). Second, the design and how local context affect outcomes has not been theoretically explained.

Uganda has embraced all public sector reforms as recommended by supranational agencies and has been cited as a 'success' story in public sector reforms by these agencies (Ellis and Freeman, 2004). The decentralisation policy adopted in 1997 as a system of local governance is also referred to as a showcase of potential gains from a neo-conomic reform agenda (Hickey, 2003). As Arnstein noted, "there is a critical difference between going through the empty ritual of participation and having the real power needed to affect the outcome of the process" (Arnstein, 1969:216).

The above scenario raises a pertinent question: is participatory budgeting process an end in itself or a means of addressing the needs and priorities of participants?

There is little empirical evidence on the goals and outcomes of participation. As Yahya (2008) observed, "the benefits of citizen participation have therefore largely remained unclear for the local communities, leading to varying expectations and little means for determining whether the outcomes of citizen participation are acceptable or even exceed the costs of the process" (Yahya, 2008:443).

Since the 1980s, a number of African countries (Ethiopia, Uganda, Ghana, Senegal, Mauritius, etc.) have been implementing public sector reforms with the assistance of international institutions and agencies. However, according to Amoako (2003), there is scant progress and evidence of their impact on these countries (Economic Commission for Africa, 2003). The existing literature on participatory budgeting has focused on municipalities and cities in developed and developing countries (Ebdon, 2002; Ebdon and Franklin, 2004, 2006, 2007; Rubin, 1990). The social and economic setup in rural areas, especially in developing countries, is quite different from the cities and municipalities. Therefore, there is a need to explore whether the processes of PB in rural areas are the same and achieve the same outcomes as those in municipalities and cities.

Public sector reforms based on the NPM concept were expected to enhance service delivery by making public sector organisations more efficiency and effectiveness (Uddin and Hopper, 2003; Rahaman and Lawrence, 2004). They further argue that ethnicity, corruption and nepotism are rampant, which has affected the success of NPM reforms (Uddin and Hopper, 2001; Rahaman and Lawrence, 2004). Stiglitz's view is that NPM reforms have failed because they do not take into account the local environment within which they are implemented (Stiglitz, 2002).

A study conducted by Kasumba (2009) on accounting for local government reforms focused on the micro processes and macro-dynamics involved in the adoption and implementation of changes in budgeting practices in LG in Uganda. The study was undertaken in Kampala District, which is the capital and the only city in Uganda. He recommended further research on the effect of the changes in budget practices on resource allocation, utilisation and reporting in other local governments, especially in developing countries. Therefore, this study

will build and enhance on his work by focusing on the process and outcomes of participatory budgeting using a rural district as a case site.

Using Uganda as a case study, the study explores and examines whether PB, one of the reforms advocated by donor agencies, achieves the desired goals and outcomes in a developing country under a decentralised LG form of governance.

Against the above background comes the need to study whether the blind imposition of NPM reforms on developing countries improves the delivery of public services.

Therefore, this study explores the NPM reforms in public sector financial management by examining the process and outcomes of PB in local governments, using Wamala¹ District Council Local Government.

The study is motivated by the researcher's desire to study the technical and organisational impact of changes in the budgeting systems as part of the management control system advocated by NPM donor-led global reforms in addressing the needs of the poor in developing countries. Given the researcher's rural background and the social constructivist discourse orientation, the researcher is interested in examining how citizens exercise their rights and responsibilities in matters of public financial management.

1.3 Purpose and Objectives of the Study

The purpose of this research is to explore and provide a structured account of how the process of participatory budgeting operates in a decentralised local government system in a developing country.

The objectives of the study were to:

¹ Wamala is a pseudo name, the real name has been disguised for purposes of confidentiality

- 1) Explore how participatory budgeting works in a decentralised local government system of a developing country, focusing on the process and outcomes.
- 2) Examine factors that enhance or inhibit participation by citizens in the process of budgeting.
- 3) Examine whether involving citizens in the budgeting process achieves the desired goals and outcomes.
- 4) Provide policy recommendations that can be made for the PB process that will enhance benefits to local communities, especially the poor.

1.4 Research Questions

The study explored the following question: How does PB work in a decentralised local government system in a developing country?

In order to contribute to both knowledge and practice, the question is broken down into empirical, theoretical and policy relevant sub-questions as below:

Empirical questions:

- i) How is the PB process conducted in a decentralised local government system in Uganda?
- ii) Is the design of the process and mechanisms for participation appropriate for effective citizen participation?
- iii) What are the factors that influence participation? For example, might any political, social, economic or environmental circumstances affect the outcome of participation?

Theoretical question:

How can the process and outcomes from PB be theoretically explained?

Policy question:

How might experiences and lessons from the case study be used to improve the PB concept?

Two dimensions of the study are identified: first, the process through which citizens participate, focusing on the government environment, participation mechanisms, and the design of the participation process; and second, the desired goals and outcomes of participation as an outcome from the process.

1.5 The Structure of the Study

The thesis is organised into eight chapters that are categorised into four parts as follows;

- Introduction and Background (Chapter One)
- Literature Review, Philosophical View and Methodology (Chapters Two, Three and Four)
- Case sites and Findings (Chapters Five and Six)
- Discussion, Analysis and Conclusions (Chapters Seven and Eight)

Chapter One provides an introduction and background to the study, the purpose and objectives of the study, study justification, motivation, the problem statement, research questions, and the structure of the thesis.

The second part of the thesis comprises three chapters covering the literature review, philosophical assumptions and methodology. A review of the extant literature on PB, types of

budgeting methodology, participatory budgeting mechanisms and dimensions of participative budgeting is presented in Chapter Two. This chapter also examines and analyses literature on PB in developing countries, focusing on the experience of Porto Alegre in Brazil and other developing countries. A research theoretical model was developed from the reviewed literature.

Chapter Three discusses the theories of Citizenship and Neo-Institutional Sociology (NIS), examining the origins and foundation of each. Based on the strengths and weaknesses of each theory, a theoretical framework is developed that is selected to be used as a lens in analysing and discussing findings from the study. The selection of a theoretical framework was based on applicability and relevance. The chapter discusses the justification and relevance of the theory in understanding the PB phenomenon under study.

Chapter Four has two main sections. The first explains the philosophical assumptions that form the basis of selecting the methodology. In the second section the methodology and methods applied in the study are described.

The fifth chapter reviews literature on the Ugandan environment, focusing on public sector reforms since 1986. The focus is on reforms that affected the LG in Uganda. This chapter explains the evolution of Uganda's local governance system and public sector financial management, focusing on budgeting in local governments. The same chapter provides the background for the case sites.

In Chapter Six findings guided by the research objectives and questions are presented.

Using the theoretical framework developed, Chapter Seven provides discussion and analysis guided by the research objectives and questions.

Chapter Eight is the concluding chapter of the study. It reflects on the appropriateness of the methodology used in the study, summarises major findings, recommendations arising from the findings are made, and contributions to practice and knowledge stated. Finally, limitations and research areas that could be of interest for future research are also outlined.

CHAPTER TWO: A Review of the Related Literature

2.1 Introduction

A literature review is defined as “the selection of available documents, both published and unpublished, on the subject of research that contain information, ideas, data and evidence relating to the research question” (Hart,1998:13). “A review of the relevant existing literature on the problem to be researched is one of the initial vital assignments in undertaking academic research” (Kumar, 2005:30). Kumar (2005) argues that a review of relevant literature enables the researcher to locate the theoretical roots of the study, clarify ideas and develop appropriate methodology to guide the study. A comprehensive review of literature, "gives a good basic framework to proceed further with the investigation" by clarifying the research problem and identifying likely variables (Sekaran, 1992:38). Therefore, literature review needs to relate and explain the research question, identify relevant information, and outline existing knowledge regarding the research topic.

This chapter therefore is divided into two main parts. The first part reviews extant literature, both published and unpublished, on budgets, budgeting, budgeting techniques, the history of participatory budgeting, and PB in developing countries in general; the second part reviews literature on the process and outcomes of participatory budgeting (PB), the focus of this study. As recommended by Hart (1998), a research gap was identified from the reviewed literature that created a research space for this study and enabled the positioning of this research in the context of previous research.

2.2 The Concepts of Budget and Budgeting

2.2.1 Budget

A budget has been defined by scholars as a plan expressed in quantitative terms, resources required to achieve set goals and objectives over a given period of time (Shah, 2007; Ahmad et al., 2003; Awio and Northcott, 2001; Lucy, 1996). The budget provides costed activities to be undertaken to achieve goals and objectives set out in organisational plans. A budget has two components; the revenue side that shows the source of funds, and the expenditure side that shows how the money raised will be spent (Lucy, 1996). There are two types of budget: (1) the recurrent budget that focuses on general spending policies; (2) the development or capital budget that focuses on long term projects or investments.

Conceptually, a budget is the principal mechanism through which the policy intentions of any organisation are translated into concrete actions and results on the ground. In all (developed and developing) countries, the budget is an important policy document through which governments establish their economic and social priorities and set the direction of the economy. In the public sector, budgets are legal instruments that authorise the levying of taxes and incurring of public expenditure. Therefore, any budgeting process adopted by a public sector organisation should be evaluated on the basis of its effectiveness as a central policy tool to achieve set goals and objectives. Lucy (1996) also concluded that budgets of public sector organisations should reflect fundamental social, political and economic intentions of governments.

The definition of a budget and its relevance as a management tool for organisations is not in contention by scholars. The requirement to have a budget in place for public sector organisations is not an option but a legal requirement, whereas in the private sector it is

considered best practice. The process of coming up with a budget is what is referred to as budgeting.

2.2.2 Budgeting

Budgeting is a process that involves planning, allocating resources, and coordinating an organisation's activities. The main purpose of budgeting is to aid planning; coordinate activities; communicate plans to various responsible managers; motivate employees; control activities by comparing actuals with budgets; evaluate performance; and express conformity with social norms (Anthony and Govindarajan, 2001; Preston, 1995, Emmanuel and Otley, 1985; Ezzamel and Hart, 1987; Luft and Shields, 2003). Based on the above listed objectives for budgeting, Uddin (2005) concluded that budgets have an important role in a management control system of both public and private sector organisations. However, it is not clear whether when citizen are involved in the process of budgeting, chances of achieving desired budgeting objectives are enhanced in a decentralised local government system in a developing country.

2.3 Budgeting Techniques

Budgeting techniques are economic frameworks specifically designed to aid those charged with the responsibility of setting priorities, to ensure that they maximise the benefits from the available resources. The technique or approach adopted by an organisation in the preparation of a budget has an effect on its implementation and outcomes (Lucy, 1996; Luft and Shields, 2003). The focus of scholars up until the 1950s was on the normative theory of budgeting, trying to identify the most theoretically appropriate budgeting technique. After the 1950s, the focus changed to descriptive theory focusing on the most appropriate budgeting techniques to achieve the desired budget objectives (Forrester and Adams, 1997).

Budgeting reforms resulting from pressures for efficiency, accountability and effectiveness in resource allocation led to the rationality based budgeting system known as the performance budgeting approach. This approach was built on the realisation that, in order to cause change in budget outcomes, there was a need to change the budgeting process (Kelly and Rivenbark, 2011). However, reforms over the years have not changed the traditional line item format of budgets and the incremental approach to budgeting (Kelly and Rivenbark, 2011). Thus we have two approaches to budgeting: incremental and performance budgeting techniques that are examined below.

2.3.1 Incremental Budgeting

The incremental approach (also referred to as the traditional budgeting system) begins with the previous budget figures as a base; the previous estimates are reviewed to take into account changing conditions like inflation and other variables that are considered relevant for the coming fiscal year. The incremental budgeting system is mainly aimed at making the budget a tool for financial compliance (Wildavsky, 1964). In this regard, the technique ignores key issues such as objectives which the government wants to achieve, how these objectives are linked to the budget and how inputs can be efficiently combined to deliver the desired services.

Rubin (1998) and Wildavsky (1964) also noted that incremental budgeting does not take into account budgeting for programmes that cut across departments, and ignores the effect of the budgeting environment on the budgeting process. Stakeholders are not considered to be relevant in the budgeting process, with emphasis being placed on bureaucrats and conflict avoidance, which results in clientelism in the budgeting process. This represents a budgeting system that describes consensus amongst budget actors rather than institutional competition, helping to minimise budget conflicts among stakeholders over resource allocations (Kelly

and Rivenbark, 2008). At the same time, it has been argued that because the approach is premised on historical performance, power relations are re-enforced and this undermines the ability of those involved in the process in making analysis as expected during the budgeting exercise (Schick, 1998).

However, Wildavsky (1986) maintained that the incremental budgeting technique, with its line-item format, did not need reform, arguing that other formats tried had failed. He later realised that owing to political and economic environment changes, budget processes are variable, depending on the level of resources, local culture and history of the organisation. The incremental method of budgeting has the advantage of being simple. This is because the incremental budgeting technique is basically a review of the previous budget. Being a review of the previous budget implies that in most cases previous shortcomings of the previous budget are automatically carried forward in the new budget.

2.3.2 Performance Budgeting Techniques

As a result of shortcomings in the incremental budgeting technique, and as part of the NPM reforms in developed and developing countries in the 1980s, budgeting focus turned to budgetary reforms that aimed at macro-economic stability. The techniques of performance budgeting include the following approaches: 1) zero-base budgeting; 2) Kaizen Budgeting; 3) Planning, programming and budgeting system (PPBS) and 4) Output Budgeting.

2.3.2.1 Zero base budgeting (ZBB)

Zero base budgeting emanates from public management theory under the concept of rational public management that emphasises the measurement of performance and rewarding of employees based on documented results (Lerner and Wanat, 1992). Under this approach items to be included in the budget must be justified by analysing the benefits to be obtained

from each expenditure allocations. Previous expenditures whose benefits are lower than the cost are dropped in the new budget. The approach of justifying all budget items enables budget officers to address the weakness of incremental budgeting, as they are able to eliminate the inefficiencies of the previous budget. Thus, under ZBBB only activities and programmes whose benefits to the organisation are expected to exceed costs will be included in the budget. This leads to better allocation of resources, one of the principal objectives of budgeting. However, it is also argued that by focusing on cost benefit analysis in making budgeting decisions, there is a danger that long term strategic objectives may be sacrificed for short term objectives.

2.3.2.2 Kaizen Budgeting

This budgeting technique is attributed to Deming, an American statistician, drawn from his experience in Japan after World War II (Lawless, 2006). “The concept Kaizen comes from two Japanese words: ‘kai’ meaning ‘change’ and ‘zen’, meaning ‘good’. Thus, Kaizen implies continuous improvement” (Cane, 1996:3). The Kaizen approach to budgeting has four stages; the first, “analyses every part of a process down to the small detail; second sees how every part can be improved; third looks at how employees’ actions, equipment, and materials can be improved and lastly looks at ways of saving time and reducing waste” (Cane, 1996:8). The process of designing a Kaizen budget integrates improvements expected at the start of the year. It also encourages analysis of performance improvements and cost savings and views employees as key to solving organisational problems (Atkinson et al., 2001). The comparison of benefits and costs of any improvement is examined in terms of cost reductions under dynamic conditions that best fit the organisation. Budgeting under the Kaizen approach is evaluated based on both the numbers achieved, as well as the achieving

the expected improvements: “The budget numbers are based on changes that are to be implemented, rather than on current practices or methods” (Horngren, 2006:185).

2.3.2.4 Planning Programming Budgeting System (PPBS)

The need to also take the qualitative aspect of expenditure into account is given as the basis for launching the Planning Programming Budgeting System (PPBS), in 1965 (Schick, 1966; Wildavsky, 1969). According to Solem and Werner (1968:222), “The basic objectives of a PPB system are: (a) to define jurisdictional objectives clearly and to relate them to defined needs and goals; (b) to review and analyse existing and new programs to justify their inclusion in the new budget (c) to link the planning and budgeting process through the annual review of multiple year plans; (d) to measure actual and planned performance; and (e) to provide a systematic way of integrating all of these elements in order to arrive at a more effective system for the allocation and management of resources”. PPBS was introduced with an objective of overcoming administrative compartmentalisation and to integrate special programmes and projects into decision making during the budgeting process. This was done by making programmes independent of established organisational structures and affiliation (Harper and Kramer, 1969). Programme budgeting and PPBS-like approaches were attempted repeatedly in many developed countries in the late 1960s and 1970s, but were gradually dropped in the 1980s (Argarwala, 1984).

2.3.2.5 Output Budgeting

Extensive accounting literature discusses changes in budgetary practices in the public sector organisations (Lapsley, 1999; Lapsley and Pallot, 2000; Ezzamel, 2007; Lapsley, 2008). The main features of changes in budgetary practices in the public sector include the preparation of annual budgets shifting from line-item budgets to output and outcome-orientated budgets (Ridder et al., 2005; Monsen, 2002; Bogt, 2008), based on development plans formulated on

the medium term (World Bank, 1998; Wickramasinghe and Hopper, 2005; Anipa et al., 1999). The critics of line-item budgeting argue that such budgeting cannot lead to the optimal allocation and utilisation of scarce resources (Hope and Fraser, 2003; Preston, 1995). The reviewed literature suggests that there are different techniques of developing budgets. The determinant factors on which technique to apply depend on various factors that include: the environment within which the organisation operates; information needs of stakeholders and the technical competence of key players in the budgeting process (Wang and Gianakis, 1999; Willoughby and Melkers, 2000). However, from extant literature it is clear that participatory budgeting is not a technique, but a method, or an approach to budgeting. This budgeting approach is addressed next.

2.4 The Concept of Citizen Participation

The concept of citizen participation in the budgeting process has been extensively examined by scholars (Herian, 2011; Miller and Evers, 2002). Various scholars are all in agreement that participation of stakeholders in the budgeting process adds value (Stivers, 1990; Awio, Lawrence and Northcott, 2007; Ho and Coates, 2002). Scholars' interest mainly lies in examining how citizens' involvement in the process of budgeting influences service delivery to the satisfaction of those who participate (Halverson, 2003; Kweit and Kweit, 1987). Zanetti (1998) recognised the concept of citizen participation in public financial management. It has been argued that by allowing citizens to participate in matters that concern them, should not be seen as a means of achieving consensus, but also as an avenue to sensitise and educate citizens, to develop their highest capacities (Stivers, 1990). Similarly, Frederickson argues that managers of public organisations and institutions should take into account management practices that are likely to enhance stakeholders' involvement if they are to embrace changes that will have an impact on achieving desired goals and objectives (Frederickson, 1997).

According to Moynihan, citizens' participation can be categorised into three levels: full, partial and pseudo participation. At each level, the representation of citizens can either be narrow or broad as summarised in Table 2.1 below.

Table 2.1 Typology of Citizen Participation

	Representativeness	
Level	Broad	Narrow
<u>Full</u>		
Decisions	Public officials make decisions but citizens have strong influence.	Public officials and selected interest groups make decisions.
Participation	Large, diverse groups of citizens engage in meaningful discourse with government.	Interest groups exert significant influence; most citizens lack opportunities to participate.
<u>Partial</u>		
Decision	Public officials make decisions; citizens have limited influence.	Government elite make decisions; interest groups have limited influence.
Participation	Large, diverse groups of citizens engage in limited discourse with government.	Interest groups exert influence; most citizens lack opportunities to participate.
<u>Pseudo</u>		
Decisions	Public officials make decisions.	Public officials make decisions in a non-transparent manner.
Participation	Participation is symbolic but involves large, diverse groups of citizens.	Participation is symbolic, involving only a small number of citizens

Source: Adapted from Moynihan 2003.

2.5 The Concept of Participatory Budgeting

The concept of PB is deeply rooted in the principles of democracy, transparency and accountability (Monfardini, 2005). Anderson (1995) made similar observations after the Porto Allegro experience in 1989 that involving citizens in the budgeting process enhances democracy, transparency and accountability. Uddin and Tsamenyi (2005) stated that, budgets can either be participatory or imposed. Thus the concept of stakeholder participation is the underlying principle of PB. Based on this categorisation, PB is not a budgeting technique or method but a description of a process mechanism through which a budget can be developed and managed. Therefore, PB is a budgeting method whereby all stakeholders in the budget to be developed participate in the entire process of its preparation, approval, management and evaluation (Share, 2001; Acioly and Herzog et al., 2002; UNHABITAT, 2004; Allegretti, 2006; Shah, 2007; Wampler, 2007; MDP-ESA, 2007). Thus, unlike budgeting techniques, PB goes beyond the development phase and extends to involving stakeholders in the management and evaluation stages of the budget. It is therefore possible for the process of participatory budgeting to use any budgeting technique outlined above in developing a budget. This supports the argument by various scholars that performance budgeting requires a participative approach to performance measurement (Ingraham, Thompson and Sanders, 1998; Julnes and Holzer, 2001; Joyce, 2003). The whole process of budgeting works under uncertainty, as it is concerned with future projection. Benefits associated with a participative approach include: 1) ability to access knowledge and experience; (2) enhancing chances of integrating new ideas into organisational procedures; (3) promoting unanimity among stakeholders; and (4) promoting a culture of performance throughout the organisation (Julnes, 2001; Burke and Costello, 2005; Yang and Hsieh, 2008; Lu, 2008). Abers (2000) identifies three problems of participation: a) Implementation - the powerful often resist changes; b) Inequality - social-economic inequalities inhibit the effective participation of certain groups

of people; and c) Co-option - control of information and resources leads to manipulation of participatory avenues by government officials. According to the World Bank (2004), the principal goal of participation is empowering social groups that have been typically ignored by social and economic development policies: participation means having an opportunity to present views and influence decision on a given subject matter. The World Bank also asserts that in participation, multilateral organisations seek "...transparency, accountability and voice of local people particularly the poor" (World Bank, 1994:42).

This raises a pertinent question: What is participation? And what does stakeholders' participation in the budgeting process mean and involve?

According to Miller and Monge (1986), three models of participation influence decision-making: cognitive, effective and contingency. The cognitive concept is premised on the thinking that participation improves the flow of information from bottom to top, leading to quality decision-making. The effective model reasons that participation enhances self-realisation, as advocated by McGregor's (1960) theory about motivation. The effective model thus concerns itself with the focuses on the passionate gains of participation. On the other hand, the contingency model assumes that the level and effectiveness of participation depend on circumstances. While the cognitive and effective models express the logic behind participation, it has been argued that the contingency model states that to be effective, certain conditions for participation must be in place, including: participants' attitudes, organisational context and the kind of decisions to be made (Connor, 1992; Sagie, 1994; Scully et al., 1995).

Participation is also viewed from the political point of view, whereby it is seen as part of democracy, that is, looked at in the context of citizens' rights to participate in matters that concern them. It has also been argued that participation enhances democratic values that are

necessary for enhancing and improving service delivery in public organisations. Top-down incremental budget formulation processes in the public sector are criticised for their inadequacy in being able to lead to the optimal allocation of resources (Hope and Fraser, 2003; Osborne and Gaebler, 1992). This leads to the question: What does stakeholders' participation mean?

There have also been considerable arguments in favour of participatory approaches to decision-making (Wampler, 2000, 2007; Askim and Hanseen, 2008; Irvin and Stansbury, 2004; Orr and McAteer, 2004; Callanan, 2005); in particular, changes in budgetary control in the public sector, especially in local governments, are intended to promote participatory approaches, involving various stakeholders in the management of financial resources, which is believed to lead to effective and transparent resource utilisation (Wampler, 2000, 2007).

Moynihan (2003) analysis also revealed that civil society plays an important role in ensuring that PB achieves its intended outcomes, as in most cases non-government organisations (NGOs) represent the citizen, especially the poor, in presenting and disseminating their views to government.

Songco (2001:28) states that "transparency of the budget process opens up the government's budget to public scrutiny and will certainly make it more efficient". But there is no convincing evidence that there is transparency in the budgeting process in the developing countries where citizens have been involved in that process. On the contrary, there is evidence that in most cases transparency is lacking, leading also to lack of accountability, which is examined in the next section.

2.5.1 Accountability

Various scholars have studied and developed the concept of accountability from different perspectives (Bovens, 2005). Accountability can be analysed from the financial perspective, examining how resources received were applied; it can be conceptualised from the social dimension, focusing on how an organisation or individual is accountable to the wider public or community; and it can be analysed from the political viewpoint, focusing on how elected political leaders fulfil their manifesto and give feedback to their electorate. Thus, the concept of accountability has political, social and financial dimensions. Transparency aims at enhancing accountability to all stakeholders, focusing on the above three dimensions (financial, social and political). Therefore, this study limits its analysis to external accountability of the PB process in terms of desired outcomes, focusing on these three dimensions.

In this study, PB is reviewed as a process that involves formulation, approval, implementation, control, monitoring and evaluation of both recurrent and development income and expenditure of public resources. The focus of the study is to explore the process of PB and whether participation by stakeholders achieves desired goals and outcomes. The aim of the study is to make a contribution to the financial management body of knowledge on how, in practice, an interactive participative budgeting process is conducted in developing countries, and its outcomes. The next section describes the extent to which PB has been embraced by developing countries.

2.5.2 PB and Developing Countries

The relevance of participatory budgeting in developing countries has been based on the following arguments: a) the process of participatory budgeting provides an opportunity for an open and transparency mechanism for policy making and this reduces the clientilism common

in most developing countries; b) participatory budgeting increases the chances of allocating more resources to those areas that are more likely to benefit low income groups; c) by involving marginalised groups in the process of resource allocation, a forum is created that enables low income citizens to put forward and advocate for their priority needs; d) participatory budgeting provides an opportunity to government to educate their citizens on their rights and responsibilities as citizens, which in the long run also promotes social justice; e) it is also believed that when developing countries involve their citizens in the budgeting process, accountability, transparency and efficiency are enhanced, as citizens are made aware of government operations and how resources are mobilised and utilised for the common good (Shah, 2007). Shah (2007) further states that tremendous achievements in terms of political, social and economic development have been made in those local governments of both developed and developing countries where citizens have been involved in the budgeting process.

Transparencies, lack of democracy and corruption have been identified as key hindrances to effective service delivery. Donor countries believe that to address the above hindrances, stakeholders especially in local governments, should participate in all affairs that concern them including the budgeting process (World Bank, 1992, 2000; Fjelstad et al., 2004; United Nations, 2003). In Porto Alegre, Brazil, where PB was part of a large programme to extend and deepen democracy, there was evidence that, as a result of PB, low income people and neighbourhoods were getting increasing benefits from public resource allocations and spending (Wampler and Avritzer, 2004). The World Bank Report (2007) also reported that in Porto Alegre there was an increase in government spending in areas considered occupied by the poor after their involvement in the process of budgeting. It was also observed that this also led to increased efficiency and reduced corruption in these areas that is attributed to their participation in the budgeting process. This experience was the basis used by donors in the

1990s to encourage developing countries to embrace PB as a means to enhance democracy and address poverty. Thus a number of developing countries adopted changes in budgetary practices as part of NPM reforms (complying with ‘best practices’) promoted by supranational agencies as a way of ensuring continued access to international development financing (Uddin and Hopper, 2003; Tambulasi, 2007). Advocates of NPM reforms in developing countries believed that they would promote informed decision-making (Modell and Lee, 2001; Pendlebury, 1994; Wickramasinghe and Hopper, 2005). Heimans (2002) also argues that PB matters because it promises to improve social and economic outcomes while increasing confidence in public institutions.

Literature on the success of PB in developing countries is mixed. Scholars from international agencies like WB show evidence that PB leads to optimal allocation and utilisation of resources in developing countries (Wampler, 2000; 2007; Moynihan, 2007; World Bank, 2006; Hickey and Mohan, 2005). The World Bank Report (2006) argued that PB could lead to better allocation and utilisation of resources in developing countries. Hickey and Mohan (2006) have also stated that in the Indian states of Bengal and Kerala, PB contributed to enacting pro-poor policies. However, they also concurred with various scholars (Callanan, 2005; Hickey and Mohan, 2005; Francis and James, 2003), that the processes and structures of PB were dominated by the elites. The existing literature also shows evidence that in some cases PB processes are undertaken for purposes of securing legitimacy, and the process is reduced to mere consultation, whereby input from participants is not reflected in the final budgets (Bräutigam, 2004; Lapsley, 2008). This school of thought was well articulated in the Harare Communiqué (2007), which asserted that PB was a mere rhetoric, as challenges facing developing countries such as low levels of literacy, information asymmetry and inadequate funding were not conducive to an effective PB process (Wampler, 2000, 2007). This reinforced the view that the implementation of PB by developing countries was a

strategy of gaining legitimacy from donor agencies that linked PB to good governance (Wampler, 2000, 2007; Lapsley, 2008). In the context of developing countries, the World Bank (1998) attributes poor budgeting outcomes to a lack of integration of the processes of policy formulation, planning and budgeting (Hopper et al., 2003; Wickramasinghe and Hopper, 2005). According to the World Bank (1998), the lack of integration of development planning and annual budgeting does not lead to the optimal allocation and utilisation of scarce resources in developing countries. In Nigeria, Agbakoba and Ogbonna (2004) noted that local governments, because of corruption, incompetent staff and high dependence on central government funding, failed to achieve their goals due to poor budget implementation. This confirms the observation by some scholars that lack of technical capacity, effective mechanisms, transparency and accountability affect budget management and controls in developing countries (Peters, 2002; Mase and Devas, 2004).

Thus the available literature indicates that PB enables those citizens who were previously excluded from the decision making process in matters that concern them, because of their social status, to have a platform to express their priorities in the allocation of public resources. In developing countries, PB has been used for political, social, economic and other purposes in the disguise of promoting equity, efficiency, accountability and transparency. This leads to another question: How have developing countries implemented these reforms?

2.5.3 Reforms in Implementing Participatory Budgeting

In developing countries, reforms in the local government system were aimed at empowering local governments to play a leading role in delivering services to residents in their areas of jurisdiction, while central government focuses on policy making, providing legal frameworks, oversight and evaluating performance. This was based on the argument that: since local governments are closer to the people, they are better placed to know the needs and

priorities of their residents and thus the services required to meet their needs (Wampler, 2000, 2007; Lapsley, 2008)

The adoption of NPM reforms in developing countries, especially in Africa, was imposed by donor countries as a condition for accessing aid. As a result, although many African countries have committed themselves to new public management reforms such as decentralisation and privatisation, implementation of these reforms has to a large extent not achieved desired goals and objectives due to a number of factors, which is a subject of this study (Harare Communiqué, 2007).

Goldfrank (2007) studied the adoption of participatory budgeting in Latin America. He observed that adoption of PB was successful where: a) there was commitment on the part of political leaders; b) civil society organisations were active and willing to get involved in policy debates on allocation of public resources; c) the political environment was conducive and people could freely express themselves; d) resources were made available to finance projects identified by participants in the during the budgeting process; e) legal frameworks were in place giving legal backing to PB; f) there was fiscal transparency; and, g) the local government systems were effective. Based on the above , he concluded that “the design features that ultimately aided the deepening of democracy in Porto Alegre, a high degree of participant decision-making power, a wide range of issues under debate, and an informal structure were contingent upon a decentralized national state that afforded resources and responsibilities tith municipal government and a set of weakly institutionalized local opposition parties that failed to resist the participation program forcefully” (Goldfrank, 2005:9). This concurs with Goldfrank and Schneider’s (2006) observation that adoption of PB is a political decision that is subject to opposition by other political organisations.

Governments planning to implement participatory budgeting should be prepared to undertake reforms. The political leadership should be willing to embrace reforms and practices that have been successful in other countries (World Bank, 1998).

2.5.4 Experiences of PB in Developed and Developing Countries

2.5.4.1 Experiences in developed countries

A number of studies have been carried out in developed countries, for example the United Kingdom, Spain Italy and Germany (Abers, 2000; Herzberg, 2001; Avritzer, 2002; Allegretti, 2003; Baiocchi, 2005; Gret and Sintomer, 2005; Ebdon, Krane and Franklin, 2012). Success in these countries has been attributed to three main factors: a) the existence of grassroots democracy; b) evidence that more resources are allocated to those areas that have a deficient infrastructure than areas with a high quality of life; c) citizens' contributions to the budgeting process are taken into account in the final budget, thus they believe that they have control over the process. Ebdon, Krane and Franklin (2012) carried out a study in which they compared citizens' participation in China, the US and Brazil. Their findings have been analysed and summarised in Table 2.2 below, using a framework developed by Ebdon and Franklin (2006).

Table 2.2 Citizen participation in the USA, Brazil and China

	USA	Brazil	China
Environment:			
Legal	States typically mandate disclosure and public hearings	Constitutional changes, reinstatement of local elections	Budgets were secret until recently, little legal role for citizens
Social	Large numbers of neighbourhood groups, unions and non-profit organisations	Large socio-economic disparity, active (and growing) number of civil society organisations, call for 'a right to rights'	Recent growth in civic associations
Political	Two major parties, competitive elections, local often non-partisan	Multi-party system, contested democratic elections, mix of patron-client networks, mass politics/populist appeals and civil society organisations	One party, mostly non-competitive elections; mostly used in small communities
Process			
Scope of decisions/ input	Varies (operating, capital, specific funding allocations)	Prioritisation of new public infrastructure investments, between 5-50% of the budget	Primarily prioritisation of pre-selected capital projects
Participant selection	Varies widely, often self-selected	Multi-tiered plenary assemblies open to all residents; budget and policy theme tracks	Typically selected by government officials, some random sampling
Number of participants	Typically small	2 to 3 delegates per 1000 population; nearly half are female; nearly half are working class or poor	Typically small
Timing	Varies (budget preparation, during legislative review)	Year-long starting with budget deliberation, including implementation monitoring	Usually during budget preparation
Mechanisms			
	Varies (workshops, focus groups, simulations, surveys, hearings)	Assemblies, councils, neighbourhood meetings; polling; district tours; criteria used to select priorities	Varies (one-two day workshops, deliberative polling)
Goals/ Motivations			
	Education, gain support, build trust, community, input to make difficult	Re-democratisation; socioeconomic inclusiveness; attain group, and	Transition to market economy with taxation; administrative reforms

	budget-balancing decisions	neighbourhood interests; political gain by officials and political parties	
Outcomes (Transparency and Accountability)			
	Effect on budget often unclear; useful for education and possibly trust; lack of institutionalisation	Participation and venues are growing over time. Increased investment in poorer neighbourhoods; increased influence of marginalised citizens on city plans and budgets	Decisions are limited but are used in budgets; little diffusion/institutionalisation but PB is recent

Source: Ebdon, Krane, and Franklin (2012:20)

From the above analysis, they concluded that participatory budgeting can only succeed if the following contextual conditions exist: a) a legal framework that provides for citizen participation, provides some degree of autonomy to local governments and accessibility to all budget documents and information; b) vibrant civil social organisations that are able and willing to mobilise citizens to participate in the budgeting process; and c) technical officers and government officials who are committed and willing to involve citizens in decision making regarding resource allocations. Their findings are consistent with similar research findings by Shah (2007) from other countries.

2.5.4.2 Developing Countries

A number of developing countries have a legal framework requiring citizens' participation in the planning and budgeting process (Dodoo, 1998; Hope and Chikulo, 2000). The 1993 Constitution of South Africa, contains provisions that are aimed at ensuring citizen participation in local government affairs (Shall, 2007). However, a number of challenges have been cited that include poor communication, different educational background making it difficult to understand documents prepared by technocrats, different social status and petty conflicts between technical staff and political leaders and the perennial shortage of resources (Moore, 2007; Olowo, 2002).

Krylova in her survey of Ukraine's experience in participatory budgeting, established that failure by government to mobilise citizens, unavailability of materials for training, and information asymmetry among key player in the budgeting process were responsible for poor participation in the process of budgeting process by stakeholders in Ukraine. Krylova's (2007) results are in agreement with Fölscher's (2007) findings in Bangladesh, India, Indonesia, the Philippines, and Thailand that PB can enhance service delivery that are required by the residents and generate more resources for local development. The two

surveys also concurred that conditions facilitating effective participation include: good information; combinations of more than one mechanism; raising awareness and education of stakeholders; provision of incentives to participants; and clear rules for participation and decision-making. Fölscher recommended that initiatives need to be established to put these conditions in place before introducing participatory budgeting.

Some researchers have claimed that the concept of participatory budgeting does not effectively work in developing countries, in private or public sector organisations (Hoque, 1993). This view is based on cited problems of implementing participatory budgeting in developing countries that include: (1) budgets are considered as a pressure to the subordinates (Argyris, 1952); (2) most organisations in developing countries use traditional historical cost information (Knanam and Ahmed,1997); (3) most decisions are centralised and involve less delegated management (Uddin and Hopper, 2001); (4) job insecurity due to high unemployment (Uddin and Hopper, 2001); (5) prevalence of political interference in developing countries (Hoque and Hopper,1993); and (6) lack of education and experience in budgeting in top management (Uddin, 2005).

Experiences in participatory budgeting in both developed and developing countries are summarised in Table 2.3 below:

Table 2.3 Worldwide experiences in participatory budgeting

Country	Data Set	Methodology	Findings
Brazil	Marquette (2003) Study to establish whether a relationship exists between investments made as a result of participatory budgeting and local social indicators in areas of participants.	Quantitative, longitudinal case study that combined data of ten years and census data of 1991	Poor areas were getting more budget allocations than areas occupied by more wealthy residents. This provided empirical evidence that participatory budgeting can address social injustices resulting from allocation of public resources. It also confirmed that PB has a redistributive effect on public resources.
Brazil Alegre	Navarro (1998) Study of factors that helped Porto Allegro to succeed with PB.	Survey	(a) Existence of a constitutional provision that enshrined the principle of citizen participation in government decision-making (b) Strong political commitment to decentralised popular planning (c) A protracted history of community organisation with established well-networked associations within the municipality As a result of citizens' participation in the budgeting process, low income people and neighbourhoods accessed more government spending and this led to increased efficiency and reduced corruption in the municipality
Bolivia	Nijenhuis (2002) Investigation of citizens' participation in rural and urban local government.	Exploratory case study	Residents in urban areas participated more in the budgeting process than those in rural areas. Attributed this to the fact that people in urban areas are more educated and exposed than those in rural areas.
Topeka and Wichita	Ebdon and Franklin (2004) Study of citizens' participation in the budgeting process.	Survey	Citizens' participation was successful because it had been developed over time. Both technical staff and citizens were committed to see to it that it succeeded. Political and environmental issues are important considerations in designing budget input methods.
Ukraine	Krylova (2007) Investigated participatory	Survey	Public hearings were an effective mechanism for citizens' participation in the budgeting process. Three factors enhance

	budgeting in Ukraine local government.		citizens' participation in the budgeting process: a) commitment of political leadership; b) existence of strong and vibrant local civil service organisations or non-government organisations that are involved in mobilising and sensitising citizens on their role in the budget making process; and c) availability and access to information regarding the budgeting process.
Thailand	Suwannamala (2007) Reviewed Thailand's experience with participatory budgeting	Exploratory case study	The following factors were found to be responsible for poor citizen participation in the budgeting process: <ul style="list-style-type: none"> • Weak civil society organisations • Lack of awareness on the part of local officials and citizens that they had a role to play in the budgeting process However, focus group consultations were a widely used mechanism, and proved successful because of the flexibility to adopt formal and informal approaches.
Bangladesh, India, Indonesia, the Philippines	Fölscher (2007)	Survey	Where the social, cultural, and religious norms are not incompatible with notions of democracy, the designs of participatory budgeting initiatives need to take them into account if participation is to be effective. Thus a need to adapt the participatory mechanism to the local environment. Participatory processes <ul style="list-style-type: none"> • can be manipulated and be captured by interest groups • can mask the undemocratic, exclusive or elite nature of public decision-making • can conceal and reinforce existing injustices • can be abused to facilitate the illegitimate and unjust exercise of power • can be used to deprive marginalised and excluded groups of having a say in public affairs.
South Africa	Moore, 2007; Olowo, 2002	Exploratory case study	The following factors inhibit effective participatory budgeting: <ul style="list-style-type: none"> • Low levels of education to comprehend the budgeting

Nigeria	Agbakoba and Agbonna (2004) Study on how local governments were implementing approved budgets	Survey	<p>process and technicalities involved</p> <ul style="list-style-type: none"> Poor communication and in some cases total lack of communication between political leaders and technical staff <p>Poor budget implementation was due to:</p> <ul style="list-style-type: none"> Corruption Incompetence of technical staff, High dependence on central government transfers
Latin America	Goldfrank (2007)		<p>Factors enhancing citizens' participation in the budgeting process include:</p> <ul style="list-style-type: none"> Committed political leadership Vibrant CSO involved in policy debates on participatory budgeting Conducive political environment Availability of resources to finance those activities identified by participants as priorities Legal frameworks for participatory budgeting Transparency in fiscal relations between central government and local governments An effective local government system.
Middle East and North Africa	Fölscher (2007)	Exploratory case study	<p>The following factors were found to inhibit PB:</p> <ul style="list-style-type: none"> Absence of political will and commitment Lack of legal frameworks Political environment not conducive as citizens could not express themselves freely Absence of information on the budgeting process and role expected to be played by stakeholders.
Africa, East European, Asian and North American cities	Shah (2007)	Survey	<p>Participatory budgeting can bring about political, social, economic and institutional achievements if properly implemented. Based on these findings, the World Bank enhanced its promotion of PB as one of the means to improve service delivery, reduce poverty and enhance democracy.</p>

Tanzania	Mukandala (1998) Descriptive study of citizen participation and local governance.	Case study	<p>Although Ward Development Committees are supposed to have a majority of community representatives to ensure effective participation by ordinary citizens as per legislation and system design, in practice they were dominated by influential people in the community selected by technical government officials.</p> <p>Level of education had an effect on citizens' participation in the budgeting process. Political leaders with little education were constrained to express the views of their constituencies during budget meetings.</p>
Zimbabwe	Mutizwa-Mangiza et al. (1996)	Descriptive study	<p>Transferring decision-making powers from traditional leaders to democratically elected peoples representative on Village and Ward Development Committees resulted in a conflict between the two bodies.</p>

2.6 Budgeting Process

The budgeting process has two components that in total have five stages, see Figure 2.1.

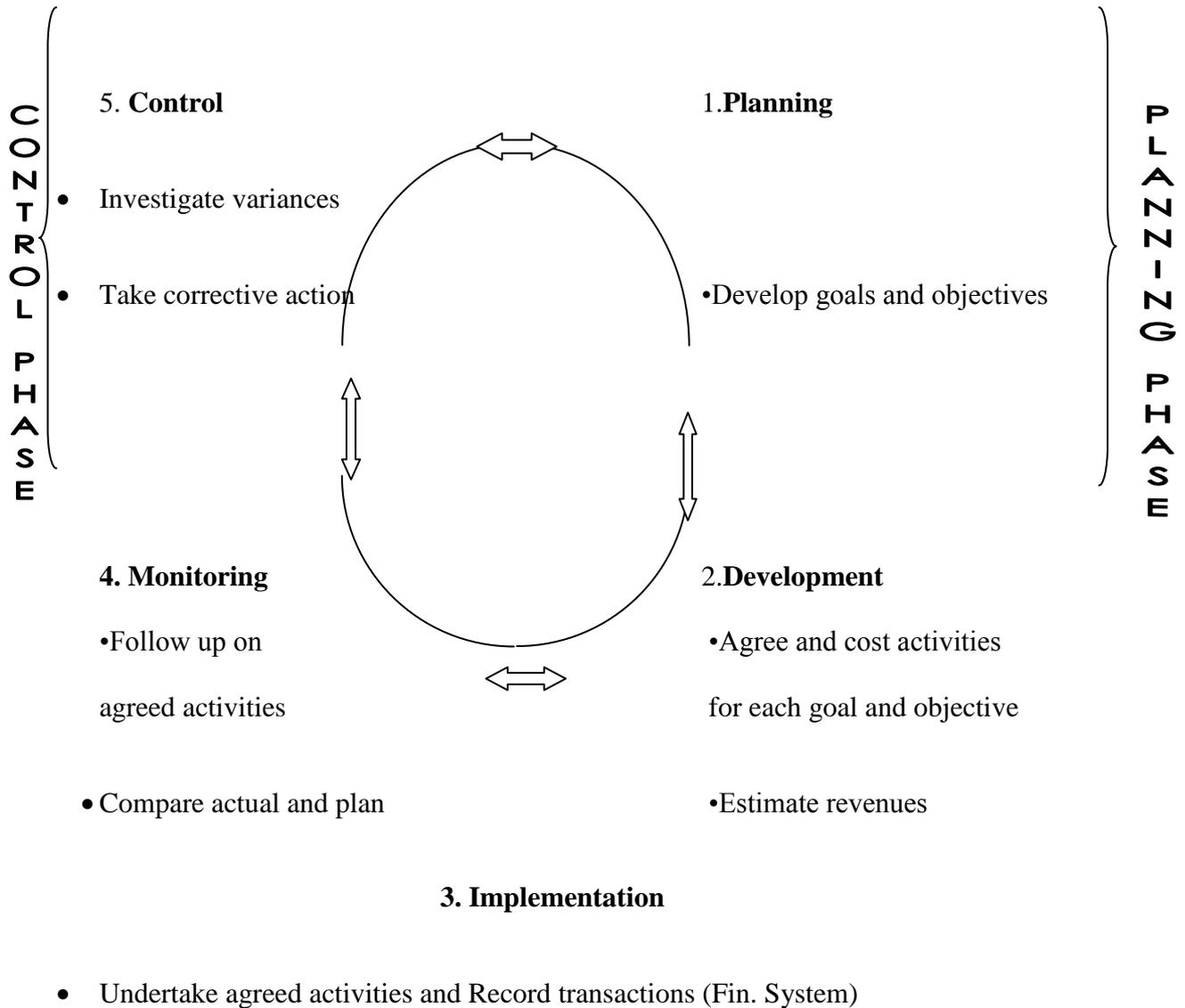


Figure 2.1 Budgeting Process

Source: Adapted from University of Colorado at Boulder, Departmental Financial Management Guide (2003)

2.6.1 Planning Phase

The planning phase identifies the desired outcomes of the planning organisation and the required resources necessary. As Shah (2007) pointed out, a participatory budgeting process involves stakeholders debating, analysing, prioritising and mobilising resources, monitoring and evaluating the expenditure of public funds and investments as well as influencing the allocation of public resources. Therefore, stakeholders should be involved in the two main phases of the budgeting process (Figure 2.1). The factors and the actual role played by the stakeholders and how this affects the outcome of the budget is the concern of this study. This phase involves developing goals and objectives as a starting point. Stakeholders in the budgeting process include: political leaders, technical staff and citizens including business communities (Wampler, 2007). According to Wampler (2007), each of these stakeholders has a motive for participation, which may be different. Therefore, the challenge is how to harmonise the different interests of the stakeholders in agreeing on budget goals and objectives. Sub national governments are faced with a further challenge of meeting the expectations of the central government, whose priorities may be different from those of the local stakeholders. According to Ebdon (2004), an effective participatory process should meet the following criteria: (1) budget input should be representative of the community; (2) the process should give an opportunity to a large number of citizens to participate; (3) budget input should occur early in the process; (4) participants should be able to sincerely reveal their preference/willingness to pay; (5) there should be a free-flow of information among all stakeholders; and (6) Inputs by participants in the process should be taken into account in the final budget.

2.6.2 Control Phase

The control phase focuses on implementation, monitoring and control of the budget, see Figure 2.2.

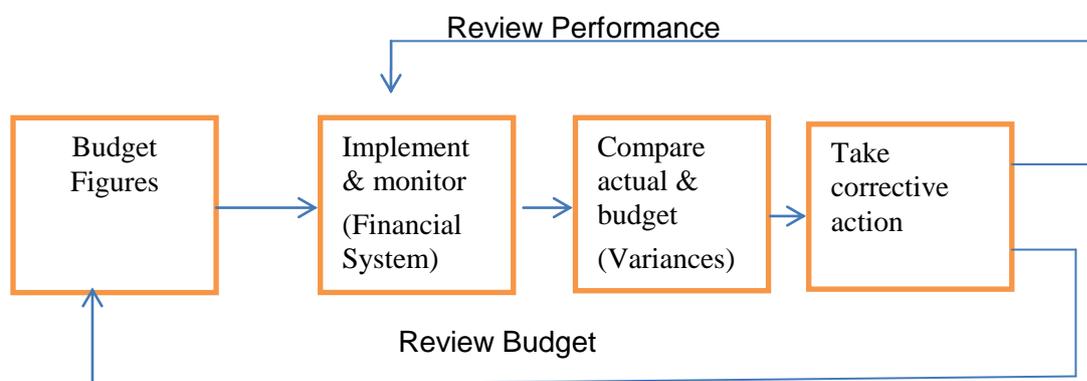


Figure 2.2 The Budget Control Process

Source: Gleaned from literature

In this phase, the financial accounting system provides reports of actual performance during the implementation and monitoring stage (normally on a monthly basis). Actual performance is compared to the plan. Where performance does not match the plan, corrective action is taken to either enhance performance or review the budget and make it more realistic.

The next section reviews the four elements that impact on the PB process that have emerged from the reviewed literature.

2.7 Elements of the PB Process

Ebdon and Franklin (2008) identified four key elements (variables) of the participatory budgeting process: (1) government environment; (2) participation mechanisms; (3) design of the participation process; and (4) goals and outcomes of the budget. They categorised the four elements into two dimensions: process and outcomes. The study's focus is on these two dimensions, which are examined and analysed below.

2.7.1 Government Environment

Ebdon and Franklin (2004), in their study of citizen participation in Topeka and Wichita, concluded that in designing a budgeting process that aims at involving stakeholders' participation, consideration should be given to political and environmental issues as they can negatively impact on the process and outcomes. Extant literature indicates that the process of PB will not be effective where: (a) the government is not committed to empowering the participants; (b) matters to be considered are of little interest to participants or too technical for them to comprehend; and (c) it is regarded as a one-off project (Moynihan, 2007; Folscher, 2007b; Goldfrank, 2007; Ebdon and Franklin, 2008; Ebdon and Franklin, 2004; Franklin, 2001).

Franklin (2001) observed that where participatory processes do not recognise the dynamics of local politics, economic conditions and social setting, the participatory processes can be captured by elites and this may negatively affect the desired outcomes.

2.7.2 Design of the Participation Process

Various scholars have recommended that the design for an effective participatory process should take into account various factors that include expected goals, mechanism for participation, implementation procedures and the environment within which participation will take place (Franklin, 2001; Wampler, 2007; Moynihan, 2007; Folscher, 2007b; Goldfrank, 2007). Therefore, the design of the process has an impact on the suitability of mechanisms for participation, which is examined in the next section.

2.7.3 Participation Mechanisms

Ebdon and Franklin (2004) concluded that coming up with an appropriate mechanism for citizen participation requires adequate resources in terms of time and effort by key players

A variety of mechanisms to involve stakeholders in the budgeting process at local level have been used in government budgeting (Ebdon and Franklin, 2007). The commonly used mechanism in developing countries has been come one come all public meeting, conferences and consultative meetings involving key and influential stakeholders. In Uganda structures that were established from village level to national level have been used as mechanisms for citizens' participation. According to Suwnmala (2007) in Thailand focus group arrangements for participation in the budgeting process have been successfully used to produce desired outcomes.

2.7.4 Goals and Outcome of PB

Two sets of outcomes have been identified as a result of involving citizens in the budgeting process: enhanced democracy, transparency and accountability; and the material benefits for low income groups, in terms of better services and anti-poverty programmes (Navarro, 1998; Blair, 1998; Songco, 2001). Heimans (2002) argued that participatory budgeting matters because it promises to improve social and economic outcomes while increasing confidence in public institutions. Therefore, to effectively implement development strategies and achieve intended goals and outcomes, there is a need to link policies plans and budgets, and to involve citizens (beneficiaries) in the process (Ebdon and Franklin, 2006). Navarro (1998) highlights factors that helped Porto Alegre to success with PB: (a) participation by citizens was constitutionalised; (b) existence of political will for stakeholders' participation in the planning and budgeting process; and (c) there was an established network of association in the municipal local government.

Songco (2001) and Heimans (2002) identified four direct benefits to the poor as a result of PB: (a) pro-poor policies can be adopted that takes into account their priorities; (b) provides opportunities to access resources in the budget; (c) due to transparency and demand for

accountability corruption and mismanagement can be reduced; (d) scarce resources are more effectively utilised for the benefit of all stakeholders; and (e) quality and delivery of services is likely to be improved and enhanced.

This research focuses on three areas that are considered to constitute evidence of outcomes. First, the information generated from the participatory process will be used by the local council to influence budget allocation to priorities identified by participants in the budgeting process (Long and Franklin, 2008). Second, transparency and accountability will be enhanced through two-way communication. Third, the capacity of participants in public financial management will be enhanced and lead to their satisfaction and motivate them to participate in future budgeting processes. When outcomes are achieved, it is more likely that citizens will be motivated to participate in future and this will make the participatory budgeting concept sustainable.

2.8 Participatory Budgeting Framework

Figure 2.3 summarises the participatory budgeting literature reviewed.

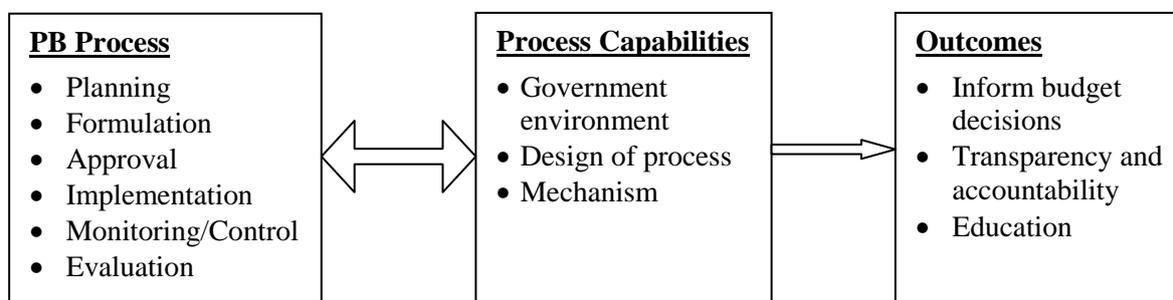


Figure 2.3 Participatory Budgeting Framework

Source: (Adapted from Ebdon and Franklin, 2006; Heimans, 2002).

The PB process involves six stages, outlined in the first box. The PB process is influenced by the government environment, design of the process and mechanism of participation adopted, as listed in the second box. The PB and capabilities processes are expected to lead to the desired outcomes listed in the last box. This study explores how the above relationship works in a decentralised local government system and the likely factors that influence and affect the above relationship.

2.9 Summary

This chapter has established that there has been a shift from line-item budgets that emphasise compliance and expenditure control to performance based budgeting that is result orientated. It has also emerged that participatory budgeting is not a budgeting technique but an approach to the way in which budgets are formulated, approved and implemented. Factors that inhibit and enhance citizens' participation in the budgeting process have been identified from studies undertaken by various scholars in different countries, both developed and developing. It has

emerged that participatory budgeting as part of NPM reforms promoted by donor supranational agencies is forced on developing countries without taking the local environment into account. The reviewed literature also provides evidence that involving stakeholders in the allocation of resources using the PB concept brings benefits to all stakeholders. However, its implementation involves a number of challenges that hinder the achievement of these benefits, and these need to be explored. Similarly, the key question of this research: How in actual practice participatory budgeting is conducted in a decentralised local government system in a developing country and whether desired outcomes are achieved, has not been fully answered. The reviewed literature is also inconclusive on what needs to be done by developing countries to ensure that the desired objectives are achieved.

In Chapter Three, the theoretical framework used in the thesis to fill the identified gap in literature reviewed and to conceptualise PB in a decentralised local government framework is presented.

CHAPTER THREE: Theoretical Framework

3.1 Introduction

This chapter develops the theoretical framework which informs the study. The chapter is divided into four sections. The second section discusses the role of theory in academic research. In Section Three, some theories used by scholars in management accounting research are examined in order to identify those most applicable to this study. The last section provides a summary.

3.2 The Role of Theory

This section discusses the justification and relevance of theory in understanding the participatory budgeting phenomena under study. Roy (2008) explained that theories are important to researchers as they enable analysis and discussion of research findings to come up with conclusions that can be used as a basis of making predictions and generalisation. Thus, theories give guidance to the researcher on the likely outcome of the research and assist the researcher to explain the subject that is being researched, explain observed behaviour, and provide testable predictions within existing knowledge of the research findings of the study (Bourne and Russo, 1998). This was well summarised by Ahrens and Chapman (2006) when they stated that theories help researchers to:

to generate findings that are of interest to the wider management accounting research community, the qualitative field researcher must be able to continuously make linkages between theory and findings from the field in order to evaluate the potential interest of the research as it unfolds. (837)

Bourne and Russo (1998) also pointed out that a theory guides the researcher to focus on the relevant factors and stimulates logical explanations of results attained from the research. Therefore, the theory selected by the researcher should prompt the right questions to be asked that will be answered by the study and at the same time act as a lens through which the findings are analysed. In summary, theories enable researchers to make testable predictions about observable behaviour and to systematise experiences so that the researcher focuses on the relevant factors. The next section examines some theories and provides the theoretical framework that guided this study.

3.3. Proposed Theoretical Framework

This section reviews the origins and foundation of some theories that have dominated management accounting research. Based on the strengths and weaknesses of each, the most appropriate theory or combination of theories was selected. Thus, this section provides a theoretical framework that was developed and used as a lens through which this study was discussed and analysed.

The two theories that have dominated management accounting research are Agency Theory and Contingency Theory (Macy and Arunachalam, 1995; Bale and Dale 1998; Gruening, 2001; Monfardini, 2005). The two theories are examined in the next two sub-sections; the third sub-section provides the adopted theoretical framework.

3.3.1 Agency Theory

Researchers in management accounting discipline have used agency theory to explain and understand contractual relationships between parties (Moe, 1990; Pratt and Zeckhauser, 1985). This theory assumes a dual relationship of a principal and an agent, whereby the agent undertakes to work under the instructions and interests of the principal for an agreed-upon

reward or incentive. Therefore, an agency relationship exists where an individual or a group of individuals (the principal[s]) assigns duties and responsibilities to another individual or group of individuals (the agent) with power and resources to perform those responsibilities on behalf of the principal (Jensen and Meckling, 1976). The theory regards the relationship between the principal and the agent as contractual and thus uses the metaphor of a contract (Jensen and Meckling, 1976). Thus the theory focuses on the most efficient contractual governing relationship between the principal and the agent based on certain assumptions about people. These assumptions include the ideas that people have self-interest and different appetites for risk and are of bounded rationality. It further assumes that people within the same organisation have goal conflicts and that information is a commodity that can be traded. Since information is regarded as a commodity with a cost, and it can be purchased, the theory implies that there is no information asymmetry, which in reality is not the case in local governments. Table 3.1 below gives an overview of agency theory.

Table 3.1 Overview of Agency Theory

Perspective	Assumptions
Key idea	Principal-agent relationships should reflect efficient organisation of information and risk bearing costs
Unit of analysis	Contract between principal and agent
Human assumptions	<ul style="list-style-type: none"> • Self interest • Bounded rationality • Risk aversion
Information assumptions	Information as a purchasable commodity
Contracting problems	<ul style="list-style-type: none"> • Agency (moral hazard and adverse selection) • Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences

Source: Eisenhardt (1989: 59)

In summary, agency theory is anchored in the goal conflict that is inherent when individuals who have different interests come together to pursue a common objective but have different preferences, and the binding metaphor is that of the contract (Eisenhardt,1989). Thus, the focus of the agency theory is on “determining the optimal contract, behaviour versus outcome, between the principle and the agent” (Eisenhardt, 1989:60). Therefore, the assumed rational utility maximising behaviours by contracting parties does not exist in reality; it is instead dominated by conflict arising out of self-interests (Jongwook et al., 2005). Moe (1984) viewed the relationship between citizens and political leaders as well as that with technical officers as a principal–agent relationship. However, in reality, the relationship among the three parties does not reflect a principal-agent relationship, as the citizens who are supposed to be the principals and political leaders and technical officers as agents to provide the required services act as the exact contrary.

Carpenter (1980) argued that government accounting models based on agency theory ignore the reality that: accounting in public organisations is negatively impacted on by both institutional and organisational pressures. As Kunz and Pfaff (2002) observed, agents, being rational human beings, will pursue their own interests, which might not conform to the interests of the principal. The theory also ignores organisational power struggles that are common in local government between political leaders and technical staff, all struggling for supremacy in resource allocation and utilisation (Shapiro and Matson, 2008; Lukka, 2007). This study examines the process and outcomes of participatory budgeting in actual practice. As pointed out by Perrow (1986), agency theory is “hardly subject to empirical test since it rarely tries to explain actual events” (Perrow, 1986: 224). Agency theory, if adopted, will present a partial view of the world and will not cater for the complexity of the local government setting in a developing country (Eisenhardt, 1986). Therefore the agency theory is not the most appropriate for analysing participatory budgeting processes, where there is no

clear principal agent relationship as every citizen is regarded as a principal and the rational behaviour assumed by the theory does not in most cases exist.

3.3.2 Contingency Theory

According to Cadez and Guilding (2008), contingency theory is regarded as a dominant paradigm in management accounting research. Contingency theory postulates that organisational effectiveness depends on various variables that influence how an organisation is managed. Therefore, to achieve the organisational objectives, identifying how different behaviour, strategies operate in different setting is important (Macy and Arunachalam, 1995). The theory is also premised on the belief that, that there are various ways of managing and organising organisations to achieve desired objectives. Thus the performance of an organisation depends on how it is structured to fit in different settings. This theory, like agency theory, assumes markets with perfect competition and rational agents. Once its assumptions are accepted, it becomes a deductive theory that requires almost no contact with empirical data (Nadeau, 2003). In some cases, the assumptions fit with human behaviour, which makes the theory a useful tool. The theory primarily focuses on outcomes and not on the dynamics through which those outcomes are achieved. Contingency theory is a theory about an organisation weighing different situational setting and choosing among various alternatives as it also questions the existence of a single best way of organising and managing an organisation (Macy and Arunachalam, 1995). The theory's emphasis is how organisations and the managers of those organisations can adapt and survive in different settings. The adoption of NPM reforms and implementation of changes in budgetary practices by local government goes beyond situational influences that affect the management of an organisation. They involve macro dynamics and processes that extend to all citizens. Therefore, they may not be properly discussed and analysed using the contingency theory.

The objective of this study is to explore how the process of participatory budgeting is conducted in a decentralised local government system and whether the desired results are achieved, and not how local governments are managed and organised. Therefore, process and outcomes of PB cannot be appropriately explored using the contingency theory framework. The next sub-sections provide the adopted theoretical framework.

3.3.3 The Adopted Theoretical Framework

The study is based on the triangulation of two theories: Citizenship Theory (CT); and Neo-Institutional Sociology Theory (NIS).

3.3.3.1 Citizenship Theory

Citizenship theory has its origin in Public Administration in the field of Administrative Ethics (Monfardini, 2005). The theory is derived from the idea of democracy that advocates for democratic rights and responsibilities for all citizens. The basic idea behind the theory is that public administrators are also citizens whose role is to serve other citizens who pay them for that service. This is why public administrators' are also referred to as public servants (Cooper, 2004).

The theory is anchored on two main concepts: citizen participation and accountability. It posits that all citizens should be involved in the affairs of government by exercising their rights that are: a) civil/legal; b) political; and c) social rights and responsibilities (Downing, 1988; Marshall, 1983). It is the responsibility of citizens to ensure that government utilises public resources for the benefits of citizens who pay taxes, expecting delivery of public services (Forrester, 1999; Bailey and Yalley, 1999). In this sense, the theory views the role of the public servant as extremely important (Monfardini, 2005). Mann (1987) noted that citizenship can be categorised into two forms: active and passive. He argued that citizenship

developed from grassroots generates active citizenship participation, whereas citizenship developed from above or merely handed over is likely to take on a passive and negative form. Marshall (1977), in his liberal theory of citizenship, classified citizens' rights and responsibilities under three dimensions: civil or legal aspects; political, right to vote, associate and participate in government affairs; and social aspects; rights to access welfare services like housing, education, healthcare, etc.

The reforms in public sector management under the NPM have raised issues of democracy and ethics that are inherent when private sector management practices and involvement of non-elected public servants in the management of public finances are introduced in public sector organisations. This trend has led to a greater demand for accountability from public sector employees and organisations. Citizen participation in public administration, as one of the reforms under NPM, is regarded as one way of enhancing transparency in organisations, as it enables citizens to scrutinise decisions and actions of public employees (Osborne and McLaughlin, 2004; Alford, 2002;).

Stivers (1998) views a public servant as a 'listening bureaucrat' who must take into account the needs and priorities of citizens who he is employed to serve. Public servants are at the centre budgeting and do greatly influence the outcome of the process. The citizenship framework provides a lens through which the role of public servants is analysed regarding whether they enhance or inhibit citizen participation and the achievement of outcomes.

The theory is criticised for taking for granted that citizens are involved in matters regarding government decisions on public management. However, the literature has shown that in a number of cases, citizen participation is minimal (Ebdon and Franklin, 2004).

Citizenship theory was adopted to provide an insight on how citizens' participation influences adoption of NPM reforms and whether their participation influences the outcomes of PB

processes. The citizenship theory is also considered to be the main approach in understanding the conduct and behaviour of public administrators as citizens, who as good citizens should be accountable and promote other citizens' participation in matters of public administration (Marshall, 1997). Scholars in the United States have used this theory extensively in analysing and studying the democratic rights and responsibilities of public administrators (Monfardini, 2005). Citizenship theory was also used by Monfardini (2005) in a case study of Sweden and Italy provided a model for measuring the concepts of accountability and participation by citizens.

3.3.3.2 Institutional Theory

DiMaggio and Powell (1983: 151) 'identified three mechanisms through which institutional isomorphic change occurs: (1) coercive isomorphism'. (2) Mimetic isomorphism refers to a situation when an organisation adopts practices copied from other organisations within which it operates. (3) Normative processes is grounded on professionalization, its focus is to legitimise the autonomy of an organisation. According to the theory, the three types are interrelated in an empirical setting. However, due to different operating environments, the outcomes may also be different.

The theory hypothesises that organisations may make decisions based on the following : (a) pressure from organisation that in normal business operations have a dependency relationship; (b) they may copy practices of other organisation they consider to be more successful in their industry or sector; and (c) through professional associations pressure may be exerted to compel organisations to comply (Greenwood et al., 2002).

Oliver hypothesises that organisations "respond to institutional pressures that affect them" (1991:145) by employing acquiesce, compromise, avoid, defy and manipulate strategies. The

'acquiesce' strategy refers to organisations adhering to institutional pressures by adopting recommended practices and complying with rules and acceptable norms of behaviour. A 'compromise' strategy refers to balancing the conflicting expectations of the various organisations and stakeholders through bargaining. Organisations may 'avoid' the necessity to conform to institutional pressures by concealing their non-conformity or changing their activities. Some organisations may 'defy' rules and norms by dismissing, challenging or attacking them, while others may 'manipulate' rules and norms by attempting to co-opt, influence or control them.

The main strength of institutional isomorphism is that it brings out changes in organisation structures that reflect various factors in their operating environment. Secondly, it seeks to provide a holistic explication of social phenomena, to include all institutions that surround the organisation under investigation as well as power relations among actors (DiMaggio and Powell, 1983). The theory also takes into account the dynamics behind the adoption of changes in organisational practices and the processes involved in their implementation at organisational level (Thornton and Ocasio, 2008; Ezzamel et al., 2007; Lounsbury, 2002, 2008). The third argument is that new practices will emerge out of "local innovation" (Greenwood et al., 2002) as the organisations interact with each other (Lawrence et al., 1994).

The theory is criticised for its lack of clear methodology for conceptualising the role of institutions in influencing human behaviour. It places much emphasis on the taken-for-granted nature of institutional rules, norms and beliefs, as bounded rationality by which organisations structure themselves and realise equilibrium (Selznick, 1949, 1957; Berger and Luckman, 1967).

The literature provides evidence of various institutional pressures which determine the choices of accounting practices adopted and implemented by nation-states, especially in developing countries (Tambulasi, 2007; Economic Commission for Africa, 2003).

Institutional isomorphism has been adopted based on contemporary concepts of NIS, because the theory takes into account the forces and pressures that are exerted on developing countries by donor agencies to adopt NPM reforms such as participatory budgeting as a way of improving efficiency, effectiveness and accountability, so as to achieve better service delivery. Institutional theory recognises that organisations are not autonomous agents seeking to maximise economic opportunities, but are set within a social construct of norms and expectations that constrain and shape managerial choice. The theory emphasises the institutional nature and regulatory role of the environment. Similarly, budgets are a legal requirement with which local government must comply. Local governments, by their very nature as largely depending on central governments to fund their services, can be considered as agents of central government, and the principal-agency theory becomes relevant in understanding the relationship between central government and local government and their likely role in the participatory budgeting process.

The concept of institutional isomorphism can inform the study in understanding the institutional pressure that LGs face in reforms advocated by supranational agencies. The institutional isomorphic concept provides a framework that can be used to analyse and discuss local governments that are compelled by law that budgeting should involve all stakeholders and take into account their needs and priorities. Institutional theory has been adopted because it recognises the external forces and political environment.

The institutional isomorphism framework was used by Lai, Wong and Cheng (2005) in their research of a Hong Kong company that had adopted information technology to enhance

efficiency in supply chain management. The same theoretical approach was also used by Carpenter and Feroz (2001) in their study of adoption of generally accepted accounting principles by four states in the United States.

3.3.4 The Integrated Framework

The theoretical framework shown in Figure 3.1 was developed by combining citizenship theory and institutional theory. The two theories have been triangulated, first, to take into account the institutional pressures from supranational agencies; and second, to examine the two concepts of citizen participation and accountability in the participatory budgeting phenomenon.

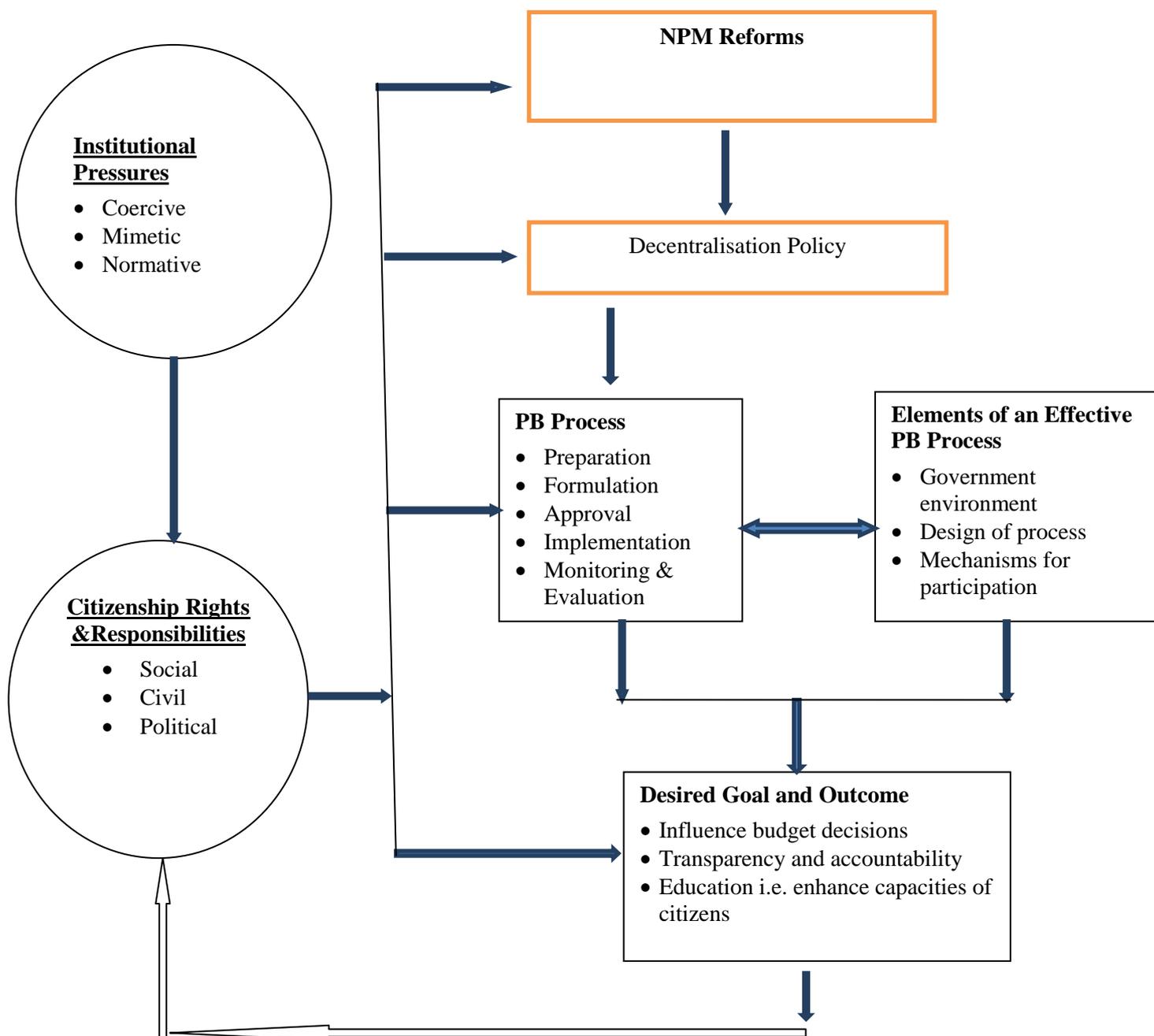


Figure 3.1 Theoretical Framework

Source: (Developed by Author)

According to the framework, institutional pressures from donor countries influence developing countries in adopting NPM reforms. The decentralisation policy adopted by Uganda in 1993 is part of the NPM reforms, and PB methodology of budgeting is one of the key public sector financial management strategies of the decentralisation policy as a means of devolving power to the people to enhance democracy and accountability and improve service delivery at local community level. Therefore, the framework illustrates that decentralisation is an initiative that directly emanated from donor countries and PB is part of the decentralisation policy.

In the same framework, citizenship is presented as entailing four dimensions: a) civil, b) political, c) social and d) economic. Citizens have a responsibility to exercise their civil, social, political and economic rights and responsibilities through participation in issues of governance and to seek accountability from those charged with the responsibility to manage public affairs for the benefit of citizens. Institutional pressures have an impact on the citizenship concept and both influence the adoption of NPM reforms, decentralisation and PB approach to public sector financial management.

To analyse the PB process, we examined: a) the government environment; b) the design of the participation process; and c) the mechanism for citizens' participation. Outcomes from the PB process were analysed in terms of a) how inputs from citizens influence budget decisions; b) how transparency and accountability is enhanced; and c) the education of citizens to enhance their capacity to exercise their rights and responsibilities in the PB process.

3.4 Summary

This chapter has presented the theoretical framework to be used as a lens to interpret the results of the study. A triangulated approach was adopted whereby citizenship theory and NIS

were combined into a theoretical framework that is used in the study. The triangulation of the two theories enabled the researcher to understand the social, economic and political factors involved in the process of PB.

The next chapter presents the methodology, philosophical assumptions and methods.

CHAPTER FOUR: Methodology

4.1 Introduction

This chapter discusses the philosophical assumptions and research methods used in this study. The first main section reviews the philosophical assumptions underpinning this study. The four dominant research paradigms, as suggested by a number of scholars (Burrell and Morgan, 1979; Morgan, 1980; McLaughlin, 2003; Walsham, 2006; Cooper and Hopper, 2007), are first examined and analysed in terms of strengths and weaknesses. This review is the basis of choosing the methodology presented in section two. The section describes the methodology and methods adopted. It describes the methodology adopted, followed by the selected design and its justification. The scope of the study is followed by ethical considerations. The study population, sampling methods, data collection and analysis are described, followed by strategies put in place to ensure internal and external validity.

4.2 Philosophical Assumptions Underlying the Study

As Myers (1997) stated, in any academic research undertaking, stating underlying assumptions is important as it shows the researchers' view of the world and brings out the discourse within which the research is undertaken. Khazanchi and Munkvold (2002) state that: academic research is guided by three main research perspectives namely; ontological, epistemological and methodological. According to them, the three perspectives constitute the core frame of the nature of the research and also define the position of the researcher. Scholars such as McLaughlin (2003), Walsham (2006) and Burrell and Morgan (1979) include two other philosophical assumption perspectives: axiological, or human nature; and

rhetorical assumptions, to what constitutes valid research. Guba and Lincoln (1994) suggest that researchers need to make their philosophical assumptions explicit before embarking upon a research study. Therefore the purpose of the first part of this chapter is to comply with Guba and Lincoln in outlining the underlying philosophical assumptions in this study.

4.2.1 Ontological Assumptions

According to Guba and Lincoln (1994) the question ontological assumptions attempt to answer is: “What is the form and nature of reality and therefore, what is there that can be known about it?” (Lincoln 1994, p.108). The issue of concern is whether reality exists independently of human actors or is constructed by their actions (Burrell and Morgan, 1979). The focus of ontology is on explaining the role of human beings in shaping the physical and social world focusing on objectivity and subjectivity of human behaviour.

4.2.2 Epistemological Assumptions

Epistemological assumptions are about knowledge and how it can be obtained. These assumptions address the issue of whether knowledge can be acquired or it must be experienced? (Walsham, 1995). Epistemology, therefore, looks at the criteria for constructing and evaluating knowledge. Epistemological assumptions are thus important in answering questions relating to the nature of the research and the subject being researched (Guba and Lincoln, 1994).

4.2.3 Axiological Assumptions

Axiological assumptions are concerned with values, and attempt to address the role of values in research. The issue of concern is whether there exist opportunities for human actors to exercise their ‘free will’ (voluntarism) or whether their behaviour is constrained by structural properties (determinism) (Walsham, 2006).

4.2.4 Rhetorical Assumptions

Rhetorical assumptions involve the language used by the researcher to communicate knowledge or claims generated by the research. According to Khazanchi and Munkvold (2002), some researchers mould their research findings to make claims that are relevant. Rhetorical assumptions address the question: “Does the language used to communicate research findings match the research paradigm?”

4.2.5 Methodological Assumptions

The role of methodological assumptions is to guide the research process by answering the question: “What is the process of research?” Methodology, therefore, focuses on the research procedures or methods most appropriate for generating valid knowledge. This is important, as the link between practice and theory provides justification for undertaking research and also provides the purpose of knowledge in practice (Orlikowski and Baroudi, 1991).

The table below summarises the philosophical assumptions discussed above

Table 4.1 Philosophical Assumptions

<i>Assumption</i>	<i>Question</i>	<i>Characteristics</i>	<i>Implications for Practice (examples)</i>
Ontological	What is the nature of reality?	Reality is subjective and multiple, as seen by participants in the study.	Researcher uses quotes and themes in words of participants and provides evidence of different perspectives.
Epistemo-logical	What is the relationship between the researcher and that which is being researched?	Researcher attempts to lessen distance between themselves and that which is being researched.	Researcher collaborates, spends time in field with participants, and becomes an ‘insider’.
Axiological	What is the role of values?	Researcher acknowledges that research is value laden and biases are present.	Researcher openly discusses values that shape the narrative and includes own interpretation in conjunction with interpretations of participants.
Rhetorical	What is the language of research?	Researcher writes in a literary, informal style	Researcher uses an engaging style of narrative, may use first-

		using the personal voice, qualitative terms and limited definitions.	person pronoun, and employs the language of qualitative research.
Methodological	What is the process of research?	Researcher uses inductive logic, studies the topic within its context, and uses an emerging design.	Researcher works with particulars (details) before generalisations, describes in detail the context of the study, and continually revises questions from experiences in the field.

Source: Adapted from (McLaughlin, 2003; Burrell and Morgan, 1979; Walsham, 1995; Guba and Lincoln, 1994; Khazanchi and Munkvold, 2002).

4.2.6 Research Paradigms

Research paradigms as “very basic meta-theoretical assumptions, which underwrite the frame of reference, mode of theorising and modus operandi of the social theorists who operate within them” (Burrell and Morgan, 1979:23). As illustrated in Figure 4.1, they categorised research into two areas: radical change research, research aimed at questioning the status quo by asking the ‘why’ question; and regulation research, aimed at facilitating systems to work more effectively by asking the ‘how’ question. The two categories constitute the main research paradigms: the positivism and post-positivism paradigm and the constructivism/intepretivism paradigm. The positivists are regarded as objective and the constructivists as subjective (Burrell and Morgan, 1979).

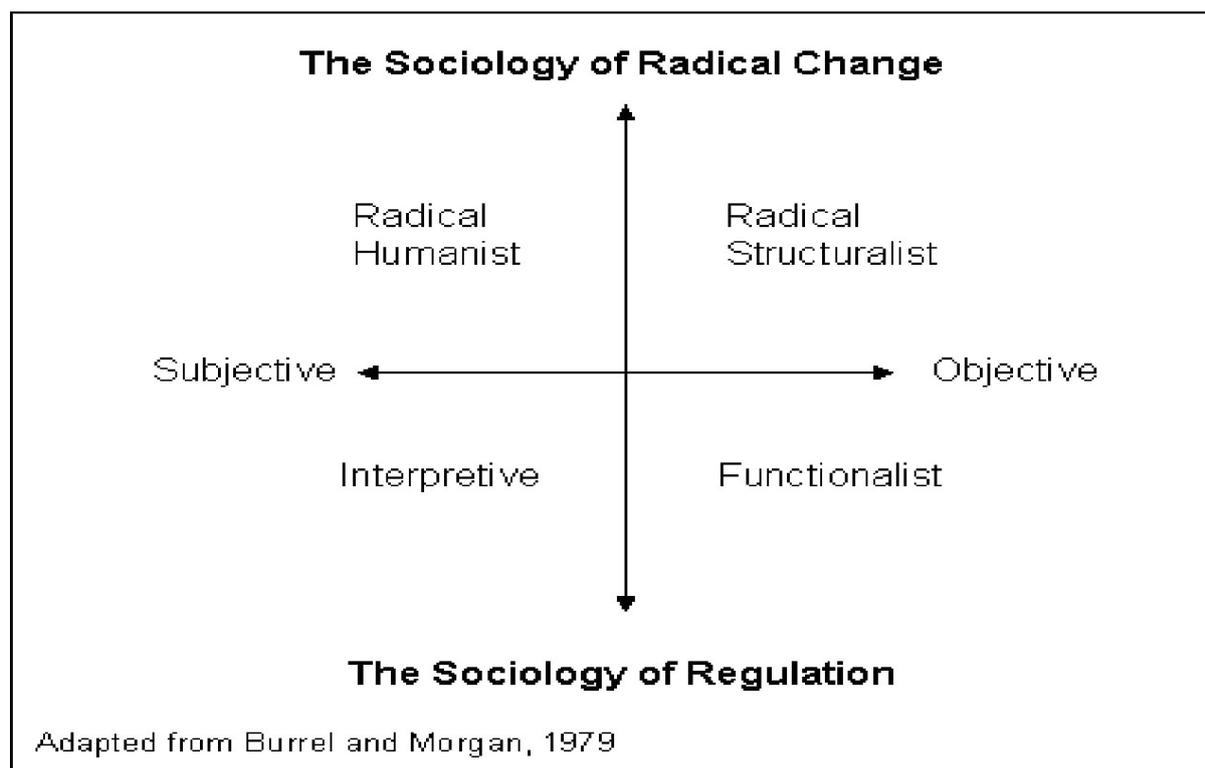


Figure 4.1 Research Paradigms

Source: Adopted from Burrell and Morgan's sociological framework (1979:23)

Under the radical change category falls the critical theory or radical humanism paradigm, focusing on how to make the human actor bring out change, thus taking a subjective paradigm stance.

On the objective dimension, the radical structuralist paradigm is grounded in Marxist theory, which focuses on giving a voice to the workers. The regulation research category also has the two dimensions of subjective and objective research paradigms. Subjective research under this category is referred to as interpretative research, which focuses on trying to understand how systems work and how they can be made better. The objective or positivist approach is referred to as functionalism, the focus of which is on understanding the function of a system and how it can be made better. It is driven by a belief that everything happens for a purpose.

4.2.7 Qualitative or Quantitative Debate

Various scholars have debated the merits and de-merits of the qualitative and quantitative research paradigms (Morgan, 1983; Yin, 1991; Creswell, 2007; Guba and Lincoln, 1998). Ontologically qualitative researchers view social reality as being relative, they argue that individuals construct the world or reality as they see it. On the contrary, quantitative researchers believe that the real world exists irrespective of human action. Therefore, the social world exists as strongly as the physical world and the challenge to the researcher is to discover it.

Epistemologically, qualitative researchers' view is that to understand the social world, one has to experience or observe it believe that the social world can better be understood by experiencing it or observing its behaviour. They also think that knowledge generated by social science research is not objective (Creswell, 2007). Quantitative researchers believe that, it is important to investigate and analyse patterns and relationships between people. They also believe that generating knowledge is not an event but a process that involve coming up with hypotheses and testing them (Morgan, 1983).

Methodologically qualitative researchers believe in being part of the subject under study and exploring the detailed background and history through in-depth interviews, observations, and documentary reviews. Quantitative researchers, on the other hand, rely on scientific methods, and hypothesis testing using standardised research tools like questionnaires, personality tests and surveys. The two main research paradigms and their ontological, epistemological and methodological characteristics are illustrated in Figure 4.2.

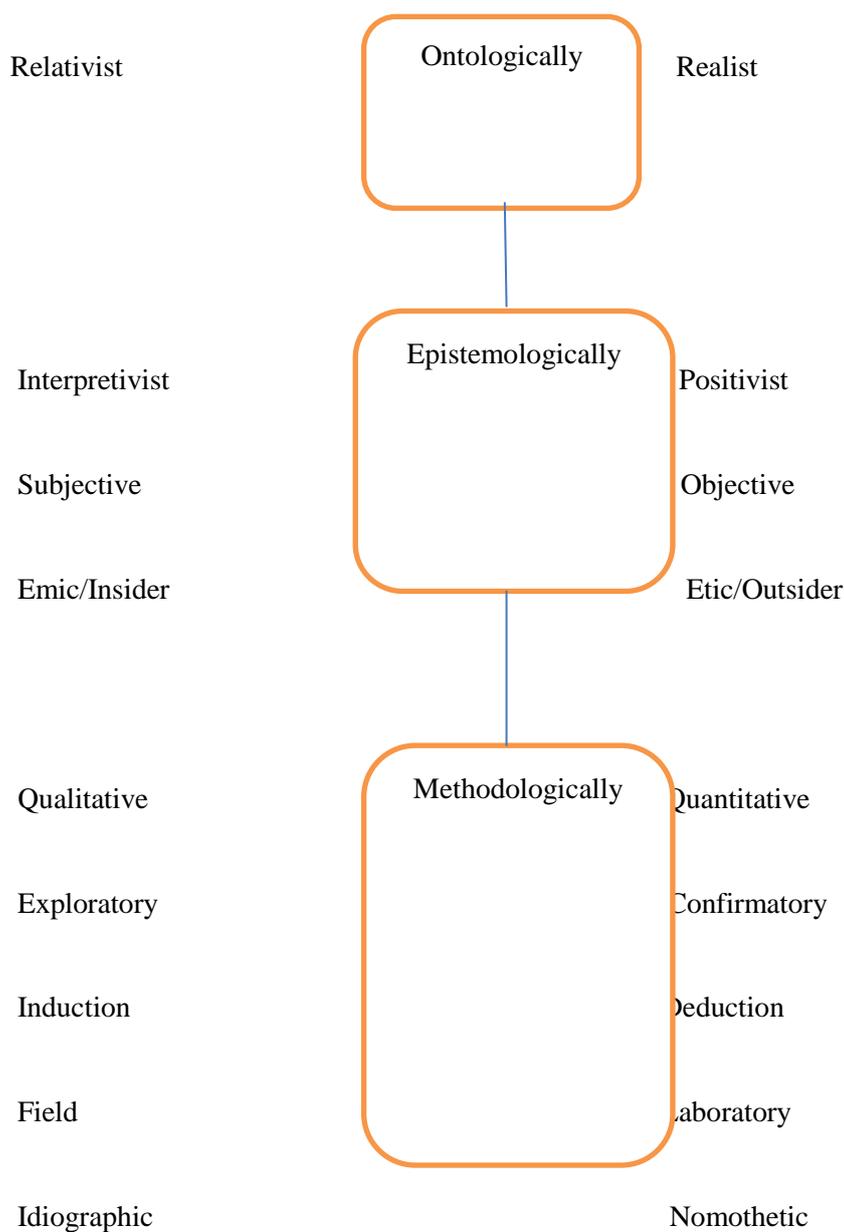


Figure 4.2 Research Paradigms and their Main Characteristics

Source: Adapted from Fitzgerald and Howcroft (2006, p.27)

The difference between qualitative and quantitative research is based on the fact that humans are able to express themselves through speech and discussion, which is distinct from the natural world. Therefore, qualitative research approach is more suitable and relevant where the objective of the researcher is to explore patterns, meanings and people's behaviour and

thinking in regards to a given phenomenon, while quantitative research is more relevant and appropriate where the objective of the researcher is to explore the relationships between discrete measurable variables and outcomes (Britten, Jones, Murphy and Stacy, 1995). The view of a qualitative researcher is that, the world is a construct by individuals within a social setting (Guba and Lincoln, 1998). It belongs to the discourse of the constructive paradigm.

4.2.8 Adopted Paradigm

Academic research according to Guba and Lincoln (1994) has four underlying paradigms namely: positivism, post-positivism, critical theory and constructivism/interpretivism. Chua (1986) combined positivism with post-positivism and regarded them as one. Thus she came up with three categories: positivist, interpretive and critical theory. Although the epistemologies are distinct philosophically, it is possible, according to Myers (1997), for the different research paradigms or underlying epistemologies to be accommodated within one study.

Figure 4.3 below, adapted from Myers (1997), gives a diagrammatic presentation of the qualitative research paradigm as Chua (1986) suggests.

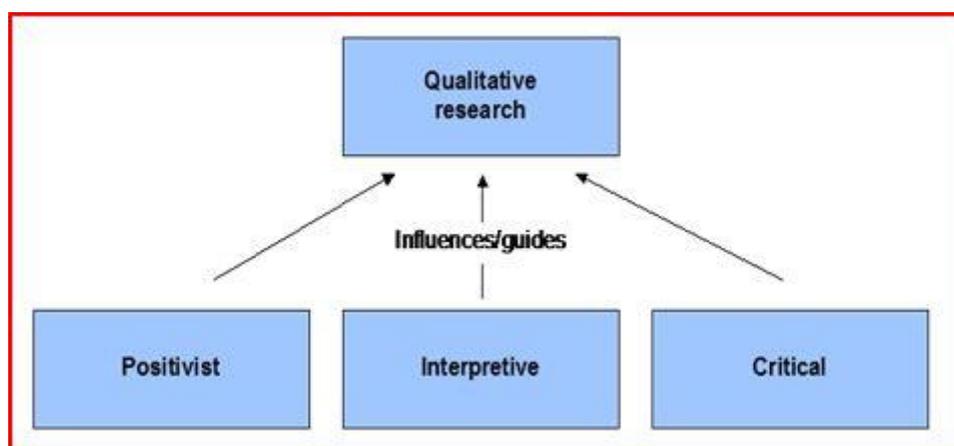


Figure 4.3 Qualitative Research Paradigms

Source: Myers (1997: 241)

4.2.9 The Positivist Paradigm

According to Chua (1986), research that adopts a positivist approach assumes that the reality is out there for the researcher to confirm or uncover. The researcher therefore takes an objective independent view in investigating a phenomenon (Chua, 1986). Positivists stand is that reality can be explained by numbers that are independent of the researcher thus in their view reality is objectively established and is measurable by instruments desired by the researcher. Post-positivists argue that in search of knowledge, the context of the phenomenon is needed; therefore, the context free experimental design as advanced by the pure positivist is insufficient to test theory. (Myers, 2009).

The researcher shares Baker and Bettner's (1997) view that: "the type of research ... characterized by a positivist methodological perspective and an emphasis on quantitative methods, is incapable of addressing accounting for complex ramification". (Baker and Bettner, 1997:293). This study looks at how PB works in a decentralised framework, not at the relationship among the various variables in the PB process. Therefore this paradigm is not considered appropriate.

4.2.10 The Critical Theory Paradigm

The critical paradigm assumes that people who are under-privileged should emancipated by transforming alienating restrictive or repressive social conditions. Therefore, a critical research focuses on changing the status quo by searching for ways through which the economic, social and environmental conditions of society can be transformed. The focus of a critical researcher is to try to construct a society that is just. This study is not about to explore the distribution of resources but to explore how PB works in a decentralised local government

framework, not to question why it is implemented. Therefore this paradigm was found not to be appropriate.

4.2.11 The Interpretive Paradigm

The interpretive paradigm is grounded in the belief that each individual constructs their own reality so there are multiple interpretations. This is also referred to as constructivism (Creswell, 2009). As stated by Myers (1997) researchers adopting an interpretive approach researchers are aware that that this research paradigm focuses on understanding and interpreting the behaviour of people within their environment. An interpretive researcher believes that the world is created by people who construct and reconstruct it as they interact with the world around them. To them a phenomenon can only be understood by examining and analysing the meanings assigned to it by those that are involved (Baroudi, 1991).

Scholars argue that the positivist approach will not yield meaningful results because it ignores the subjective element of human nature (Laughlin, 1995; Walsham, 1993; Kaplan and Maxwell, 1994).

The underlying epistemology determines the research paradigm for any research undertaking. The main purpose of this study is to explore and provide a structured account of the participatory budgeting (PB) process in a decentralised local government system by examining its outcomes. The focus of the study is on the phenomenon of PB, which is recommended by supranational agencies (as part of NPM reforms) as a means of enhancing efficiency and accountability in public sector organisations.

This study, therefore, adopts an interpretive research paradigm to interpret the meanings, texts and actions of the organisational actors in respect to changes in organisational practices,

such as budgetary practices, and at the same time maintains a critical view of the changes (Cooper and Hopper, 2007).

Interpretive research is not only about reporting facts; it is also about reporting interpretations of individuals' perceptions and/or attitudes (Klein and Myers, 1999). Since interpretive research requires the researcher to interact with key stakeholders through interviews, the interpretive approach is most suitable to achieve the research objectives of this study.

Taking into consideration the philosophical assumptions as explained above, the researcher identifies himself as an interpretive researcher. However, as Myers (1997) observed, it is possible for different research paradigms or underlying epistemologies to be accommodated within one study. Therefore, where necessary, the research adopted the appropriate paradigm so as to enhance flexibility in examining the phenomenon of PB adopted by developing countries as part of NPM reforms. By doing this the researcher was able to more effectively address the 'how and why' questions of the PB concept in local governments.

The section below outlines the research strategy under a qualitative interpretive approach.

4.3. Research strategy

4.3.1 Methodology

Methodology is the strategic approach (and not the technic) adopted by researchers in the search for knowledge and carrying out their research (Wainwrights, 1997). In this study, as outlined above, the interpretive paradigm was adopted as the dominant philosophical assumption underlying the research and as illustrated in Figure 4.1, a qualitative methodological approach was the main method of gathering and analysing data.

Methodology is concerned with the logical and philosophical underlying assumption of a particular research method and this makes it different from methods (Tolich and Davidson, 1999). Qualitative research is different from the traditional quantitative methods because its goals are quite different and forms the point of departure of the two research paradigms.

The qualitative methodology adopted was therefore appropriate to ensure that study objectives are achieved. The methodology enabled analysis of multiple realities that are associated with the PB concept (Lincoln and Guba, 1985).

4.3.2 Research Method, Design and Justification

Myers (2009) identified three distinct stages of a research method namely: defining underlying philosophical assumptions; determining a research design; and collection of data. According to Creswell (2007) there are four qualitative research methods: (1) action; (2) case study; (3) ethnography; and (4) grounded theory research (Denzin and Lincoln, 2005; Creswell, 2007).

The purpose of a research design is to design a strategy and justify why and how certain data will be collected, the type and sources of data that will be collected, who will collect it, and finally how the data collected will be analysed to achieve the research objectives (Creswell, 2007). As stated by Zikmund (1991:42) “a research design is a master plan specifying the methods and procedures”. Hussey and Hussey (1997:114) referred to a research design as “detailed plan which you will use to guide and focus your research”.

A single-case study design approach was adopted in this study. A case study is “an empirical inquiry that investigates a contemporary phenomenon within its context using multiple sources of evidence” (Noor, 2008:1602). The aim of a case study approach is to develop an in-depth rather than a broad generalisable understanding (Ellis and Levy, 2009).

Consequently, from the interpretive perspective, sufficient data for analysing the research problem from the selected cases can be obtained through a case study design.

The next section gives the justification.

4.3.3 Justification

Cooper and Morgan (2008), in their article on case study research in accounting, *state that:*

“the case study research approach is useful where the researcher is investigating:

- *Complex and dynamic phenomena where many variables including variables that are not quantifiable are involved*
- *Actual practices, including the details of significant activities that may be ordinary, unusual or infrequent (e.g. changes in accounting regulation)*
- *Phenomena in which the context is crucial because the context affects the phenomena being studied (and where the phenomena may also interact with and influence its context)” (Cooper and Morgan, 2008:160)*

Further arguments in favour of case study design are: it will allow the researcher to purposively select participants and sites that will best help in understanding the research problem and question (Croswell, 2009); the researcher is able to explore, describe and explain the PB phenomenon within its natural setting (Yin, 1984); participants are free to exercise their rights without being manipulated (Yin, 2003); able to reflect best practice and effective organisations (Cooper and Morgan, 2008); and “Case research focuses on context specific, in-depth knowledge, and this emphasis makes it particularly useful in examining the application of values and power in complex and messy situations” (Cooper and Morgan, 2008:164).

The literature indicates that case studies have been used to make valuable contributions in management accounting that have led to examined organisations to revisit the way their accounting and management practices are conducted (Bery, 1995). A case study method was selected because the focus of this study was on contemporary phenomena that required exploration within the real-life context (Yin, 2003).

4.3.4. Scope of the Study

4.3.4.1 Setting

The study country is Uganda and the study site is Wamala District Local Government (WDLG). WDLG was selected because: (i) It has received awards for preparing compliant district development plans and budgets since its inception; (ii) its financial reports have over the years been unqualified; (iii) it was the first LG to introduce a tax assessment system that involves all residents of the area being assessed (Ssewakiryanga, 2004); (iv) it is composed of both rural and urban LLGs; (v) the researcher had access to the 'gatekeepers', thus could easily access the required information and data. The unit of analysis was the participatory budgeting process in WDLG, not WDLG as an organisation. The case analysed was the PB process and outcomes, not the individuals involved. The research strategy adopted was to conduct multiple case studies in three lower local governments within the higher LG of WDLG, to see how citizens are involved in the process of budgeting at the lower LG and how inputs from lower local governments are incorporated into the budgets of higher government.

The informants were technical officers, political leaders, civil society leaders and individual citizens. We observed two district council meetings, five district sector meetings, one integration budget meeting, four lower local government sector meetings and two lower government council meetings. Appropriate previous records relevant to the study like budgets, newspaper articles were also reviewed and analysed from the archives.

4.3.4.2 Ethical Considerations

The University of Birmingham has a documented code of practice for research that requires all researchers to conform to the highest ethical standard. The process for ethical review is illustrated in Appendix 3. The researcher complied with the process and obtained the letter of approval shown in Appendix 4. Participants' rights in the study were respected through the following safeguards: (1) research objectives were clearly explained to informants; (2) informants were informed of all data collection tools and activities; (3) confidentiality was observed where requested; and, (4) the final decision regarding informant anonymity rested with the informant.

4.4 Methods of Generating and Collecting Data

4.4.1 Study Population

The study targeted residents within the study site aged 18 years and above. These are the people eligible to participate in the district local government budgeting process. They included technical officers, political leaders, civil society leaders and individual ordinary citizens.

4.4.2 Sampling

A purposive sampling strategy was used so as to provide adequate evidence and to take into consideration alternative perspectives (Yin, 2009). As Wilmot (2005) stated, with purposive non-random sampling, the number of people interviewed is less important than the criteria used to select them. Purposive sampling is also considered as “the best kind of non-probability sampling to identify primary participants” (Groenewald, 2004:45). It was applied to technical, political and civil society leaders, as these are considered to be key categories of informants. By selecting a rural and an urban local government we are able to look at the

budgeting process in flux and seek diverse perspectives, so as to meaningful analyse instead of focusing on general properties shared by all LG. Table 4.2 gives the list of interviewees.

Table 4.2 List of Interviewees

Location	Interviewee	Category	No. Inter-viewed	Role in PB
District Hqs.	Chairperson	Political	1	Chairs DEC
	CAO	Tech. Staff	1	Chairs TPC
	Chairperson of Sector Committees	Political	5	Recommend budgets
	Heads of Departments	Technical	5	Preparation and implementation
	Councillors	Political	10	Approval, monitoring, evaluation
	Junior Technical staff		10	Preparation and implementation
Sub-County	Chairperson	Political	3	Chairs EC
	SAS	Tech. Staff	5	Chairs TPC
	Chairperson of Sector Committees	Political	5	Recommends budgets
	Heads of Departments	Technical	3	Preparation and implementation
	Councillors	Political	10	Approval, monitoring, evaluation
	Junior Technical staff	Technical	10	Preparation and implementation
	NGOS	Civil Society	2	Formulation
	CBOs	Civil Society	2	Formulation
Parish	Chairpersons	Political	5	Chairs PDC (Formulation)
	Executive Council Members	Political	5	Formulation
Village	Chairperson	Political	5	Chairs VC Formulation
	Executive Members	Political	5	Formulation
	Residents	Political	10	Formulation

4.4.3 Data Collection Framework

Each stage of the PB process outlined in Figure 3.1 was investigated in terms of the key elements of the process (government environment, design of the process, mechanism for citizen participation) and the stakeholders involved. The framework below outlines the objectives of the research, the main research questions, the type of information that was

sought from the field, the source of the required information, and the methods of data collection applied. This framework formed the basis against which the questionnaire and interview guides in Appendix 2 were developed. The questionnaire had four sections which corresponded to the four research objectives.

Table 4.3 Framework /Tools to Assist in Data Collection

Specific Objectives	Research Question	Evidence required/Process patterns	Source of Information	Method of data collection
1. Explore how PB works in a decentralised local government system of a developing country focusing on the process and outcomes.	1. How does PB work in a decentralised local government system in a developing country 1.1 How is the process conducted? 1.2 Is the government environment, the design of the process and mechanisms for participation appropriate?	<u>Government Environment</u> 1.1 Background to local government reforms and lessons from the old centralised form of local governance 1.2 Legal framework regarding public sector financial management 1.3 Policies that have been enacted and progress on implementation of LG policies 1.4 Funding for and facilities available to LGs. 1.5 Information on the policy making process. Are LGs consulted on reforms that concern them? 1.6 Central Government level commitment to PB and decentralisation 1.7 Do cultural values affect participation? 1.8 Does political affiliation affect participation?	Documents at the MoLG, consultancy reports, /newspaper articles Regional experts' opinions MoLG staff discussions International Organizations' reports Workshops and conferences on LGs	Interviews from stakeholders and key informants Secondary data analysis Observations
2. Examine factors that enhance or inhibit participation by citizens in the process of budgeting	2. What are the factors that influence participation? 3. How can desired outcomes from PB be theoretically explained?	<u>Design of Participation Process</u> 2.1 Details of stakeholders' involvement in the process of designing the planning stage of the budget, development, implementation monitoring and control stages of the budgeting process 2.2 Analyse the key players in each of the budgeting stage 2.3 Representativeness and timing of each stage 2.4 Information on why those who participate do so. Is there any process of selecting participants 2.5 How is information disseminated and are the methods used effective?	Interviews with key informants and experts	Observation Interviews from stakeholders and key informants
3. Examine whether involving citizens in the				

Specific Objectives	Research Question	Evidence required/Process patterns	Source of Information	Method of data collection
<p>budgeting process achieves the desired goals and outcomes</p> <p>4. Provide policy recommendations that will enhance benefits to local communities, especially the poor</p>	<p>4. How can experiences and lessons from the case study be applied to improve the PB concept for the benefit of local communities especially the poor?</p>	<p>Participation Mechanism</p> <p>3.1 The participation practices adopted and why</p> <p>3.2 The participation styles adopted and why</p> <p>3.3 The relationship between the key players and how they are modulated</p> <p>3.4 Means of communication one way or two ways?</p> <p>3.5 Recording of proceedings and outcome of participation</p> <p>3.6 How are participants inputs used? Are these inputs binding for the decision making process?</p> <p>3.7 The guidelines for participation and type of sanctions in cases of violations</p> <p>3.8 Role of civil society in the process including information dissemination</p> <p>Desired Goals and Outcomes</p> <p>4.1 Identify the main process of accountability used</p> <p>4.2 Identify the procedural and substantive requirements of accountability</p> <p>4.3 Identify reporting tools/documents used</p> <p>4.4 Communication with stakeholders, how often and the means used</p> <p>4.5 Assess whether accountability reports are easily understood by stakeholders</p> <p>4.6 Are there any auditing processes for accountability documents? Who are the auditors?</p> <p>4.7 Are the desired goals and outcomes articulated in advance to all stakeholders</p>	<p>Country reports</p> <p>Independent evaluation reports</p> <p>Consultancy country reports</p> <p>Interviews with key informants and experts</p> <p>Interviews with other stakeholders</p> <p>Documentary evidence</p> <p>Consultancy reports</p>	<p>Review of secondary documents</p> <p>Semi-structured interviews</p> <p>Observations</p> <p>Secondary evidence</p> <p>Semi-structured interviews</p> <p>Documentary review</p> <p>Semi-structured interviews</p>

4.4.4 Respondents in pilot study

The questionnaire and interview guides were pre-tested with fourteen participants representing key players in the budgeting process as presented in Table 4.4 below.

Table 4.4 Pilot Study Respondents

Stakeholder	Number	Responsibility in the budgeting process
District budget desk staff	1	Prepare budget and provide technical guidance
District political leaders	2	Formulate and approve budget
Lower government technical staff	2	Prepare budget and provide technical guidance
Lower government political leaders	2	Prepare budget and provide technical guidance
Civil society members	1	Advocate for interests of disadvantaged groups
Ordinary citizens	3	Submit their priorities for inclusion in the budget

Pre-testing and piloting the questionnaire and interview guide enabled the research to review them so as to ensure that they addressed the research objectives and questions. Pre-testing enabled the researcher to confirm that the questions and responses were valid and reliable. After piloting the questionnaire, questions that were not providing relevant information to the study were eliminated and those that were found to need more clarification were refined. General questions regarding level of education, political affiliation, religion, ethnicity, etc. that were considered offensive or harmful to respondents were also removed. The order of questions was also revisited so that the interview would start with questions that were less sensitive and easier to answer and then progressively address the sensitive issues so as to build interest and rapport with respondents. Finally a general open-ended question was included to give an opportunity for respondents to express themselves and raise issues that they considered important from their own perspective.

4.4.5 Data Collection

The fieldwork was conducted at the sites from March 2012 to September 2012. The choice of data collection tools was based on their appropriateness to answer the research question (Brewerton and Millward, 2001). Tashakkori and Teddlie recommend that a researcher should have a data collection strategy before embarking on the data collection exercise. In line with this, and in order to enhance understanding of this complex issue of the process and outcomes of PB, a multi-method data collection strategy of data collection methods of interviews, focus groups and observations, that enabled deep such insights to be gained, was applied. Using evidence from multiple sources enabled corroboration of findings (triangulation). This provided more credible findings for analysis and discussion (Yin, 2003). The following steps were taken in designing data collection tools to ensure the validity of the instruments by making sure that the interview and focus group guides related to the objectives of this study: (a) specific research questions were clearly defined at the beginning of the study in Chapter One; (b) for each objective and research question all associated questions to be answered through this study were listed; (c) the information required to answer the question in step (b) and achieve the research objectives was identified; and (d) questions were then formulated to obtain the required information. The study used interviews; focus groups; observations; and documents/material review as data sources (Leech and Onwuegbuzie, 2008). The next subsections explain these data collection methods and how they were applied.

4.4.5.1 Self-administered Questionnaire

The self-administered questionnaire was used for selected technical staff who were not available to be interviewed. A number of questions were set from each independent variable of statement of comprehensive income, statement of financial position and statement of cash flows and also decision making with several set sections including performance,

sustainability and liquidity. This is available in appendix 2 at the end of this report. This instrument was used because it enabled detailed information which can be referred to in future to be collected.

4.4.5.2. Interviews

Interviews can be classified as structured, semi-structured, or in-depth. Structured interview questions are scripted or closed and require limited pre-determined answers. Semi-structured interviews have open-ended questions with a choice of answers from which respondents are expected to select the most appropriate (Wilmot, 2005; Bryman, 2008; Creswell, 2007). Interviews that are classified as in-depth have questions that are open ended and give respondents to freely express views and opinion without any limitation. An interview guide was administered by the researcher to purposively selected political leaders and ordinary citizens who were key players in the local government budgeting process. The interview guides covered the study objectives, namely: how participatory budgeting works in actual practice, factors that enhance or inhibit participation by citizens, whether the desired objectives of citizen participation were achieved and policy recommendations required to improve the PB process for the benefit of the poor. Details of the issues included in this instrument are available in Appendix 2 at the end of this report.

Data collection started in November 2011 with documentary review of WDLG public documents. The in-person interviews started in March after obtaining University Ethical Committee approval. The researcher did not want to impose pre-determined views on the participatory budgeting process and its outcomes; therefore, the interviews were semi-structured, and were initially composed of rather broad questions. Gradually, a saturation of data appeared, usually after asking the same questions about three times. New issues that arose were included in the questionnaire, sharpening its focus. Before the interviews were

conducted, the researcher designed interview questions to guide the discussion. The interviewees were assured of confidentiality and encouraged to speak freely. Questions were added during the interview process as need arose. This enabled the researcher to further investigate those areas of interest that emerge during the interview process. On average, the longest interview lasted one and half hours and the shortest lasted for thirty minutes on average.

Interviews were held with officials strategically selected from the District Technical Planning Committee, Budget Desk, District Council, District Executive Committee, civil society organisations and ordinary citizens. During each interview, in addition to recording, notes were taken, and immediately following the interview, the recordings were transcribed and notes typed. The in-person interviews were followed with additional telephone interviews were deemed necessary.

4.4.5.3 Focus Groups

The focus group method is defined by Krueger and Casey (2000) as a data and information collection method used by researchers for collecting data and information from more than one person at time. Kitzinger (1995) defines a focus group as comprising seven to twelve people who may have similar or different interests assembled together to respond to pre-designed questions that are designed to generate designed data to meet set objectives of a researcher. The following benefits are associated with the focus group method: (a) it is economical, as participants are interviewed in a group setting, making it faster and cheaper for the researcher; (b) it increases the number of participants in the study; (c) it facilitates collecting social data in a social environment, thus making it relevant for qualitative research; (d) participants and their interaction during the process can be identified (Morgan, 1988); (e) it has high face validity, creating a conducive environment for a free flow of ideas; (f)

because it is interactive and open sharing of ideas, views, experiences and procedures can be recorded analysed and where applicable generalised (Morgan, 1996); and (g) it provides a forum within which conflicts among participants can be resolved. As recommended by Morgan (1997) and Vaughn et al. (1996), in this study two focus group discussions were conducted for one to two hours. The size of the groups was eight and eleven. As recommended by various scholars, the groups did not have more than six members from different backgrounds. This ensured diversity and gave confidence to all to talk and share their thoughts (Morgan, 1997). The researcher moderated the discussions, assisted by an assistant moderator to take notes. The group discussions were recorded on a voice recorder. The recordings were later transcribed into a written record of responses.

To capture the views and experiences of the budgeting process and outcome, two focus group discussions were held; one at the beginning and a second one to the end of the budgeting exercise in Wamala LG. To obtain further information from district key stakeholders, two focus group discussions were held in May and September 2012 with mixed groups of politicians, civil society organisations and ordinary citizens representing two lower local governments (Asbury 1995; Krueger 1988; Ramirez and Shepperd, 1988; Morgan, 1997; Krueger, 1997a, b). Technical staff were excluded from the focus groups since the purpose was to extract the views of politicians, civil society organisations and ordinary residents. The most common arguments were written down, and the views of the politicians, civil society organisations and ordinary residents were analysed separately, but not quantified. The arguments presented were condensed and classified according to themes. Gradually, a saturation of arguments was achieved; few new arguments were heard in the final focus group discussion, and it was deemed unlikely that further discussion would generate additional information. The data analysis characterised above could be referred to as concentration of meaning.

4.4.5.4 Observations

The unstructured non-participant direct observation data collection technique, where the researcher will be a complete observer, was also used. The researcher attended and documented budget meetings to get the natural setting of the budgeting process (Chesebro and Borisoff, 2007; Mays and Pope, 1995). Observing the budgeting process in its natural setting enabled the researcher to get greater depth of understanding of the PB process in its real context to supplement data collected in other ways. Data collected through observation was analysed to explore and describe the PB phenomenon (Harris et al., 2009). Direct observation of Sector Committees and Council meetings enabled the researcher to experience real evidence of power relations and lack of knowledge, skills and competence in financial management matters of political leaders and ordinary citizens, and how information asymmetry inhibits participation.

4.4.6 Document analysis

The techniques used above to collect data were supplemented with data collected from public documents such as budget manuals, annual reports, and private documents such as minutes of meetings, internal communications, etc. A field notebook was used to chronicle the investigator's own thinking, experiences and perceptions throughout the research process.

4.4.7 Data Analysis

Data was analysed in a three-phase. The first phase focused at identifying and analysing areas that were similar and where interviewees had different views. This was followed with an analysis and examination of data and information collected from observations and documents both current and from archives was undertaken. The second phase involved analysing patterns of data from the lower local governments and district local government; and between

rural and urban areas was studied, in order to establish how PB is implemented in local government in a developing country. The final phase data and collected information was re-examined to explore the relationships between the process and outcomes of the PB process the main objective of our study.

All interviews were recorded and transcribed, continually coded and then analysed. This was done chronologically and thematically, in order to come up with issues relevant and pertaining to our research problem and question (Creswell, 2009). Data collected from the three lower local governments, two rural and one urban, was cross analysed. A list of major ideas that surfaced was chronicled (Creswell, 2008). Field notes and diary entries were reviewed regularly (as suggested by Creswell, 2009). Data were linked to themes that emerged during the field research. In analysing my written notes, we organised statements according to narrative stories told by different types of stakeholders. The idea was to visualise their different lines of reasoning. The data analysis process was conducted manually. Figure 4.5 below summarises the data analysis process:

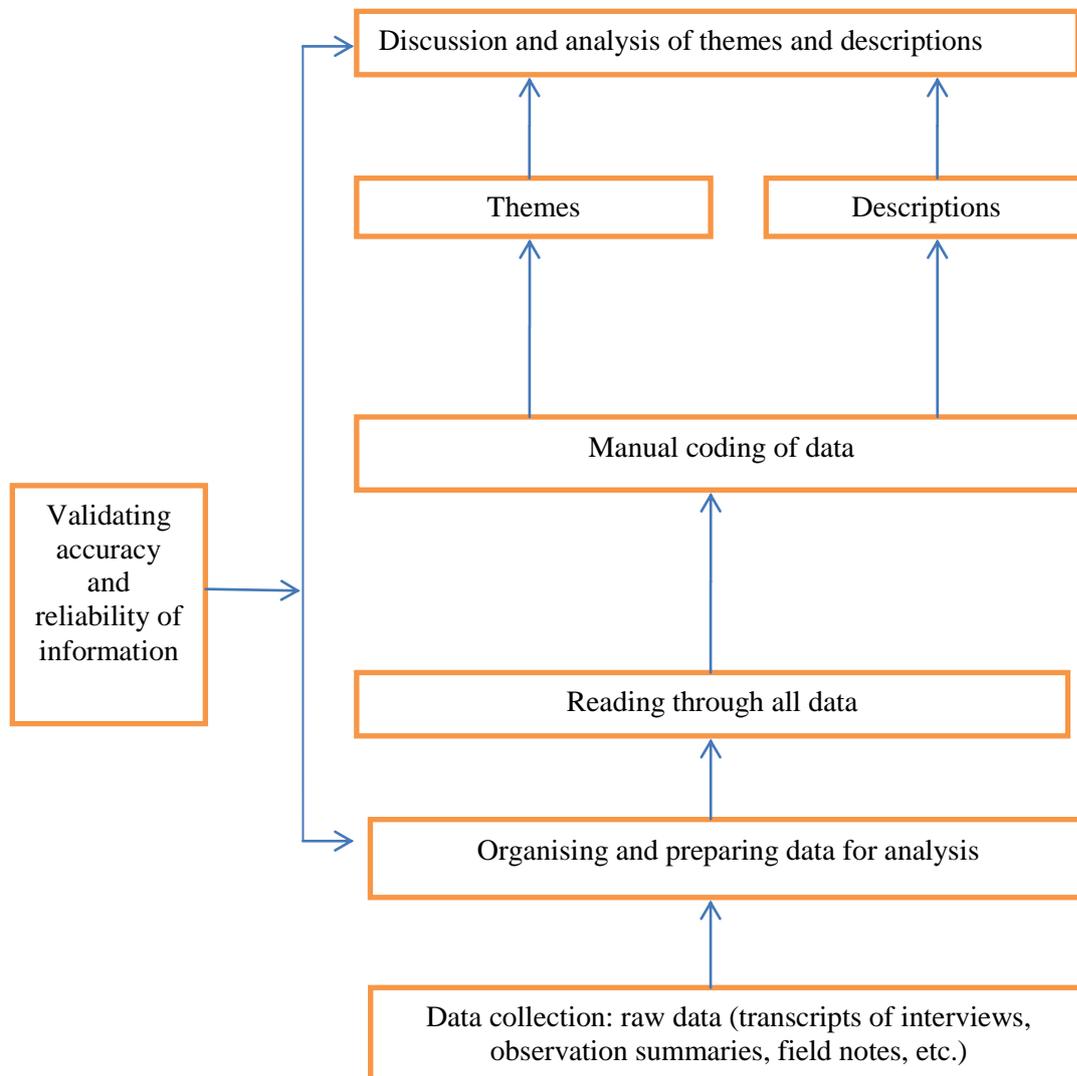


Figure 4.4 Summary of Data Analysis Procedures

Source: Adapted from Creswell (2009:185).

4.5 Validity Strategies

The interpretive research paradigm adopted in this study comes with subjectivity challenges. This challenge was mitigated using internal and external techniques outlined below to ensure validity and reliability.

4.5.1 Internal Validity

As Wentling and Palma-Rivas (2000) point out, a research study should ensure internal validity. In this study internal validity was ensured by interviewing identified key informants and conducting focus group discussions using interview guides prepared well in advance to focus on our research objectives and questions (Miles and Huberman, 1994). Second, data and information from various sources was examined, triangulated and used to build a coherent justification for themes. Thirdly, follow-up interviews were undertaken to cross-check sources of information and confirm agreement. Fourthly, the researcher clarified the bias they brought to the study. Finally, peer review was undertaken to serve as an external auditing process.

In summary, internal validity was addressed through the use of multiple sources of evidence, as illustrated in Table 4.2, which enabled us to triangulation of various findings and come up with convincing evidence for analysis (Yin, 2003).

4.5.2 External Validity

This was achieved through careful attention to the research question and criteria for selecting subunits within the case, and cross case analysis was undertaken (Baxter and Jack, 2008). Furthermore, as recommended by Eisenhardt (1989), evidence collected was analysed using replication logic across the case and case sub-units to further ensure external validity.

4.6 Reliability

The researcher has provided a detailed methodology and methods applied in this study. A combination of methods was used to collect data and information as a means of ensuring both internal validity and reliability of the study findings that formed the basis of our recommendations (Merriam, 1988; Creswell, 2009:200). The questionnaire and interview guides were pre-tested. This enabled the researcher to adjust and improve on the research instruments so as to obtain reliable information. The Supervisors are experienced in qualitative research and were supplemented by the internal and external examiners at the end of the study.

4.7 Reporting Findings

The findings are reported in a descriptive narrative form rather than as a scientific report (Creswell, 2009). The study report addresses the research objectives and includes answers to the research questions.

4.8 Summary

The underlying philosophical assumptions have been outlined in this chapter that led to the selected methodology. The case study research design adopted has been justified as a valuable appropriate tool for understanding complex phenomena of PB (Yin, 2003). Methods of data collection and analysis have also been described, explained and justification given for the selection. The next chapter provides the background for the study country and site.

CHAPTER FIVE: Uganda Local Government System and Budgeting

5.1 Introduction

This chapter has two parts. The first presents the background of Uganda, the study country. We review literature on the Uganda environment, focusing on public sector reforms since 1986, when the National Resistance Movement (NRM) came into power, focusing on reforms that affected the local governance system in Uganda. We explain the evolution of the Ugandan local governance system and public sector financial management, focusing on budgeting in local governments. The second part of the chapter provides a description of Wamala District Local Government (WDLG): the study site. The last section provides a summary.

5.2. The Political and Social Environment of Uganda

The Republic of Uganda is located in East Africa with a population estimated at 33 million and a land area of 236,000 square kilometres (CIA World Factbook, 2007). Uganda is a former colony of the British Empire and obtained independence in 1962. Since independence, Uganda has experienced turmoil, including the rule of military dictator, Idi Amin, from 1972 to April 1979. Thereafter Uganda went through a period of civil strife that ended with the coming to power of the NRM government in January 1986.

The NRM governments have initiated a number of reforms that have shaped the present Uganda, including its local governance system. As stated by Uddin and Tsamenyi (2005)

regarding NPM reforms in developing countries, these reforms were dictated to the government as a pre-condition for accessing aid and donor funds urgently required to rehabilitate the devastated country after over two decades of turmoil. One of the key reforms adopted by Uganda was the policy of decentralisation as a form of local governance.

5.3 Decentralisation Policy and Public Sector Budgeting in Uganda

Decentralisation is the most recent public sector reform adopted by many developing countries with the aim of improving the delivery of poverty-related services to the community. Decentralisation of government functions to lower local government is widely recognised as a strategy to increase local participation and ownership of the political and development process (Good Governance, World Bank, 1997). Following continuous demands for a federal system of governance by Buganda, the NRM government in 1993 adopted a decentralised system of governance as a way of bringing services nearer to the people so as to improve effectiveness and efficiency in service delivery (Awio and Northcott, 2001). “Although the term ‘decentralisation’ is as ambiguous and confusing as it is elusive and difficult to define” (Rhodes, 1992:316), it has rich conceptual and empirical meaning because it can signify “...static and dynamic processes as well as refer to pure idealistic and moderate incremental change” (Fesler, 1965:536) in governmental systems. Decentralisation is a governance system aimed at empowering local communities through local governments being in charge of their destiny for better service delivery. Budgetary participation refers to the extent to which stakeholders are involved with, and have influence on, the determination of their budgets (Brownell, 1982). One objective of Ugandan decentralisation was “to bring political and administrative control over services to the point where they are actually delivered” (MoLG, 1994:2).

According to Awio and Northcott (2001), decentralisation is about re-organising local government services into local offices serving small geographical areas with increased involvement of local people. They argue that decentralisation is a political and technical process. At the political level it involves leadership, participation, inclusion, representation, decision-making and power relations between central and local governments and between local governments themselves. On the technical plane it involves administration, planning, budgeting, financial and human resources management and development, monitoring and evaluation, supervision, mentoring - functions and activities that are the responsibility of technical staff. The political and technical elements must be well synchronised in order to realise its benefits (Aiwo and Northcott, 2001). Rubin (2005) argues that when decentralisation is undergone, local elites get most of the power, steer benefits to themselves and are less likely to target resources to the poor.

Therefore, as Awio and Northcott (2001) state, decentralisation should lead to citizens getting more involved and appreciating the budgeting process as a way of addressing their priority needs. This would lead to better management of public resources, thus enhancing effectiveness and efficiency in utilising public resources which is one of the objectives of decentralisation.

5.4 Local Government System

5.4.1 The Legal Framework

The mandates of local governments are well laid out in the 1995 Constitution in Chapter 11. The constitutional provisions were operationalised by an act of Parliament (the LG Act of 1997) as the fundamental legislation governing local government. The Ministry for Local Government is responsible for national policy and legislation of local government in Uganda.

In Uganda the Mentoring Guide for Local Government on Financial Management (2004) defines a good budget as one that is realistically balanced and plan based and, most importantly, one that is understood by all users.

Local governments can exercise their budgetary discretionary powers on locally raised revenues and unconditional grants. However in allocating local revenues and unconditional grants local governments must take into account priorities as identified by the central government (MoLG, 1997). It is a constitutional requirement under Article 193 (3) that conditional grants from central government can only be utilised on expenditure items outlined by central government (GOU, 1995). The purpose of these legal provisions was to remove the influence of technical officers and empower local citizens to determine their priorities and at the same time enhance accountability and democracy through their participation on matters that concern their welfare (MoLG, 1994).

It is a legal requirement under Section 83(4) of the Local Government Act, that local government budgets must be presented to Councils and approved by 15th June and 31st August each year respectively. Therefore, the technical officers together with the political leadership of the local government must take this in account in setting the timeframes for the budgeting process (MoLG, 1997).

5.4.2 Local Government Organisational Structure

During the NRM bush war, the NRM established a resistance council to cater for administrative and judicial duties in the areas they had liberated. On assumption of power, resistance councils were formalised by the Resistance Councils and Committees Statute of 1987. There are five layers of local councils for rural areas and four for urban areas (Figure 5.1).

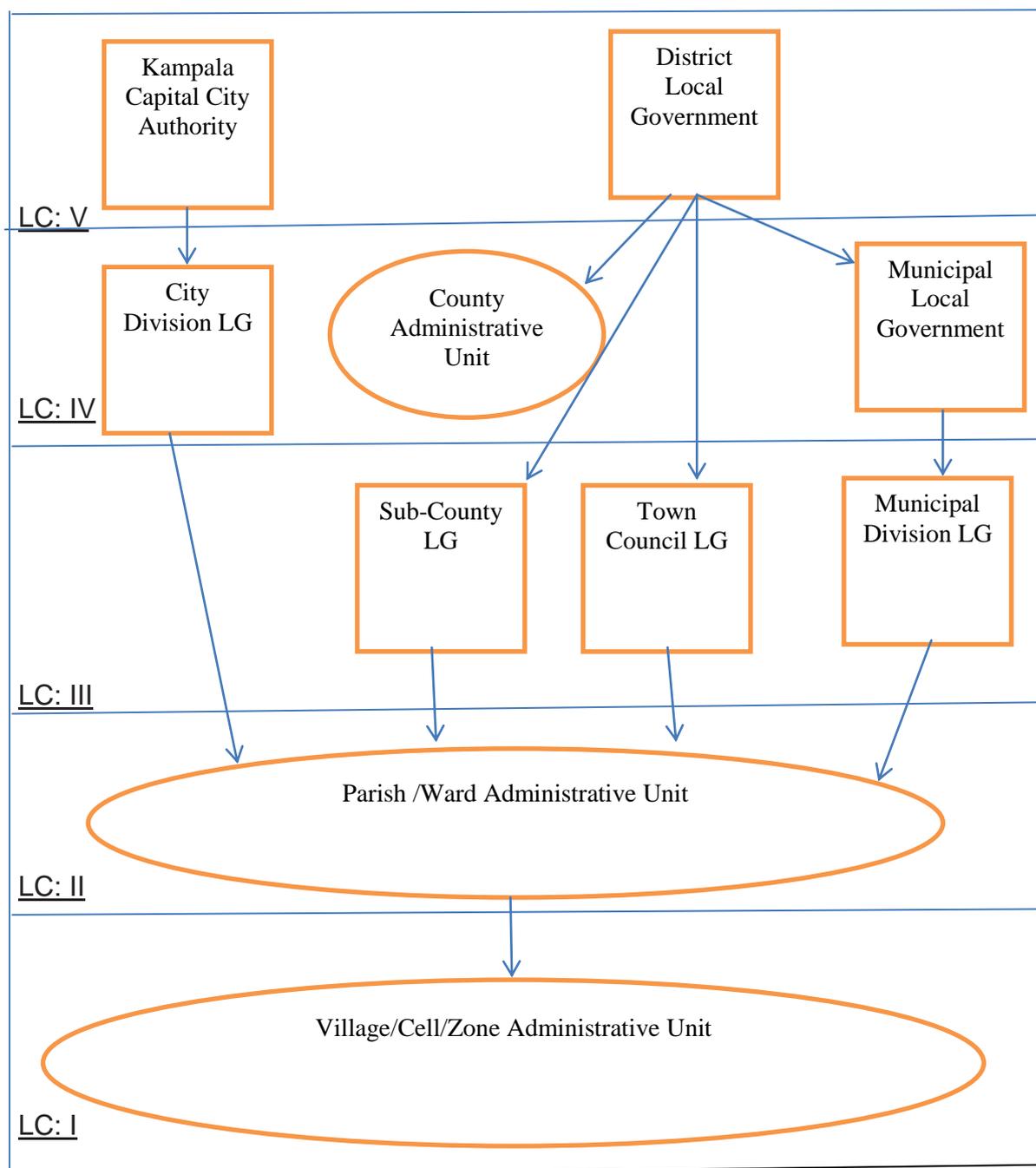


Figure 5.1 Local Government Organisational Structure

Source: Adapted from Steffensen, Tidemand and Ssewankambo (2004)

The principal unit of local government is the district council and city council. The rural areas have: village councils; parish councils; sub-county/town councils; town boards; and county

councils. Urban areas consist of: village councils; ward councils; municipal or city division councils and a city council. The local government structure in Uganda is categorised into two: administrative units that include village council, parish councils and county councils; and local government that include districts, municipal councils, town councils and sub-counties with powers to legislate.

Table 5.1 provides a summary of the current local government structures in Uganda.

Table 5.1 Local Government Structures

No.	Authority	Type	Number
1	City	Urban	1
2	District	Rural	111
3	Municipality	Urban	22
4	Sub-Counties	Rural	903
5	Town Councils	Urban	174
5	Divisions	Urban	52
6	Parishes	Rural/Urban	5,225
7	Villages	Rural	57,691

Source: MoLG, Ministerial Policy Statement Financial Year 2012/2013

Each local government has an executive committee headed by a directly elected chairperson who appoints his/ her executive to form an executive committee of the local government with a responsibility of supervising technical officers and implementing Council decisions. Council members are assigned to specific standing committees that handle and monitor sector matters and report to the full council. At lower government level, only the chairperson/mayor is full time; other executive committee members are part time and are paid allowances.

The Local Government Act 1997 under Section 48 spells out council members for each administrative unit. At the village levels the council is composed of all adult residents above the age of 18years irrespective of whether you are a citizen or not. The executive members of village council constitute the parish council and the council members at sub-county level

constitute the County councils The village, parishes or wards have executive committee composed of nine people that include a representative of the youth elected by the youth; a representative of the women elected by women a representative of persons with disabilities elected by people with disabilities (Local Governments Act 1997, Section 48).

Each district local government has a District Service Commission that is approved by the Public Service Commission appointed by the central government. District Service Commission are responsible for appointing and disciplining all local government staff in their respective districts other than the Chief Administrative Officers and their deputies. The structures and establishment for each district is determined by the central government.

In Uganda, apart from the central and local governments, traditional authorities exist whose role is to mobilise their communities to preserve their cultural heritage and participate in community development programmes. By law cultural leaders are prohibited from partisan politics. The chiefdoms and kingdoms are headed by chiefs and kings respectively and some of the kings have a lot power and influence over their communities. For example, the King of Buganda, where the capital city is located.

5.5 Local Government Budgeting Process in Uganda

In Uganda, incremental budgeting has been practiced over the years. Budgeting on local governments is guided by guidelines from MoFPED as well as MoLG (Awio and Northcott, 2001).

Local government are required to ensure that their budgets are aligned to the development plans and reflect what can be realistically achieved. Second, they have to ensure that clear objectives, targets and means of measuring performance are well laid out to facilitate monitoring achievement of intended results of the resource allocations. To ensure that this is

done, the central government issues guidelines to all local governments giving three pre conditions to guide the budgeting process. The first requirement is that the process of preparing the budget must involve all stakeholders to ensure that the final budget is owned by the people. Second, activities to be funded under the budget must be based on informed choices and this implies that stakeholders should be given the required information during the budgeting process. Lastly it is required that all activities in the approved budgets must be realistic and achievable (LGFC, 2005)

5.6 Budget Participation Mechanism in Uganda

Lower local governments are guided by the higher local government on the resources available for the coming year. And, based on the availed information lower local governments will determine their priorities taking into account priority areas as defined by the central government.

Each village council convenes a budget meeting chaired by the chairman of the village. The village council meeting guided by the parish chief is expected to come up with a list of their priority items that they would like to be included and funded in the coming budget. The chairman of the parish council working together with the parish chief collects all village proposals from the parish and convenes a parish council meeting to discuss the proposals and come up with agreed activities for the parish that is forwarded to the Sub-county council.

At the Sub-county level, the technical officers consolidate all parish proposals and forward them to the Executive Committee for their input. The executive committee then submits to the full council for their approval. The council forward the proposals to the relevant sector standing committees for detailed analysis. The recommendations of the sector standing committees are finally forwarded to the full council for debate and approval.

5.7 Wamala District Local Government

This section provides the background of Wamala District Local Government (WDLG), the study site. The first sub-section outlines the profile of WDLG. The second outlines the political and social environment of the district. The third provides the structure and organisational setup. The fourth provides the documented practices of budgeting since its establishment in 2000.

5.7.1 Wamala District Profile

The study setting is Wamala District Local Government, a local government that has both an urban and rural setting and whose performance in terms of PB is rated high (MoLG Report, 2012).

Wamala District shares borders with one district in the east, one in the north, two in the west and one in the south. According to the 2002 census (Uganda, 2002) Wamala, with a population of 907,988, had the largest population of all the 111 districts in Uganda (UBOS, 2009). Currently the population is estimated at 1.5 million. About 92 per cent of the population live in rural areas.

The district is divided into two counties: C1 and C2 (LC IV). It has one Municipal Council of MC1; six town councils: TC1, TC2, TC3, TC4, TC5 and TC6; two municipal divisions: MD A and MD B (LCIII); fifteen sub-counties (LC III); two town boards (LCII); 146 parishes (LC 11); and, 704 villages (LC 1) (Wamala District Report, June 2012).

5.7.2 Structure and Organisational setup of Wamala Local Government

a) Structure

The structure of WDLG is the same as for all local governments in Uganda, where counties, town boards, parishes and villages are administrative units with only judicial and administrative powers; municipal councils (MCs), municipal divisions (MD), town councils (TCs) and sub-counties are lower local governments (LLG) with political, executive powers and financial autonomy within their areas of jurisdiction, as per Section 30 of the Local Government Act 1997 and 2006 (Uganda 1997). The district local government, which is a higher local government, has supervisory and advisory powers over LLGs within its area of jurisdiction. WDLG, with 24 local governments and 854 administrative units, has the largest number of local governments and administrative units (WDLC Report, 2012).

b) Organisational Setup

The local government organisational structure is made up of two arms: political and technical. Their roles are well defined: the technical arm is expected to give technical advice and guidance to the political wing and implement all lawful policies approved by the political wing. The political wing is expected to represent its constituencies by formulating policies, and monitor implementation of decisions made by the council (Figure 5.2).

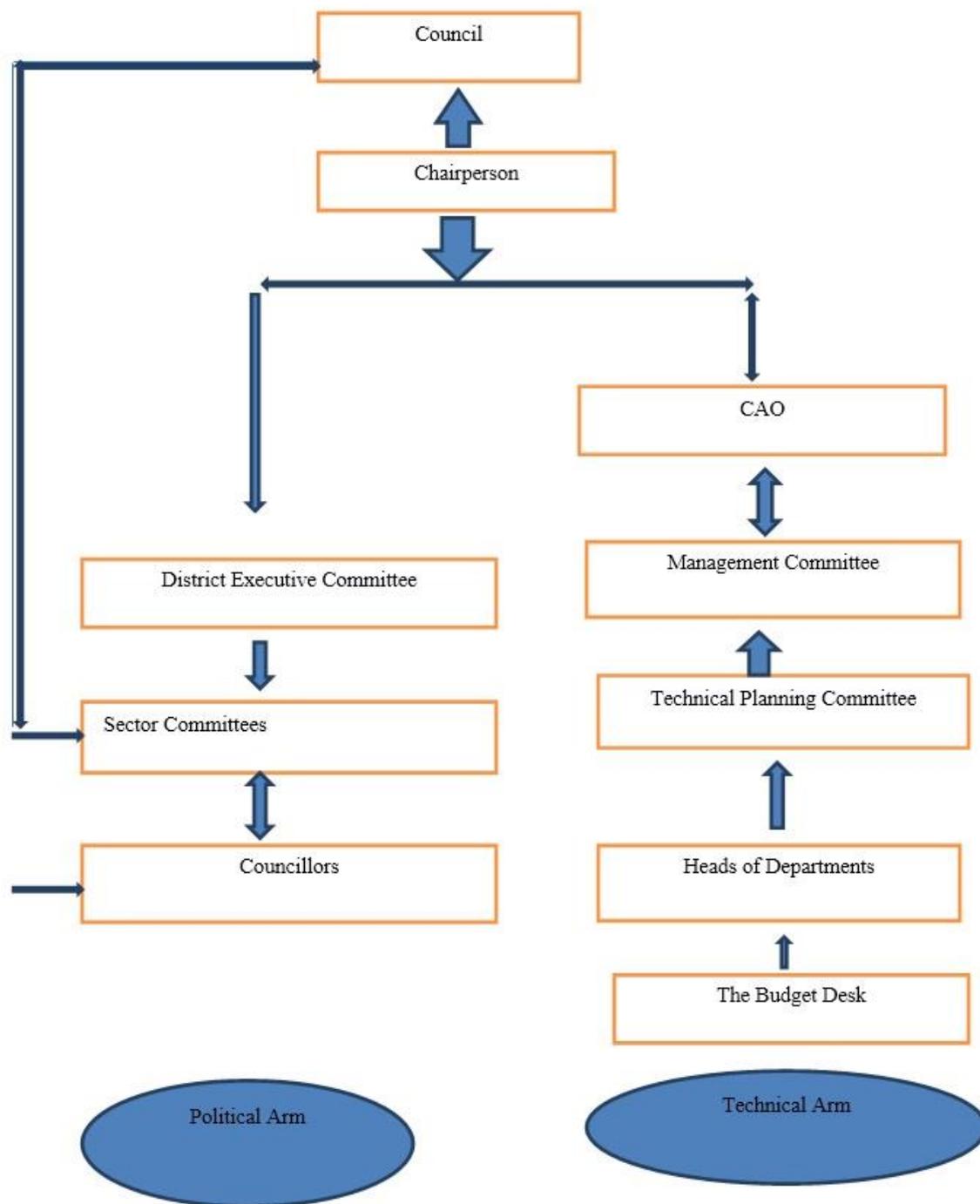


Figure 5.2 Organisational Setup of WDLG

Source: Gleaned from literature (LGFC, 2005; LG Act, 1997).

5.8 Summary

The Government of Uganda adopted decentralisation as its local government system where a district local government is the principle unit of governance. Through village councils all residents have an opportunity to participate in the planning and budgeting process

The chapter has also provided background information on Wamala District, the study site. The chapter outlines the design of the participatory process, mechanism, political environment and expected outcomes of the entire process as per the Constitution (Uganda, 1995), Local Government Act, 1997, Local Government Financial and Accounting Regulations (LGFAR), 1998, 2007 and other official policy documents. This leads us to Chapter Six, which presents the field findings that describe the real practice on the ground.

CHAPTER SIX: Research Findings

6.1 Introduction

The primary objective of this study is to explore the process and outcomes of participatory budgeting in a decentralised local government system, using Uganda as a case study and Wamala District Local Government (WDLG) as a study site. Chapter Five provided the background of local government reforms in Uganda and the profile of WDLG. This chapter presents evidence collected from the field using the research methods discussed in the methodology chapter. The findings are presented following the key elements that influence the process of participatory budgeting, as identified by Franklin and Ebdon (2006) and the study research objectives outlined in Chapter One. This chapter also provides findings that are either consistent or contrary with the theoretical framework in Figure 4.2. So, this chapter gives the “story” of this study.

The chapter has six sections. The second section presents findings regarding the government environment, the design and mechanism of the PB process. The third section provides evidence on how and why citizens participate in the budgeting process. In the fourth section, findings on achievement of desired outcomes are presented. The fifth section provides stakeholders’ views on how PB can be improved. The themes that emerged from the field findings are summarised in the last section.

6.2 The Government Environment, Process Design and Mechanism

6.2.1 The Government Environment

Uganda started getting funding from DANIDA in 1987 to support local governance (Lister, 2006). According to the 2012/2013 budget, 31 per cent of Uganda's budget is funded by development partners (MoFPED, 2012; The Monitor, 2012). Therefore, supranational agencies have a great deal of influence on budgetary practices in Uganda. As an officer interviewed from central government stated "... suspending bilateral aid has a lot of implications socially, financially and politically". Thus, NPM reforms adopted by Uganda are well-documented in legal frameworks. One of the interviewees responded as follows to the question of whether the legal framework was a constraint to financial management in Wamala:

The legal framework has never come up as an issue. The legal framework is very clear and well documented. The problem is: real practice.

Similar views were expressed by interviewees from WDLG. This confirms that the legal and institutional frameworks as laid out provide a favourable legal basis and structures for citizen participation. The challenge is in actual implementation, as what is actually done in practice is very different from what the laws, regulations policies and guidelines say should be done. This was summarised by one NGO interviewee who said, "Uganda has excellent policies and plan that are never implemented but used for soliciting donor funds and for public relations only".

The adoption of the decentralisation policy and participatory budgeting practices by LGs was dictated by the central government. Local governments like WDLG had no choice but to

comply. In response to the question whether political factors had any influence on citizen participation in the budgeting process, an officer in the planning unit responded as follows:

The stakeholders' participation in the budgeting process was dictated by the ministry of local government, our role is to implement. We did not have any input in the way the process was designed.

This was also confirmed by an officer from the Ministry of Local Government who stated:

Decentralisation is our baby and it is a responsibility to nurture it. Though there are challenges, especially regarding the ability of local governments to raise local revenue.

He also referred the researcher to the Ministerial Policy Statement for YF 2912/2013, which states:

The Decentralisation Policy continues to provide an important anchor for the advancement of Government of Uganda's overall political and socio-economic development agenda. The policy seeks to promote popular participation and empower local people to make decisions on important issues that affect their lives and enhance efficiency and effectiveness of service delivery. (MoLG, Policy Statement FY2012/13:iv)

However, a technical staff member in WDLG, working in the Department of Finance, had different views regarding central government's commitment to the implementation of the decentralisation policy:

You cannot talk of decentralisation without decentralising finances. Wamala currently depends over 90% on central government transfers, much of which are conditional grants, and the district is just used as a conduit to the actual beneficiaries.

We also came across evidence that, in many cases, central government takes decisions without involving local government. A case was cited where Uganda Shillings 70 million was diverted by the central government to finance a presidential pledge that was not in the district budget. Most interviewees cited dependence on central government transfers as the major factor that has inhibited the achievement of the objectives outlined in the decentralisation policy. Table 6.1 illustrates this problem.

Table 6.1 Sources of Finance as at the End of May 2012 for FY 2011/2012

	Source	Type	Budget UGX	May Actual UGX	% age
1	Locally raised funds	District	1,898,000,000	1,353,000,000	71
		Sub counties	1,839,767,000	1,465,000,000	80
2	Unconditional District	Wage	1,694,959,000	1,421,912,522	84
		Non-wage	1,569,318,000	1,569,319,627	100
3	Unconditional Urban	Wage	887,061,000	417,295,675	47
		Non-wage	1,141,973,000	1,141,972,250	100
4	Start up for	New TC	80,000,000	80,000,000	100
5	Conditional Grant		30,470,664,000	28,104,016,558	92
6	Other Central Govt.	Transfers	6,853,215,000	4,335,383,817	63
	Total Revenue		46,434,957,000	39,887,900,449	86

Source: Finance Directorate

From the table above, WDLG contributed 7% of the total revenue collected over the eleven months of financial year 2012/2012. This was 1% below the budgeted local contribution to the budget. Funding from central government therefore represented 93% of the total funds collected during the same period.

Responding to the question: What changes in the budgeting process has taken place in Wamala District since its inception? Interviewees from civil service organisations (CSOs),

non-government organisations (NGOs) and ordinary citizens were of the view that the budgeting process as well as decentralisation had lost track, as it now represents decentralised corruption to the benefit of political leaders and technical staff. An interviewee from an NGO stated “they [government] never decentralised power and resources, they decentralised ‘eating’ to the politicians and civil servants. What we have in local governments is massive corruption; political and technical staff award themselves contracts and steal money and drugs from hospital”. This was in agreement with a report in *The Monitor* newspaper (21st November 2012) regarding a monitoring exercise carried out in Arua local government hospital: “We discovered that malaria drugs are the first to get finished. Once these drugs arrive, all the relatives of the health workers fall sick and each is given about 10 doses of the medicine which ends up in their clinics”. This goes further to confirm that corruption is a major issue in implementing NPM reforms in Uganda.

6.2.2 Process Design

The PB process was designed to start with central government sending indicative planning figures (IPF) to local governments. This is supposed to be done by mid-October, but in the current financial year they were not provided until mid-January. Given the dwindling local revenues, whereby local governments depend on central government transfers, this has greatly undermined one of the cardinal objectives of decentralisation: making local communities determine their needs and priorities. During the interviews with various stakeholders, it emerged that the IPFs limit local government in the range of activities they can embark on, resulting in them leaving out many key priority areas in the development plan.

The process design guidelines state that development plans from the village councils are used as an input into the next level of LG. The logic behind this planning cycle is to implement a

bottom-up approach to planning and budgeting, by involving the citizens in the planning and budgeting process as per the decentralisation policy. In this way, the National Development Plan would reflect the needs and priorities from the ordinary citizen that are assumed are captured in the district plans. From the findings, it was clear that WDLG did not follow the guidelines for developing the district plan, and no attempts were made to ensure that the process was participatory. The implication is that citizens' needs and priorities were not captured in the district development and subsequently also missed out in the budget. Budget conferences that are supposed to provide an opportunity for participation were dominated by political leaders and technical staff. One member of a community based organisation (CBO) who responded to the question regarding the effectiveness of the mechanisms for participation, and whether their contributions are taken into account in the final budget as follows;

During budget conferences we are not given time to air our views and contribute our ideas. The exercise is done in a rush, technical staff present their documents and no copies are given to us. They do not get back to us to tell us the outcomes of budget conferences. The whole exercise is just a circus.

Field findings indicate that the design of the PB process in Uganda is appropriate. However, the challenge is that the design does not take into account how to enforce participation, and, ensure that political leaders and government officers enforce the existing legislation and policies that have been created for this purpose.

6.2.3 Mechanisms for Participation

Regarding the question of the participation mechanism available for citizens' involvement in the budgeting process; the respondents came up with two distinct mechanisms (a) public hearings through village and parish councils, and (b) budget conferences at lower

governments and district local government level. However, according to the MoLG budgeting guidelines (2003a), mechanisms of participation include village council planning meetings moderated by parish chiefs and the Community Development Officer from the sub-county; parish development committee moderated by the Parish Chief and Community Development Officer from the sub-county, sub-county budget conferences moderated by the Senior Assistant Secretary (SAS); and the district budget conference moderated by the Chairman of the district. In practice, village councils and parish councils are no longer functional. This is attributed to lack of legal legitimacy for their existence, as their term of office expired in 2006, having been elected in 2001. Village and parish council meetings in many areas no longer take place. Those few that are still operating are working on a voluntary basis and are not protected by the law. As one LC 1 chairman stated in response to the question on how citizens participation can be enhanced:

Since we are not protected by the law, we do not get involved in activities that are not rewarding because if you make a mistake the government will not be on your side. You will be left to suffer alone with your family. We therefore handle issues where we know we are safe or the benefits are worth the risk.

Similar views were echoed by one of the political leaders of WDLG in responding to the same question:

Village and parish councils lack political and legal legitimacy. Their term expired six years ago! Therefore we have no input that genuinely comes from the village council and parish development committee. Whatever is indicated as an input from village and parish councils are an innovation from the technical staff who want to convince central government that the district is following laid down procedures in preparing the budget. Failing to do so, the district may not access resources from the centre.

6.3 Citizen Participation in the Budgeting Process

This section presents findings on who participated and how they participate in the budgeting process. The first sub-section presents findings on who participates; and the second sub-section, on how in practice they participate in the following six stages: a) preparation; b) formulation; c) approval; d) implementation; e) monitoring and control; and f) evaluation.

6.3.1 Who Participates?

Uganda is governed under a multi-party democracy. Currently five political parties (NRM, FDC, DP, JEEMA and CP) have elected representatives at all levels of government. There are also political leaders who are independent with no party affiliation. WDLG has forty councillors belonging to four different political parties. The majority of the councillors (22 out of 40) are from the National Resistance Movement, the ruling party in Uganda. The Chairman of the district is from the Democratic Party, an opposition party. In the five-member executive of the Council, including the Chairman, there is only one member from NRM, the main opposition party. The Speaker of the Council and chairpersons of the sector committees are all from the opposition parties. However, in spite of the fact that the opposition has the majority in the council, the power struggle in the council is between the executive and non-executive councillors and cuts across the political divide. In response to the question of: Which factor (political social, economic or environmental) has the greatest influence on the effectiveness of citizens' participation? One of the councillors interviewed responded as follows:

Budgeting is politics. We are all politicians but these members of the executive think that they are special. They do not think about us. All the money, they want to eat it up with the technical staff, when we all spent money to become councillors. Our only chance to make

them know that we also exist is during the budget process. We will not pass the budget unless our interests are catered for.

The researcher also observed that during the Finance Committee meeting, the proposal by technical and executive members to maintain councillors' allowances at the current level of funding was opposed by all of the other councillors, irrespective of their party affiliations, and could not be resolved in a meeting that went on until 9.00pm without any agreement being reached. This further confirms that rent-seeking interests rather than political affiliation may be a critical inhibitor in the PB process. The statement further shows how the elective politics of Uganda is monetised, which may compromise the effectiveness of political leaders as peoples' representatives.

By law, one third of council members of local government should be females. The youth and people with disabilities have two representatives each on the council, one male and one female. CSOs and NGOs participate during budget conferences. Thus we can conclude that the design of the PB process is inclusive.

Findings from the field also provide evidence that communication is one-way, contrary to the guidelines. Budget documents in all cases are distributed late, including to members of the executive, who might be given the budget documents two hours before the meeting. Communications of Indicative Planning Figures (IPF) from the central government that form the basis of preparing budget framework papers for local government come late. For example they can be communicated on a Friday when the deadline for submission is on the Monday of the following week. The review report by LGFC also pointed out that delays caused by late issuance of budget guidelines by central government encumber the proper implementation of the budget cycle, thus limiting the time available to local governments for consultations during the budget formulation stage. The report further stated that LGs have limited funds to

comprehensively engage in participatory planning in the budget process, and this weakened the bottom-up concept in the local government budget process (LGFC, 2012). With a ban on recruitment (currently the Wamala staffing level stands at 60%), Wamala finds itself constrained to meet set deadlines and at times depends on interns to go through the budgeting exercise, and this has an impact on the quality of the output. In the last budget conference, out of 21 sub-counties that were supposed to attend, only five attended, because of poor communication, as most of the chairpersons got to know about the budget conference on the very day of the conference.

6.3.2 How Citizens Participate

a) Preparatory Stage of PB Process

This stage covers the development of the three-year District Development Plan from which the annual budget is derived. The key players in the process are the technical staff led by the Head of the Planning Unit. The District Planning Unit is responsible for the development and preparation of the District Development Plan from which the district budget is derived. Heads of departments are responsible for initiating the development of plan and budgets for their departments. However, as one head of department stated in response to the question regarding whether their contributions are taken into account in the final budget:

Our contribution to the planning and budgeting process is on paper, our views are never taken into consideration, what is considered is only what the Chief Administrative Officer and the Chief Finance Officer want.

It was established that this failure to make budget conferences participatory has created a negative impression among citizens which affect their participation in future. As one member of an NGO stated: “NGOs are just invited to show how much they will contribute to the

district budget". While there are provisions in the budgeting guidelines and legal framework for NGOs and CSOs to participate in the budgeting process, evidence from the field indicates that it is only those NGOs that have mainstreamed their activities in the district development plan that are invited to attend planning and budgeting meetings. By virtue of their setup, NGOs and CSOs are closer to the people, and their participation in the planning and budgeting process is expected to influence the allocation of resources, especially to marginalised groups and the poor. Unfortunately, evidence from the study indicates that this is not the case. There was also evidence that those NGOs and CSOs that do participate in the budgeting and planning purpose do so expecting to be allocated funds for their activities, and their expertise in effectively engaging in the budgeting process is lacking. Their ineffectiveness was explained during the focus group discussion by a political leader:

NGOs and CSOs are very active in the district and greatly supplement district services, but the district does not make any contribution to them, for example, one NGO that is very active in the district wants an office, but we cannot provide it because it is not a government institution.

The above explains why their participation is of no consequence to the process, as they cannot influence the prioritisation and allocation of resources.

b) Formulation

This stage involves extracting programmes and activities from the development plan developed in the preparatory stage that will be funded during the year under consideration. The process of allocating resources to needs and priorities starts with this stage.

In Uganda, citizens of a local government are expected to be involved at this stage of the budgeting process through the budget conference. The budget conferences are moderated by

the chairpersons of LGs. Evidence from the case study shows that these conferences are used as a political platform by the chairpersons to communicate what they have been able to do and what they intend to do, rather than as a mechanism for collecting input from participants to inform budget decisions. The Chairman of Wamala District responding to the question of regarding the effectiveness of the mechanisms for participation said that:

District budget conference is not reflective of district stakeholders, this is because: i) Poverty of citizens - they need facilitation to attend. However due to resource constraints the district cannot afford to facilitate participants apart from giving them lunch and refreshments. An example was given that all LC I Chairpersons collected their allowances from the district but never attended the Budget conference; ii) the poor and uneducated are keener to participate in the budgeting process; and iii) most of the funds from central government are conditional. Thus meeting stakeholders' needs depends on local revenue collected and the first call on local revenues is Councillors' allowances.

The observations by the Chairman of the district were confirmed by the Director of the Local Government Inspection Directorate, who stated in his address to the 8th Joint Annual Review of Decentralisation that:

Planning and budgeting still takes a very straight course that lacks innovations and flexibility to effectively touch the core poor. Unique livelihood groups, deprived geographical poverty pockets persistently remain poor. (Walala, 2012:45)

Uganda being known for its conservatism, the researchers explored the effect of cultural norms and values on PB. Women, according to Ugandan culture, are expected to take a back seat in society. However, the researcher as a non-participant observer saw that women councillors were in some cases more vocal than men councillors. There are a number of community based organisations (CBOs), especially women's groups. Most of the CBOs have

social welfare as well as economic objectives. It was established that these women's group CBOs have a great deal of influence during elections and most political leaders rely on them to mobilise voters. As one councillor said in response to the question regarding how social factors influence citizens' participation:

If you have these women's groups on your side, you are assured of winning an election.

They are reliable unlike men and the youth who just eat up the money and vote for your opponent.

Ordinary citizens interviewed did not regard themselves as part of government or as people who can influence government, as one said in the local language "Gavumenti zabasoma" (literally translated as: The government is for those who are learned or educated). This evidence shows that citizens do not see themselves as part of government and view corruption in whatever form as an acceptable norm. The perception of an ordinary citizen is that public funds belong to no one, so whoever has access to them is free and it is normal to misuse public resources, and those who do not are ridiculed. How one amasses wealth is not an issue to the wider society.

c) Approval

The Council has the legal mandate to approve local government budgets and this responsibility cannot be delegated. In Uganda, all LGs complied with this legal requirement, following set budget guidelines issued by central government. In WDLG, the budget was laid before the Council on 11th June 2012 (the set deadline is 15th June). Thereafter the budget was referred to the relevant sector committees. WDLG has five sector committees: Works, Water and Roads; Health and Education; Production, Marketing and Natural Resources; Gender and Community Development; and Finance and Planning. Sector committee meetings are moderated by the chairperson of the sector committee. All councillors are free to attend

but only members of the committee are entitled to allowances. It was observed that although all councillors are free to attend sector committee meetings, none attended.

The approval stage is moderated by the District Speaker, as required by law. The Chairperson of the Finance Committee presents the committee recommendation. Thereafter, the Secretary of Finance moves a motion to approve the budget and, if seconded, the budget is considered approved.

The researcher was a non-participant observer of the sector committee meetings. The main observations made were:

- i. Documents to be discussed were presented on the very day of the meeting and some of the documents, for example those of the Health and Education departments, were not ready until very late in the afternoon when the meeting had already started.
- ii. Meetings that were scheduled to start at 9.00am started at the earliest at 11.25 am. The full Council that approved the budget did not start until 4.00pm after resolving the issue of increasing allowances for the councillors. This was not unique to WDLG alone, but was the same across all local governments in Uganda. The MoLG had to issue a circular (see Appendix 7.1) reminding all local government councillors of their role and the laws and regulations regarding their emoluments.
- iii. Meetings are scheduled to end at 5.00pm, but in most cases meetings extended well beyond the official time. An example is the meeting for budget integration, composed of members of the Finance Committee and chairpersons of all other sector committees, which did not conclude business on the first

day and ran until 9.00pm on the next day again the contentious issue was that of councillors' allowances. One of the councillors was open and said during the debate, "We will mobilise councillors to block the budget if we are not involved in monitoring the budget where we get political capital".

- iv. The budgets in all sector committees were presented by technical officers instead of the secretaries, who as executive political leaders have a statutory mandate to provide political oversight over their respective sectors. In a number of instances, secretaries were asking questions during committee discussions instead of presenting and defending what had been presented to the sector committees of their respective portfolios.
- v. There was clear evidence that members of the Executive Committee did not know the contents of the budget they had presented to Council. As an example, at the lower local government level an executive member was against approving the budget the executive had presented to Council.
- vi. In one of the sector committee meetings, the budget for the sector could not be approved because there was no quorum to raise a motion passing the budget, but the room was full of technical officers. The discussion of the budget was between the chairperson of the committee and technical staff, so no one had realised that other members of the committee had already left.
- vii. The role and function of the Integration Committee was not clear to members, as most of them during the full Council meeting saw it as an opportunity to open up fresh debates on the reports they had agreed on during their sectoral committee meetings.

- viii. The budget approval for lower local governments is not coordinated with that of the district. An example is where a new tax on cyclists was introduced at the district level, but lower level local governments were not aware of this.
- ix. The capacity of the district to monitor and provide guidance to lower local government was also evidently absent. A case can be cited where a Sub-County Senior Assistant Secretary (SAS) did not actually convene a council meeting to approve the budget, but approached individual councillors at their places of residence or places of work to sign an attendance register and minutes approving the budget.
- x. Communication to councillors to attend budget meeting is effective, as all councillors interviewed agreed that they had received notices for the budget meeting on time. However, their complaint was that there were given short notice for the budget conference: as one councillor stated, “we were ambushed, therefore our contribution was limited”. Methods of communication used include telephone calls, courier services and sending text messages (SMS).
- xi. Communication during sector committee and council meetings is a challenge, as some councillors cannot speak English, which is the official government language and had to use the local language (Luganda). However, all budget documents are in English.

The technical planning committee harmonises the development plan and the input from budget conference and heads of departments is chaired by the Chief Administrative Officer (CAO). The key players in the technical committee meeting are the Chief Finance Officer (CFO), the Chief Planning Officer and the CAO. At the executive level the meeting is chaired

by the Chairperson of the district, who this year was not able to chair, so responsibility was delegated to the Vice Chairperson, who is also the Secretary for Finance. The focus of the meeting was stated by one member of the executive as being “to ensure that our political agenda is well catered for”.

Contrary to the budget guidelines, the contribution of the executive committee members, who are expected to play a key role, was not visible. The executive is expected to approve the budget prepared by the technical committee before it is presented to the council, but evidence collected from a member of the executive indicated that they never had a chance to look at the final document, as it was given to them on the very morning the budget was presented to the full council. Discussions during the sector committee meetings also indicated that sector secretaries were ignorant of what was being presented for their sectors by the technical staff. Moreover, according to the guidelines each secretary should have presented their sector budget to the sector committee, which was not the case. The non-participant observer noted that in some cases some secretaries did not know what was in the budgets of their sectors. It was further observed that councillors reviewed the proposed budget at the line item level and this was a common practice in budget reviews.

d) Implementation

There is no mechanism for citizen participation at this stage. Implementation is the exclusive responsibility of technical staff. After budget approval, implementation of the budget as per the workplans is the responsibility of the technical staff. However a number of activities approved in the budget to be funded from locally raised revenue end up unfunded. An example came from the Department of Education under the sports section where a member stated, “Over the last three years we have never got any funding from the district, we depend on donations”. Similar comments were made by the Internal Auditor during the sector

committee meeting when he stated, “In the last quarter of the year we never received any funding at all”.

Unavailability of funds constrains implementation of the budget as planned. An example was given where in financial year 2011/2012, the central government reduced funds remitted for roads by Uganda Shillings 600 million. Similarly, in the current year, the district had expected to receive funds for the first quarter of financial year 2012/2013 by 15th July, but by the end of August, the district had not yet received funds from central government. A senior technical officer on implementation had the following comment:

Local revenue is most unreliable due to political and economic factors beyond the control of the district. Delay in release of funds also affects implementation. In some cases money is released towards the end of the financial year and funds uncommitted by 30th June are expected to be returned to the Consolidated Account of the central government in the central bank.

Evidence collected from the field on budget implementation indicates that dependence on central government transfers has a negative effect on the PB process and this is compounded by the selfish interests of both technical and political leaders at the expense of ordinary citizens. It was also established that implementation of the central government also depends on donor funding. This was confirmed by a government minister in the Ministry of Finance who was quoted in the Monitor of 24th November:

The issue of development partners withdrawing their budget support has had an impact on the management of revenue inflows hence making it difficult for us to implement the planned budget. (The Monitor, 2012).

This followed the suspension of aid to Uganda by five donors, including Ireland, Sweden, Norway, Denmark and the UK over massive corruption at the Office of the Prime Minister.

It has also been established that the audit function which is critical in ensuring transparency and accountability is not given priority in resource allocation.

e) Monitoring and Control

The legal and institutional frameworks are very clear on the roles of political leaders, citizens and technical staff as regards budget monitoring. Political leaders who are members of the executive committee have a responsibility to supervise and monitor the implementation of the budget by the technical officer. Other political leaders have a responsibility to monitor activities in the approved budget within their constituencies and their assigned sectors. Evidence from the case study, at both the district and lower government level, shows that monitoring by political leaders other than those on the executive is not given priority. Citizens are expected to be involved in monitoring the health and education sector through the management committee. Evidence on the ground, unfortunately, shows that these management committees are not operational owing to lack of funding. Monitoring expenses for political leaders are supposed to be funded from locally raised revenues. As stated earlier, local governments in Uganda have a challenge in collecting local revenue, and whatever is collected goes into paying councillors' allowances. This leaves almost nothing for other expenses that are expected to be funded locally. One member of the School Management Committee had this to say regarding this issue:

We cannot do work for government for free when others are being paid. Let those who are paid monitor. If they want us to monitor they should pay us like they pay councillors.

Councillors at both levels of government expressed similar views regarding the facilitation of monitoring activities. At the lower local government level (sub-counties and town councils), only the chairperson is a full time employee of the local government, thus responsible for supervising and monitoring technical staff. During all the sector committee meetings, the issues of budgeting for councillors' monitoring expenses emerged as a key determinant in approving sector budgets. Unfortunately this was not on the basis of ensuring better service delivery, but for rent-seeking motives by councillors to obtain allowances.

f) Evaluation

The design of the process provides for citizen participation on an annual basis during the budget conference. The people interviewed stated that the selection of participants for the budget conferences was based on partisan support. Individuals and groups known to be critical of the technical officers and executive are not invited and those who attend are never given a chance to contribute. This makes the evaluation stage of the PB process a symbolic exercise to comply with guidelines. The researcher observed that during the budget conference the focus was on the new budget, rather than evaluating past performance.

6.4. Achievement of Desired Outcomes

This section has three sub-sections. The first presents findings on how participants' input influences budget decisions. The second presents findings on transparency and accountability, and the last findings on how the process contributes to the education of citizens and enhances their capacities to identify their need and priorities so as to have an influence on the allocation of public resources.

6.4.1 Influence over Budget Decisions

The outcomes that emerge from Uganda local government participation processes show results that are less than desired. While the lower local government of the SC1 sub-county council incorporated the desired funding for roads maintenance, as demanded by the councillors, it was established that the concerns of citizens were never captured in the development plan and subsequently were not budgeted for in the approved budget. This is not only unique to Wamala District Local Government, the study site: even at national level, the desired outcomes are not realised. This is evidenced by an article published in the Sunday Monitor newspaper of 30th September (2012:1) stating:

On Thursday, MPs ignored the Shs6.5 billion in budget cuts proposed by the government to break a standoff over the health sector that had held up the passing of this year's budget. Parliament did not change anything in the original figures submitted by the government even after Prime Minister Amama Mbabazi promised that some cuts would be made to find more money for the health sector. Jinja East MP Paul Mwiru tried to remind Speaker Rebecca Kadaga that the figures the House approved did not include the money for health, but his fears were talked down by the Budget Committee Chairperson, Tim Lwanga, and the Bukedea Woman MP, Ms Rose Akol. Passing the Budget without the proposed cuts means that the Shs800 billion for health sector will not be increased as expected and if the planned appropriation fails to capture the figures, the planned recruitment of health workers could face financial difficulties.

It was also established that in WDLG, citizen participation is treated as a ritual and has never been taken seriously by either the technical or political leaders. One member of the executive in response to the question: To what extent are citizens' contributions during the budgeting process taken into account in the final budget?

Budgeting in Wamala is a formality to meet government requirements. For example, one sub-county (SC) local government passed their budget before the district budget. The twenty-one million Uganda shillings allocated to the sub-county under the community development programme in the district budget was not reflected in their budget because they had not benefited from the programme the previous year.

6.4.2 Enhancing Transparency and Accountability

Transparency and accountability are key pillars of the decentralisation policy, as measures of good governance. In WDLG, it was established that both the political and technical leaders agree that there are adequate legal and institutional frameworks to ensure that the district is transparent and accountable in all its operation. However, in practice, transparency and accountability are below expectations. Evidence from the fieldwork about participation as a mechanism to enhance transparency and accountability shows that there are no clear guidelines for participation. Participation is voluntary, and there are no sanctions for non-participation and no feedback mechanism. A budget conference is held once a year during the budget formulation stage. This is where an attempt is made to give an account of what has been done, and what is proposed to be done in the coming year. However, as mentioned earlier, the budget conference is a one-day meeting lasting at most five hours, and during those five hours participants have to listen to presentations from five sectors covering more than fifteen departments.

A radio programme which is run on a weekly basis is the only structured channel used to give political accountability to stakeholders. As one resident of Wamala stated, in response to the question of: Does citizens' participation in the budgeting process address local priorities? "Councillors no longer represent us, they represent their stomachs". Therefore, the outcome

of citizen participation in the budgeting process is rated negatively in terms of influencing budget decisions, accountability and transparency.

A study commissioned by the Local Finance Commission came out with the following findings:

Table 6.2 Performance of FDS

Main Objectives of FDS	Performance
Harmonising annual planning and budget process	Satisfactory
Improving the funds transfer system	Satisfactory
Setting up a strong framework for financial accountability	Satisfactory
Local participation especially of lower local governments	Moderate
Use of Output Budgeting Tool (OBT) for reporting	Moderate
Reducing the number and conditions for grants	Poor
Giving more flexibility to local government during budgeting	Poor

Source: LGFC Review Report August 2012

The report recommended that “the Government should pursue increase in discretion in grants to widen participation; push autonomy in budget decision; and strengthen local accountability to improve effectiveness of local programmes” (LGFC, 2012:4).

Accountability is currently a national challenge, as reported in the Monitor newspaper of 15th October 2012:

As a wave of inquiries into suspected financial malpractice sweeps through many government departments, a new internal audit which closed two months ago suggests there has been a break down in accountability across all public offices. (Accessed on 15th October, 2012).

6.4.3 Educating Citizens

As argued by Turner and Bryan (1990), civic education is an instrument that can be used to empower powerless groups and individuals with knowledge and skills which are indispensable if citizens are to effectively participate in the budgeting process. Evidence from the field shows that, there is no structured system to educate stakeholders on their responsibilities in the budgeting process.

6.5 Summary

This chapter has presented the findings on how participatory budgeting is conducted in actual practice in Uganda using Wamala District Local Government, the study site. Evidence collected has been presented based on our research objectives. From the field data and information collected, the findings can be summarised in the following themes:

a) Power Relations

Power relations, especially between the technical officers and political leaders, emerge as a key factor in citizen participation in the budgeting process and achievement of desired goals and outcomes. The central government controls the structures and processes of participation. Therefore, the effectiveness of citizens' participation and the extent to which they can influence local government budget decisions depend on central government decisions. Thus, central governments can be catalysts or can become barriers to effective citizen participation in the budgeting process of local governments. As Schönwalder (1997) argues, those local

governments in Latin America which never paid enough attention to the question of power relations have had minimal success in involving citizens in the budgeting process.

Although budget guidelines and legal requirements state that citizens should be involved in planning and budgeting exercises, the reality on the ground is different. In practice, decisions on who to invite are taken by technical officers. According to one head of department, the allocation criteria used by the CAO and CFO are based on the question “What does the district lose if ‘your’ activity is not funded?” Civil society organisations that are considered to be critical in the budget meeting are black listed. Even at the technical level, there is evidence of power struggles in resource allocation.

b) Participatory Skills

Lack of knowledge and skills in budgeting and in public sector financial management emerged as a common factor that has affected the effectiveness of participatory budgeting in WDLG throughout. As Gaventa and Valderrama (1999) observe, analysing financial information and planning data requires particular skills, technical knowledge, experience, and managerial capabilities which most political leaders and citizens in Wamala lack. The problem of poor public financial management skills at both levels of local government runs as a common theme in the interviews and observations conducted as well as the studies reviewed.

c) Corruption, Cultural Norms and Values

The issue involved in mobilising citizens to participate and demand transparency and accountability of elected leaders and public servants against a cultural background of lack of democracy emerged as one of the challenges of participatory budgeting. The question that emerges is: How do we enforce participation and ensure that political leaders and

government officers do not use their access to public resources for selfish gain? This is currently a national challenge, as The Monitor newspaper of 15th October 2012 reported:

As a wave of inquiries into suspected financial malpractice sweeps through many government departments, a new internal audit which closed two months ago suggests there has been a break down in accountability across all public offices. (The Monitor Newspaper, 2012).

d) Structures for Participation

Strengthening of citizen participation in local governance has to do with strengthening structures and institutional organs that will make contributions of groups and individual participants influence final decisions of public affairs. The majority of the current mechanisms have a consultative character. The current direct citizen participation is associated with the planning development stage.

e) Locally Raised Financial Resources

Lack of financial independence by LGs emerges as a key constraint in achieving the desired goals and outcomes of the participatory budgeting process in a decentralised local government system.

The themes emerging from the findings have been summarised. The analysis and discussion of these findings follow in the next chapter.

CHAPTER SEVEN: Discussion and Analysis

7.1 Introduction

This chapter discusses and analyses the findings from the study, drawing on the empirical evidence presented in Chapter Six, the literature review in Chapter Two and the theoretical framework presented in Chapter Three. The theoretical framework is particularly useful in making sense of the data collected.

Following this introductory section, the next section discusses the influence and impact of NPM reforms on the budgeting practices of the case organisation. The third section, using Citizenship theory, discusses and analyses how participatory budgeting as part of the NPM reforms is implemented in the case organisation and how the participation of citizens in the budgeting process and their practices are influenced by both external and internal factors. The fourth section presents an analysis of how external pressures and citizens' participation in the budgeting process influences and is influenced by the outcomes. The final section presents a summary.

7.2 Institutional Pressures and their Influence on Budgetary Practices

In this section the Neo-Institutional Sociology (NIS) strand of Institutional Theory is used to discuss and analyse how the adoption of NPM reforms and decentralisation policy by Uganda have influenced budgeting practices in WDLG. The first sub-section analyses how the influence of NPM reforms and adoption of the decentralisation policy in Uganda impacted on WDLG. The second sub-section presents an analysis and discussion of how these external pressures impacted on its budgeting practices. The focus in this sub-section is on the design

of the participatory process and mechanisms for citizen participation at each stage of the budgeting process, as identified in Figure 4.1 in Chapter Four.

7.2.1 Influence of NPM Reforms and Decentralisation policy

Various scholars have questioned the appropriateness of reforms advocated by supranational agencies to developing countries in addressing their development agenda (see for instance, Wampler, 2007; Baiochi, 2001; Robinson, 2006; Uddin and Tsamenyi, 2005). Changes in budgeting practices in Uganda were adopted from the Danish local government system. The decentralisation secretariat that was at the centre of these policy reforms was also funded by donor countries, led by the World Bank and Danida (World Bank, 2003; Danida, 2003). Therefore, it is argued that the adoption of NPM reforms and the decentralisation policy were imposed on the Ugandan nation state as a condition to access international funding. The NRM government which took over power in 1986 after the civil war needed external support to implement its reconstruction programme and also establish its political legitimacy. NRM adopted the same strategy as New York State in the USA, which adopted Generally Acceptable Accounting Principles (GAAP) following their financial problems of 1979 as a “symbol of legitimacy” (Carpenter and Feroz, 1992:637). New York’s need for legitimacy was “coupled with organised pressure from powerful interests in the institutional environment” (Carpenter and Feroz, 1992:637). As noted by Carpenter and Feroz, the adoption of GAAP did not solve the financial management problems of the state but, “New York needed a symbol of legitimacy that could be easily recognised by the public ... GAAP [became] the recognised symbol of legitimacy” (Carpenter and Feroz, 1992: 638).

In Tanzania, NPM reforms were adopted in the 1990s after an economic crisis following the abolition of all local governments in 1972 (Devas, 2005). Similarly, countries such as Zimbabwe that were facing political challenges, took a strategic decision to adopt

decentralisation as a strategy to counteract pressure from civil society and private sector organisations. The adoption enabled the political leaders to gain political legitimacy among black nationals who previously were racially segregated and discriminated against in the distribution of national resources (Devas, 2004). In Mozambique, NPM reforms were adopted as a tool to neutralise and as a solution for political stability. As argued by Crook (2003), decentralisation was adopted in Swaziland, Botswana and Zimbabwe as a strategy for mobilising and maintaining traditional leaders whose political support is critical for central government legitimacy and nation building (Crook, 2003; Kiwanuka, 2012).

In this study, it is argued that NRM as a new government that had gained power through an armed struggle, like the cases cited above, adopted NPM reforms and decentralisation in particular, because they needed a symbol of legitimacy that could be easily recognised by the public. As our theoretical framework indicates, institutional pressures from supra-national agencies like the World Bank and Danida (World Bank, 2000, 2006; Danida, 2003) pushed for NPM reforms as a condition for accessing funding which Uganda badly needed for her recovery programmes. It is therefore argued in this study that Uganda adopted decentralisation and participatory budgeting as a symbol of legitimacy that could be recognisable by an ordinary citizen at the lowest level. Decentralisation was thus adopted as a form of governance because of its pro-people objectives of empowerment, democracy and people's participation in making decisions on issues that affect them.

Evidence from the case study supports the argument that decentralisation, and participatory budgeting in particular, was never intended to give citizens their rights and responsibilities from the economic and financial perspectives, but was meant to be a political tool for political legitimacy. This confirms the observation by Sharpe (1976) that participatory planning as part of the decentralisation policy was not adopted to empower and involve

stakeholders but was a political tool used to gain legitimacy. The inclusion in the Constitution of Uganda 1995 of the belief that ‘good governance’ can be achieved through a participatory approach in Local Government affairs to achieve transparency and accountability (Uganda, 1995, 2005), was a manipulation strategy adopted by Uganda to satisfy the supranational agencies that funded the Constitution-making process (DiMaggio and Powell, 1983). This formed a basis on which local governments were, through an Act of Parliament, coerced to adopt participatory budgeting as a budgeting methodology and practice (Local Government Act, 1997, 2006).

By the time the case study District Local Government came into existence in the early 2000s, the Government of Uganda was already implementing NPM reforms, and decentralisation had already been embedded into the Uganda Constitution (Uganda Constitution, 1995) and operationalised through an Act of Parliament (Local Government Act, 1997) as a form of governance in Uganda. Thus, WDLG adopted these reforms, having given in to what DiMaggio and Powell (1983) referred to as ‘coercive isomorphic’ pressures. The fact that participatory budgeting practices did not emerge on their own merit in WDLG partly helps to explain why they are ineffective and highly politicised. As one respondent commented, “Budgeting in the local government is a formality to meet government requirements”. Similar findings were made by Uddin and Tsamenyi (2005) in their case study of the Ghana Food Distribution Corporation (GFDC), which adopted World Bank reforms for purposes of accessing funding. The central government, after adopting decentralisation as a symbol of legitimacy, used regulatory mechanisms (through the Constitution, where decentralisation was entrenched as a form of local governance in Uganda, and through the Local Government Act 1997, where decentralisation was operationalised), to coerce local government to implement budgetary changes. Because decentralisation was adopted as a political symbol of

legitimacy, resources in WDLG are allocated based on political legitimacy rather than technical feasibility (Uddin and Tsamenyi, 2005; Lukka, 2007; Shapiro and Matson, 2008).

The challenges faced by developing countries in implementing policies imposed by supranational agencies, being undertaken in many developing countries for the purpose of accessing donor finances, have been articulated by various scholars (Hood, 1991; Uddin and Tsamenyi, 2005; Lukka, 2007; Wampler, 2007). The findings from WDLG on implementing participatory budgeting re-affirms the earlier arguments that reforms in developing countries should not be measured on the basis of compliance with international standards; rather they should be considered in terms of the extent to which they add value to the overall process of addressing the priority needs of the ordinary citizens within their environment. However, the case study has shown that political leaders and a few technical staff allocate resources for their personal benefits in the form of emoluments and allowances (Wampler, 2007). Advocates of participatory budgeting cite Porto Alegre as an example of what can be achieved when citizens are involved in resource mobilisation and allocation decisions through the budgeting process (Navarro, 1998). However, it must be noted that in Porto Alegre the process was demand driven, unlike in Uganda, where participation was dictated by the state as the result of adopting NPM reforms that were donor driven to promote democracy (Philips and Stewart, 2009).

The NIS theory posits that organisations may copy practices from other organisations within their sector that are considered or perceived to be successful (mimetic isomorphism). As pointed out in Chapter Two, the decentralised form of local governance adopted in Uganda was imported from Denmark, which was considered to be a success story in delivering public services. As noted by DiMaggio and Powell (1983), in reference to mimetic isomorphism, the case study has provided evidence in Chapter Six that local governments in Uganda

conformed to external pressures by adopting similar modes of behaviour, practices and structures. Conformity by local governments was for the purpose of securing resources from the central government that are critical for their survival, as all local governments in Uganda depend on 95% of their funding from central government transfers (LGFC, 2012). Evidence from the field does not show that professional associations exerted pressure (normative isomorphism) on local governments to adopt NPM reforms.

In summary, in Uganda, citizen participation in the budgeting process did not emerge on its own merit. It can therefore be regarded as a state-imposed policy intended to achieve the state objective of political legitimacy, rather than empowering citizens to participate in the allocation of national resources based on their needs and priorities. This confirms Oliver's hypothesis that organisations "respond to institutional pressures that affect them" (1991:145) by employing acquiesce, compromise, avoid, defy and manipulate strategies. It is asserted in this study that institutional pressures exerted on the citizens of Uganda influenced their social, political and legal rights in the adoption of NPM reforms. The NPM reforms were never adapted to the Uganda environment of diverse cultural norms and values. This has had an impact on the extent to which stakeholders are involved in the process budgeting, and budgeting as a management control tool within a wider management control system. This is discussed in the next section.

7.3 Citizen Rights and Responsibilities in the Budgeting Process

This section discusses and analyses evidence and literature on how citizens exercise their rights and responsibilities in the budgeting process in Wamala District Local Government (WDLG). The focus is on how residents of WDLG as citizens participate in the budgeting process and hold those in public office accountable. The section attempts to answer the following three questions: i) does the government provide a conducive environment for

citizen participation? ii) is the design of the process at different stages conducive to participation? and iii) are the mechanisms for participation suitable? The next sub-section addresses the first question.

7.3.1 Government Environment

The form of government and political will are key factors for effective citizen participation in a budgeting process (Franklin and Ebdon, 2006; Wampler, 2007; Steiner, 2006; Goldfrank, 2006; Heimans, 2002). Evidence from the field suggests that Uganda is a multi-party democracy and that political will in theory exists to involve citizens in budget decision-making. One officer from the MoLG responded as follows to the question on: What should be done by government to improve participatory budgeting in local governments.

Decentralisation is our baby and it is our responsibility to nurture it. Though there are challenges especially regarding the ability of local governments to raise local revenue.

The Ministerial Policy Statement for YF 2012/2013 also re-affirms government commitment to the decentralisation policy and states that:

The Decentralisation Policy continues to provide an important anchor for the advancement of Government of Uganda's overall political and socio-economic development agenda. The policy seeks to promote popular participation and empower local people to make decisions on important issues that affect their lives and enhance efficiency and effectiveness of service delivery. (MoLG, Policy Statement FY2012/13:iv)

Findings from the case study indicate that what takes place in reality is quite different. As one respondent said in response to the question: How do citizens of Wamala District participate in the budgeting process under decentralisation?

Theory and practice are two different matters: the government [central] says things to please donors. Government is now moving away from decentralisation to centralisation.

If we accept that the government has created a favourable environment and has the political will for citizen participation, the question emerges: Why do citizens view participation as a political ploy? A plausible explanation is that given by Carpenter and Feroz (1992) who discussed how New York State used the adoption of GAAP practices following its 1979 financial problems to gain legitimacy.

How the government environment promotes citizen participation is analysed using the Citizenship Theory as our lenses. Citizens of WDLG have, as individuals and as a group, rights and responsibilities that are bestowed to them in the Constitution (Uganda Constitution, 1995; Marshall, 1997; Monfardini, 2005). The two main responsibilities of a citizen are to participate in all matters of public administration, and to hold accountable those charged with the management of public affairs (Monfardini, 2005). As Mann (1986) and Downing (1998) argued, citizenship developed from below will generate active citizen participation, whereas citizenship developed from above is most likely to take on a passive and negative form. When the NRM came into power in 1986, its governance structure was based on resistance councils (RCs) that had proved successful during the civil war. These were popular councils that empowered ordinary citizens to exercise their rights and responsibilities as a citizen in affairs that concerned them. Therefore, the concepts of citizenship were embedded in these grassroots organisations, similar to the powerful trade unions in Latin America and Brazil in particular, where the concept of participatory budgeting is cited as a success story (Sterling, Grunfelder and Borges, 2006).

The RCs were home-grown citizen organisations that followed and practised democratic governance principles not imposed from above. However, on the NRM's assumption of

power, the Western donor countries viewed these resistance councils as grounded in a Communist ideology that needed to be dismantled. This led to the changing of the title from resistance councils to local councils (LCs). Herzer and Pirez (1991) based on Latin America experience, reached the same conclusions, that political will together with organisations that are acceptable to local citizens are necessary for participatory budgeting to be effective and achieve desired outcomes.

The change of RCs to LCs affected the grassroots organisations in the case study local government. This has been made worse by the failure to have elected legally recognised LCs since 2006. This has undermined the ability of WDLG residents to effectively exercise their citizenship rights and responsibilities. This also illustrates how donor-lead reforms can undermine and kill local initiatives that are suitably tailored to the norms and values of the local environment.

As argued by Bryan and Turner (1990), in designing a PB process it is important that policy makers take into account the fact that different historical circumstances give rise to different forms of citizen participation. What is applicable in a developed country may not apply in a developing country, and what may work in an urban environment may not be applicable in a rural setting. Thus there is a need to adapt policies to the local environment. The case study findings have shown that reforms adopted as a result of institutional pressures will not achieve the expected outcomes, and having an enabling government environment as well as a good legal and institutional framework are essential, but not the only necessary conditions for citizen effective participation.

Political Environment

Participation of citizens in the process of budgeting is influenced by the political environment within which the local government is operating (Wampler, 2007; Steiner, 2006; Goldfrank,

2006; Heimans, 2002). Uganda, up to independence in 1962, was governed under kingdoms and chiefdoms and thereafter, dictatorships including the military dictatorship of Idi Amin up until 1986. The culture of a multi-party democracy is just emerging, unlike in other countries where participatory budgeting has been successful. Therefore, the introduction of NPM's reforms for the purposes of enhancing democracy and good governance was likely to face challenges, as the culture of democracy is somewhat alien to the citizens. The concept of electing political leaders is not taken seriously. One respondent in the interviews said in response to the question of: which factor (social, economic, political or environmental) has the greatest influence on the effectiveness of citizens' participation?

If you have these women groups on your side, you are assured of winning an election. They are reliable unlike men and the youth who just eat the money and vote for your opponent.

The statement implies that political leaders are not elected on the basis of their programmes for the electorate but on the basis of bribery. They buy votes, and, once they assume office, they have no obligation to serve the people but their own interest to recoup the money spent. As one councillor put it:

We are all politicians but these members of the executive do not think about us. All the money, they want to eat it up with the technical staff, when we all spent money to become councillors. Our only chance to make them know that we also exist is during the budget approval process. We will not pass the budget unless our interests are catered for.

The Chairman of WDLG is from an opposition party and the majority of the council members are from the ruling party in central government. However, during budget meetings,

party politics did not appear to play a major role; the key consideration is how the interests of the councillors, in terms of allowances and emoluments, are catered for in the budget. The researcher observed that the actual power struggle was between the political leaders on the executive and those who are not; on how to share the 20% of locally raised revenues available for political leaders' emoluments and allowances.

The government has also put in place a legal framework and structures for citizen participation: as one respondent commented, "The legal framework has never come up as an issue. The legal framework is very clear and well documented. The problem is the application in real practice".

It was also observed that the central government has not enforced budget guidelines that require citizen participation in the budgeting process. Evidence was not also found that participatory budgeting was negatively affected by one-party democracies or weak opposition parties (Mukandala, 1998; Makumbe, 1998; Ddungu, 1998). On the contrary, citizen participation was more effective when Uganda was a one-party state.

Social and Economic Environment

Lack of financial independence has been identified as one of the key constraint in making contributions from stakeholders influence the final allocation of resources by lower local governments (Mutizwa-Mangiza et al., 1996; Blair 1998). This has been compounded by the negative impacts of structural adjustment programmes promoted by the IMF that have worked to the advantage of only the elites, widening the gap between the 'haves' and 'have not'. Access to resources under local government control was identified by the several residents interviewed as a key constraint to citizen participation in the budget process. As one technical officer commented regarding factors influencing participation,

You cannot talk of decentralisation without decentralising finances. Wamala currently depends over 90% on central government transfers, much of which are conditional grants, and the district is just used as a conduit to the actual beneficiaries.

Citizenship is not all about exercising political rights and responsibilities; it also includes economic and financial rights and responsibilities (Marshall, 1977). As Wildavsky (1975, 1986) pointed out, budgets in the context of public sector financial management are a means of sharing financial resources through political processes and procedures to serve different human needs. This study argues that political rights are not sustainable without financial resources. Various scholars have alluded to this idea by asserting that budgeting in the public sector is a highly political process (Covaleski and Dirsmith, 1986; Hoque and Hopper, 1994, 1997). Therefore, a power struggle between central government and local government is inevitable, and access to and control of resources is at the centre of this struggle. Whoever controls the resources has the power. In this regard, the central government is very cautious in financially empowering local government, as it may lead to loss of control. This undermines the status of budgets as tools and standards of effectiveness and efficiency (Otley, 1978). Flexibility for local governments to allocate resources based on their needs and priorities started in 2002, when the government came up with the Fiscal Decentralisation Strategy (FDS).

In the 2011/2012 budget, 93 per cent of WDLG revenue was from central government and only 7% came from locally raised revenues. This makes the district dependent on central government support for resources to undertake their mandate. This, as Collier (2001) and Modell (2001) noted, makes central government's role, which is exercised through legislation and policy guidelines, powerful. WDLG adopted a 'manipulation' strategy to minimise

central government pressure to comply with the decentralisation policy (DiMaggio, 1983).

An officer from the planning unit had this to say in response to the question of how political factors influence participation

The stakeholders' participation in the budgeting process was dictated by the ministry of local government, our role is to implement. We did not have any input in the way the process was designed.

In summary, election of representatives to political offices is not based on rational choices presented by candidates to the electorate but on the personal benefits a voter gets from the candidate. Thus, voters demand to be paid for their votes, as they believe that whoever is elected caters for their personal interests: as one resident put it, "Councillors no longer represent us, they represent their stomachs".

The citizens' perception of government is that it belongs to nobody and public resources are a privilege of the very few.

7.3.2 Design and Suitability of the Process for Citizen Participation

The most important features of process design that would lead to an effective participatory budgeting process have been debated in the literature. In this section we analyse and discuss the participatory budgeting process in Uganda and its suitability for achieving the desired goals and outcomes. The argument of this study is that the suitability of a process design should be evaluated on the basis of its ability to achieve the desired objectives efficiently and effectively. As one resident interviewed said in response to the question of what should be done by government to improve participatory budgeting in local governments:

I believe that the process is as good as the end. But if you look at the way some of my colleagues are operating, I see that their philosophy is: the end justifies the means. I

don't believe in that philosophy. Government should sensitise people on the importance of participation in the budgeting process.

The participation process in Uganda was designed to apply to all local governments, rural and urban, without taking into account the cultural diversity and unique characteristics of different LGs. The process has two clear outputs: a Development Plan and an Annual Budget. Our theoretical framework in Chapter Three identified five stages of the participatory budgeting process. This sub-section discusses and analyses the process design of each stage and its suitability for citizen participation. The focus of our analysis is on who participates and why they participate, and the challenges experienced in real practice based on the literature and the evidence collected in Chapter Six.

Preparation Stage

It is at this stage that citizens' direct participation in the budgeting process is supposed to take place. As stated by Bland and Rubin (1997:104),

It is especially important, however, to involve citizens when community goals are being developed and to seek their opinions on key policy decisions related to taxation and expenditures. With few exceptions, however, public involvement in local budget making is superficial and undertaken only to satisfy legal requirements.

Forums for citizen participation in Uganda are very clear: the process starts from the village council, in which all residents above the age of eighteen (eligible to vote) are expected to participate. Unfortunately, as the evidence from WDLG has shown, this is no longer the practice, as the public forums for participation at the village level are not effective owing to the lack of a legal mandate, which elapsed in 2006. As one chairperson of a village council stated:

Since we are not protected by the law, we do not get involved in activities that are not rewarding because if you make a mistake the government will not be on your side. You will suffer alone. We therefore handle issues where we know we are safe or the benefits are worth the risk.

Similar sentiments were echoed by the Chairman of the district in response to the question of: From your experience what needs to be done to ensure that local communities especially the poor benefit from PB?

Village and parish councils lack political and legal legitimacy. Their term expired six years ago! Therefore we have no input that genuinely comes from the village council and parish development committee. Whatever is indicated as an input from village and parish councils are an innovation from the technical staff who want to convince central government that the district is following laid down procedures in preparing the budget. Failure to do so, the district may not access resources from the centre. This needs to be addressed if budgeting is to be meaningful and of benefit the local community.

The implication of the above statements is that Wamala residents have been deprived of their rights and responsibilities as citizens to participate in the budgeting process. Annual budgets are derived from a three-year development plan. Thus, non-participation in the planning process by village councils implies non-participation in the budgeting process. This leaves the whole concept of participatory budgeting a farce. Because these reforms are donor driven, the government and local governments have to show that they are compliant with the budget guidelines and various legal frameworks. In WDLG, evidence collected indicates that a manipulation strategy as advanced by DiMaggio and Powell (1983) has been adopted to ensure that central government continues to remit funds to the district. The central government also uses the same strategy to convince donor partners that Uganda is

successfully implementing NPM reforms and citizens are involved in decision making on matters that concern them.

In summary, the field evidence and literature review show that the participation process was well designed as a bottom-up approach that gives ordinary citizens the opportunity to express their needs and priorities. The problem, as stated by one respondent, is that the budgeting process is regarded as:

...an annual ritual that we have to comply with since we are civil servants. We continue to recycle activities year after year because they have never been funded over the last five years.

This problem is not unique to Uganda or local governments: similar challenges were also identified by Tsamenyi et al. (2002) in their study of four organisations in Ghana, where they found that senior managers were not fully involving junior managers in budget decisions, undermining some of the objectives of the budget as a planning and control tool.

Formulation Stage

This stage is also referred to as the budget development phase: the main activities involve agreeing on the activities and projects from the District Development Plan to be undertaken during the year under consideration. Budget formulation is the responsibility of the budget desk, headed by the Chief Financial Officer, and all of its members are technical officers. It can be argued that technical officers are also citizens, who by virtue of their knowledge and skills are put in these positions to serve the interests of other citizens efficiently and effectively. What is important is that they behave in a transparent and accountable manner (Monfardini, 2005). Unfortunately the evidence collected from the case study indicates that public servants regard themselves as external technical experts hired to serve the citizens,

who are represented by their political leaders. They look at themselves as the agents, first, of central government that provides the funding; second, of political leaders on the executive who monitor their activities on a daily basis; and lastly of other political leaders with whom they interact during quarterly and annual budgeting exercises.

Although Williamson (2012) observed that Uganda has had a credible budget process in budget formulation and implementing reforms in public expenditure management since 1990, evidence from Wamala shows the contrary. Findings in WDLG show that budgeting has become more routine and less strategic than it was when the decentralisation policy was introduced. The introduction of the Output Budgeting Tool (OBT) has also made it more technical, as it now requires a certain level of education for someone to participate in the process effectively. Since no educational qualifications are required to be a councillor, the findings are that many councillors lack the required competences, knowledge and skills to actively participate in the budgeting process. This brings to question the added value brought by political leaders to the process.

The budgeting process is about the allocation of public resources that are mainly raised through taxation. Thus the budget has two main components: revenue and expenditure. Unfortunately, all of the local governments visited and budget meetings attended focused only on one component of the budget, that is, expenditure. Taxation is a sensitive issue with which political leaders do not wish to be associated, as it touches the voters whom they claim to represent. In one local government, the issue of taxation came up as a result of councillors realising that increasing their allowances depended on generating more local revenue. Thus their motive to discuss revenue generation was for personal rent-seeking motives.

In summary, key players expressed their disappointment in the way this stage is managed, as input from the budget conferences and heads of departments is not taken seriously. One head

of department questioned its relevance and addition of value to the process. As one technical staff member put it in response to the question: To what extent are your contributions during the budgeting process taken into account in the final budget?

Our contribution to the planning and budgeting process is on paper, our views are never taken into consideration, what is considered is only what the Chief Administrative Officer and the Chief Finance Officer want. (Field Work, 2012)

The budget desk, according to the guidelines, is expected to present the draft budget to the Executive Committee before it is presented to the Council. As explained by the Chairman of the district, the executive received the budget documents just hours before the council meeting. We can conclude from the Wamala experience that budgeting is still being performed by the technical officers, as was the case before the NPM reforms were introduced. This further re-affirms the assertion made earlier that participatory budgeting was adopted as a symbol of legitimacy (Carpenter and Feroz, 1992). However, the researcher found that budget discussion and participation takes place at the approval stage, discussed in the next sub-section.

Approval Stage

In the above sub-section we discussed and analysed how the draft budget is prepared by the budget desk, composed of technical officers, based on the draft development plan that is developed after the budget conference. The key activity at this stage is the examination of sector budgets and workplans by the sector committees. The findings in Chapter Six show that most interviewees described sector committee meetings to discuss budgets and work plans as a matter that is not taken very seriously by the political leaders who are the key players. As one respondent stated, “Budgeting in Wamala is a formality to meet government requirements”.

Similar findings were made by Kasumba (2012:152) in his study of budgeting practices in Kampala City Council,

... technocrats at the administrative level ... had stocks of knowledge and skills to implement the changes in the budgeting practices. However, at the approval level, for which local politicians were in charge, the linkage between the development plans and annual budgets seemed to be ignored.

A case in a lower local government where the technical officer never convened a council meeting to approve the budget but solicited approval from individual councillors from their places of residence and work gives credibility to the above statement. This is not unique at local government level: similar experiences are noted even at the national level. For example, the Sunday Monitor newspaper of 30th September 2012 reported that:

Parliament on Friday bent rules of procedure to pass this year's Shs11.4 trillion Budget amid protests from some members that the figures were not tallying. (2012:1)

If this happens at the national level, perhaps we should not expect much at the local government level.

Implementation Stage

The issues in this stage revolve around ensuring that the technical officers effectively implement approved activities in the budget to achieve the desired goals and outcomes. Budget implementation is in theory supposed to be guided by workplans that are approved by sector committees. However, the researcher found that a number of workplans remain on paper due to lack of funds. An example is the sports section, where a member stated, "Over the last three years we have never got any funding from the district, we depend on donation". Similar comments were made by the Internal Auditor during the sector committee meeting

when he stated, “In the last quarter of the year we never received any funding at all” (Field Notes, 2012).

Implementation of local government budgets depends heavily on central government transfers. This undermines citizens’ rights and responsibilities, as many of the activities identified to meet their needs are side-lined and the few that make it to the final budget are not assured of funding. There are many instances when funds released by central government have been much lower than what was expected in the approved budgets. This was confirmed by the CAO who stated in response to the question regarding failure by WDLC to meet expectations of stakeholders who participate in the budgeting process:

Local revenue is most unreliable due to political and economic factors beyond the control of the district. Delay in release of funds also affects implementation. In some cases money is released towards the end of the financial year and funds uncommitted by 30th June are expected to be returned to the Consolidated Account of the central government in the central bank.

As Monfardini (2005) argued that, public servants should be transparent and accountable, to enable all citizens to participate in matters of public affairs which they conduct on behalf of citizens. Monfardini (2005) also argued that public administrators are under obligation to meet the expectations of citizen who have certain rights and duties bestowed on them by virtue of being citizens. The findings in Wamala show that technical officers do not meet these obligations as they are not transparent, and accountability is done selectively.

The designers of the budgeting process wanted separation of powers as an internal control measure. Thus, as technical officers implement, political leaders and citizens are expected to monitor and evaluate budget implementation. The next sub-section analyses this stage.

Monitoring and Evaluation Stage

The Monitoring and Evaluation phase issues resolve around ensuring that: activities being undertaken are as planned and agreed on during the budgeting process; stakeholders are given accountability on the progress of set goals and objectives; and where necessary corrective action is taken and communicated to all stakeholders.

Political leaders and residents are expected to play a role in this stage through management committees, according to the process design. Effective monitoring and control depends on three main inputs: i) information; ii) resources; and iii) power to enforce decisions. A classic example was found in sub county number three (SCIII) Lower Local Government, where even the Executive did not have access to financial information, resources for monitoring were never released and councillors failed to have the SAS transferred for failure to comply with policy guidelines. Power relations and cultural norms and values came into play and explain how practices that can be successful in one environment may not work in another cultural environment. Much as councillors wanted to be facilitated to monitor budget implementation, the researcher could not find any monitoring reports made by councillors on their monitoring visits. This reinforces the argument that the demand for monitoring allowances was not to ensure the delivery of quality services, but was for personal rent-seeking motives, as value addition at the evaluation stage was not evident.

Evaluation of the budget process is undertaken once a year during the budget conference. The challenges faced during the budget conference have been covered in the preparatory stage discussed above.

7.3.3 Appropriateness of Mechanisms for Citizen Participation

In this sub-section we discuss the question: Are citizen participation mechanisms appropriate? Scholars have argued that methods of participation to be effective should be aligned to the desired objectives (Thomas, 1995; Franklin and Ebdon, 2005). Proponents of NPM reforms argue that by involving citizens in deciding on their needs and priorities, quality and access to service delivery can be enhanced. The study has identified three categories of stakeholders in the budgeting process: (i) ordinary citizens including NGOs and CSOs; (ii) political leaders; and (iii) technical staff. This sub-section analyses the mechanisms and their suitability for participation for each category.

Ordinary citizens, NGOs and CSOs

The mechanisms for this category are in the form of public meetings at village council level and budget conferences at both the lower local government and district local government levels.

a) Village Councils

Participatory budgeting is about citizens' participation in the budgeting process. Benjamin Barber defined citizen participation as:

[...] self-government by citizens rather than representative government in the name of citizens. Active citizens govern themselves directly here, not necessarily at every level and in every instance, but frequently enough and in particular when basic policies are being decided and when significant power is being deployed (Barber, 2003: 151).

Devas and Grant (2003:309) define citizen participation thus: “Citizen participation is about the ways in which citizens exercise influence and control over the decisions that affect them”.

Goldfrank (2006) specifically defines PB:

... as a process by which citizens, either as individuals or through civic associations may voluntarily and regularly contribute to decision-making over at least part of a public budget through an annual series of scheduled meetings with government authorities.

According to the above three definitions, village councils form the basis of participatory budgeting. The main objective of NPM reforms, and decentralisation in particular, is to make public sector organisations more effective and efficient, by involving citizens in decision-making on matters that concern them (Hood, 1992). The budget is the legal instrument that authorises taxation and public expenditure. It is therefore a ‘basic’ policy document in public sector financial management and fits into Barber’s (2003) definition. As Monfardini (2006) observed, citizen involvement is one way of increasing the accountability and transparency of public sector organisations, because it allows citizens to enter and see how the ‘black box’ works.

Manor and Crook (1998), in their case study on India, illustrate how control over participatory procedures affects the opportunity of citizens to participate. They noted that, by law, local councils hold twice yearly meetings (Gram Sabha) in each village. The meetings are used to provide accountability to citizens and to identify priority target populations for assistance.

The study has established that in Uganda, local governments do not have the capacity to effectively involve and engage with the communities. Budgeting guidelines are deliberately delayed resulting in local governments not having enough time to fully engage in the long process of citizen participation. This greatly undermines the participatory

budgeting process as little time is available for extensive consultation with all key stakeholders. The second challenge found in actual practice is that of information asymmetry. Unavailability of information and failure in some cases to disclose information to all stakeholders in the budgeting process undermines accountability to the public (Bovens, 2005; Healy and Palepu, 2001).

Village councils are appropriate mechanisms of citizen participation and can produce the desired results on the condition that citizens exercise the political rights and responsibility of electing their leaders periodically. However, as Robin et al. (2008) stated:

... those who are motivated or have the time to do so are most likely to attend these forums. Come one, come all forums do not provide information about overall community preferences, but they may provide an important civic (feel-good) or public information function. They are also inexpensive and might satisfy legal public hearing requirements.
(2008:567)

The village council as a mechanism for citizen participation is undermined by the inability of some lower local government officers to translate local needs into technical proposals. This has provided an excuse for bureaucrats in higher levels of the administration to disregard local citizens input. In summary, although village councils are an ideal mechanism for citizen participation, they have not been utilised.

b) Budget Conferences

The criteria determining who actually participates in the budget conference are not clear. Invitation is undertaken arbitrarily by technical officers, and general invitations are also made through radio announcements. The case study has confirmed the observation made by Gurwitt (1992) that active participation by citizens depends on whether the issues being

discussed concern the participants. During the budget conference, it was observed that the presentations were made by technical officers and the focus was on what had been done and the challenges faced. This is in contrast with the expectations of the participants as one respondent said in response to the question regarding the effectiveness of mechanisms for citizen participation :

This meeting is a waste of time and they just invite us to justify the big amount they have allocated to themselves. Whatever we say is never done or taken into consideration.

As stated by Mark and Shotland (1985), budget conferences discuss wide issues. In Wamala during the budget conference, fourteen heads of departments made presentations within less than five hours. This implies that each sector has less than an hour to make a presentation, have it discussed and solicit the views of the participants. The budget conference as a mechanism for engaging citizens in the budgeting process has not been successful in WDLG. Evidence from the case study shows that local residents, business communities, NGOs and CBOs are not given an opportunity to participate, as budget conferences are dominated by technical officers and political leaders at both the district and lower levels of local government. This finding is in agreement with observations made by Francis and James (2003) as well as Hickey and Mohan (2005), that the mechanism of participation using budget conferences is not effective. The mechanism is subject to manipulation by key participants who are more vocal (Caiden and Wildavsky, 1974; Francis and James, 2003; Callanan, 2005; Harare Communiqué, 2007; Wampler, 2007; Hickey and Mohan, 2005).

It was also established that there was a limited number of participants in budget conferences. This was attributed to lack of resources to facilitate participants in the form of transport allowance, refreshments and meals. This is similar to findings by Mimba et al. (2007), in

their study on Tanzania, that those who take part in budget conferences are very often the same group of people each time.

The case study has also come up with evidence that technical officers, as argued by Irvin and Stansbury (2004), can also lock out participants whom they believe will interfere with their rent-seeking interests and political legitimacy. The end result is that political leaders and technical officers end up allocating and utilising the resources of the district for their personal benefit, thus defeating the objectives of the NPM reforms (Wampler, 2007).

Technical Staff

Technical officers, by virtue of their expertise, are at the centre of the budgeting process. There are two mechanisms for participation: the technical planning committee and the budget desk. Participation at this level is expected to involve all staff from the lowest to the heads of departments. The study has established that staff of the lower cadre are not involved in preparing budgets in their departments. The findings also show that the same sentiments were also raised by the heads of department, who expressed the same frustration because their input is side-lined, as the CAO and CFO decide what to include and what to leave out.

Technical staff are subjected to coercive pressures and have adopted various strategies to cope with these institutional pressures. A 'compromise' strategy is adopted as a way of complying with central government requirements to implement reforms in budgeting practices. The same strategy was used by members of the Finance Committee which resulted in resolving the issue of councillors' allowances. Technical officers at lower local government level adopted 'defy' and 'manipulate' strategies. The defy strategy was noticed in the lower sub-counties, as evidenced in one sub-county where the Chief Technical Officer refused to attend a council meeting and some council members walked out of the meeting because of disagreements with technical officers.

In summary, much as technical officers claim that they try to balance competing interests, people and organisations, evidence on the ground shows the contrary. Improvement in the budgeting to effectively engage all stakeholders in the process of resource allocation is not visible. What is visible is that WDLG has competent technical staff who have complied with central government timelines at the expense of citizens' participation.

Political Leaders

Three mechanisms exist for political leaders to participate in the budgeting process: (i) Executive Committee meetings; (ii) Sector Committee meetings; and (iii) full Council meetings.

a) Executive Committee Meetings

The Chairperson chairs the executive committee of the local government is responsible for the budget and its presentation to the council. The executive is expected to discuss the draft budget drawn up by the budget desk to ensure that the needs and priorities as identified by the budget conference have been taken into account in the budget. However, it was established at both the district and lower government levels that executive committees never had a chance to discuss the draft budget that they presented to Council. In one lower local government, the Secretary for Finance prepared his own draft budget that he presented to Council, and the technical officers had their own budget. This illustrates the political and cultural environment in which policies are implemented. What may appear abnormal in a developed country is quite normal in a developing country, owing to cultural differences and perception in managing public affairs.

b) Sector Committee Meetings

The study has established that this forum provides the real opportunity for participation and influencing budget allocation. It is in sector committee meetings that political leaders and technical staff share information on how resources are to be allocated in the coming budget, based on identified priorities of the community. Elected officials also hold the belief that, since they serve the interest of the people who elected them, therefore as elected representatives they make decisions on behalf of the communities they represent. However, the case study has presented evidence that political leaders do not represent the interests of their electorate, but their personal interests. This was evident when it came to the issue of their emoluments and allowances. All councillors, irrespective of their political affiliation, were in agreement and very active during the meetings. As an example, in one sector committee meeting, councillors extended the meeting up to 9.00pm., discussing their allowances. The political leaders used ‘acquiesce’ as a strategic response to achieve their rent-seeking motives.

c) Council Meetings

Final approval of the budget is the responsibility of the Council. This is a ceremonial mechanism once the councillors’ issues have been resolved at the sector committee level. The Council’s role is not to debate the merits and demerits of the budget, as this is supposed to have been done at Sector meetings, but to pass a resolution. In WDLG, the council that was scheduled to sit at 9.00am could not sit until 4.00pm after agreeing on increasing the councillors’ allowances. In lower local government there were no actual budgets to be approved. This is also reflected at national level, as the Executive Director of the Anti-Corruption Coalition Uganda observed in the New Vision newspaper of 4th October 2012:

Budget is a serious matter and for MPs to just rubber stamp the figures is very dangerous. There is a possibility that figures can be tampered with. This is another form

of corruption. If they can't stand by their rules, how will they hold others accountable? MPs should lead by example. They are just being intimidated by the other arm of the government.

In summary, the mechanisms for citizen participation are in place, but implementation is the challenge. The process design assumed that citizens would exercise their citizenship rights and responsibilities by electing their leaders periodically at all levels from the Village Chairman to the President of Uganda. However, the evidence from Wamala is that local council elections have not been held since 2001 and the current leadership at the village and parish levels, which are supposed to be the bedrock for the participatory process, have no legal mandate from the citizens. Thus, village and parish councils no longer meet. As one official stated:

Because of very many demands by all departments, the most vocal people are the ones who get the money for their programmes and activities.

However, as various people interviewed observed, the saying that 'the squeaky wheel gets the grease' is very evident in WDLG budget decisions. This study has confirmed other scholars' findings (Caiden and Wildavsky, 1974; Covalski and Dirsmith, 1988; Wampler, 2007; Harare Communiqué, 2007) that the final decision on allocation of resources is made by technical officers and political leaders on the executive committee. Contributions from other stakeholders are never taken into account in the final budget (Covalski and Dirsmith, 1988; Harare Communiqué, 2007; Moynihan, 2007).

7.3.4 Desired Outcomes of Citizen Participation

This research focuses on factors that are considered to provide evidence of outcomes. First, the information from participants will influence budget decisions. Second, transparency and

accountability will be enhanced. And, third, the participants will learn from the process and enhance their knowledge, competence and skills to exercise their rights and responsibilities as citizens. When these outcomes are achieved, future participation by stakeholders is more likely to be realised as participants will be motivated and convinced that their participation has an impact on how resources are allocated (Franklin and Ebdon, 2006).

7.3.4.1 Influencing Budget Decisions

Contrary to Baiocchi's (2001:61) observation that:

... it is crucial that reforms actually deliver goods in a timely fashion to overcome cynicism and convince persons who have limited amount of time that participation is worthwhile.

Evidence from the case study indicates that citizen' participation which is minimal, does not influence budget decisions. For example, in WDLG, money was diverted to meet a presidential pledge, which was not in the district plan or budget, and this was explained by the fact that the President's Manifesto takes priority. In her study of Nsangi Sub-County local government in Wamala district, Babirye (2009:8) also noted that

... only 32% of the respondents agreed that projects they had identified were implemented. The majority noted that different projects were instead implemented in the villages contrary to what they demanded.

She goes on to state, "it is only priority projects of the district and central government that are actually implemented" (Babirye, 2009:70). This illustrates again how institutional pressures determine the priorities of local governments. And by doing this, the citizens' rights and responsibilities are undermined, as their needs and priorities are hijacked by outsiders.

Even at the national level, citizens' contributions to the budget do not influence the final decisions. For example, in the national budget of 2012/2013 the chairperson of the Social Services Committee had this to say regarding their efforts to have more money allocated to the health sector: "For the last 10 years, Parliament has been asking the executive to increase the salaries of health workers" (Lyomoki, New Vision newspaper 04/10/2012).

7.3.4.2 Transparency and Accountability

The NPM reforms are meant to address an increasing demand for performance accountability to citizens. The need to disclose information and the citizen's right to transparency are key outcomes of PB as a way of controlling the discretionary powers allotted to non-elected public servants. Citizen participation and accountability are considered to be the key concepts of citizenship theory, because they call back democratic principles in their traditional shape.

Although there is a clear accountability mechanism, the evidence collected has demonstrated that there is financial accountability, but political accountability is lacking. The consequence of this lack of political accountability is that citizens do not get to know what has been financed and why and how much has gone into financing it. This negates one of the NPM objectives, that adoption of a decentralisation policy improves good governance and makes both technical and political leaders accountable to the citizens. The argument by Cartiz (2010) that incorporating donor funding into government budgets will enable donors to take greater interest in transparency and accountability is not supported by the findings in this study. The evidence available shows that CSOs are denied access to information, and when it is made available, it comes in very late, when decisions have already been taken.

Ackerman (2004) argued that both vertical and horizontal accountability mechanisms are plagued by structural and contextual problems that limit the ability of citizens and their representative institutions to hold government to account. In light of these difficulties, he

advocates a third way: “societal actors can directly oblige government actors to answer for their actions and sanction them for wrongdoing” (Ackerman, 2004:449). Devas and Grant (2003) also stated that:

“Of course, diligent elected councillors may consult their constituents in a variety of ways, but such consultations may be haphazard and biased. Less diligent councillors may make no attempt to consult anyone, and may in any case be more interested in pursuing personal gains” (Devas and Grant, 2003:308)

However, evidence collected in Wamala indicates that budget information is not provided to participants in a timely manner, as was the case in most of the sector committee meetings, when budget documents to be discussed were not available and at times were provided when the meetings were about to end. Unless information is reliable and provided in a timely manner, the PB process will not be transparent and defeats one of the objectives of NPM reforms and principles of good governance. Second, it undermines citizens’ rights and responsibilities to participate in governance matters and to hold public officers accountable.

7.3.4.3 Educating Citizens and enhancing their capacities

According to Stiver (1990), participation by citizens, plays a role in educating them to improve their capacities to engage in constructive debates regarding public affairs. The second local government development programme included a capacity building component for both the technical and political leaders, to enhance their capacities to plan and budget better for improved service delivery (World Bank, 2003; Ministry of Local Government, 2003; Danida, 2003). The government of the United Kingdom, through its Department for International Development (DFID) provided resources that enabled the revision of the Local Government Finance and Accounting Regulations (LGFAR) of 1998 to the current ones of 2007. This, we argue, is another example of normative pressure.

Evidence from the case study does not show that the budgeting process educates citizens to appreciate the importance of budgeting. This is contrary to what Stivers (1990) posited, that budgeting should be used as an educational tool to educate citizens to develop their capacities for effective involvement. In support of this argument, Mukandala (1998:46) in his study of Tanzania found that:

...[al]though populists clearly far outnumbered the technical-administrative groups, who also do not vote, many councillors had very poor educational qualifications. Many found it difficult to contribute meaningfully to the discussions. They had special difficulty countering the technical presentations of the departmental technical staff. These are invariably more educated, very well known, and more self-confident.

It was also observed by Manor and Crook (1998) that where experience and skills in planning are lacking, disadvantaged stakeholders will not effectively participate on local government affairs that affect them

Evidence in the case study and literature show that, the NPM reforms, included a component of capacity building funds for both political and technical staff to enable them to acquire skills in budgeting in order to provide appropriate and timely accountability to stakeholders. As observed by Bryn and Turner (1990), for citizens to effectively participate in issues that concern them, civic education is necessary to reduce information asymmetry and reduce inequality. The case study has given us evidence that contribution from elected representatives during the budgeting process is constrained by the low educational standards of councillors, who cannot understand and appreciate the technical language used in the budget; some do not even understand English, which, according to the Local Government Act 1997, is the official medium of communication (Uganda, 1997, 2006). Therefore, inability to understand the language in which the budget and other information are communicated is a

major constraint to citizens' participation that can only be addressed through the civic education of individuals and groups to reduce information inequality. As Franklin and Ebdon (2002:2) state:

Designing a participation process that provides the information necessary to educate and inform the participants, in language they understand, is an important first step for gathering their preferences.

Lack of budgeting skills, competences and knowledge in public sector financial management was identified as one hindrance to effective budget participation by councillors. At the national level, the Budget Act 2001 established the Parliamentary Budget Office, whose main objective and role is to provide Parliament and its committees with the technical and independent analysis of economic and financial data needed for national economic and budgetary legislative decisions (Monitor Newspaper, 2012). Similar arrangements could be made for local governments, to address the skills and competence gaps that inhibit effective participation of councillors in the budgeting process.

Information asymmetry emerges as one of the key constraints to participation. Local governments in more rural areas had a greater challenge than those that were more urbanised. In his study of the link between local governments and local developments in six rural Bolivian municipalities, Nijenhuis (2002) noted that rural people did not participate as much as urban people. He attributed this to the knowledge and skills gap between the two groups, as urban people were more informed and had a greater capacity to participate compared to the rural residents. This further demonstrates that education has an impact on the ability of participants to participate during the budgeting process. This was also evident in Wamala, and people who could not express themselves in English did not make any contribution during the debate about the budget at committee and council meetings. This is also in

agreement with Poppe's (1992) observation that lack of information for key players in the planning process constrains participation. Having leaders who are poorly educated but insist on making decisions on issues where they have no competence is likely to create problems which can be counterproductive to the whole concept of decentralisation and the concept of citizen participation (Mawhood, 1983).

In summary, there have been efforts to educate citizens and enhance their capacities to exercise their right and responsibilities. The challenge is lack of transparency and information asymmetry between technical and other stakeholders.

7.4 Summary

The importance of this chapter lies in its analysis using the theoretical framework developed in Chapter Three, the perceived relevance and contribution of PB in a decentralised local government system, and the reality in practice collected from the actual practitioners in their operating environment. Institutional pressures on citizens influence the implementation of NPM reforms. The decentralisation policy adopted by Uganda as a strategic initiative has had an impact on local government budgeting processes and practices. This has affected management control system practices in LGs in the way in which residents, as citizens, exercise their political, social, economic and financial rights and responsibilities. Studies that investigate the immediate effects of NPM reforms as strategic intervention, without taking into account political, social and financial practices, may not give a clear picture of the reality in practice. There is also evidence that the design and mechanisms of participation are not tailored to the local environment and norms of society.

The study has identified unidirectional and bidirectional relationships between the outcomes and citizens' participation. Achieving the desired outcomes of participation not only motivates citizens but also empowers them to participate in future budgeting meeting and to

seek accountability from both political and technical staff, who are the key players in the budgeting process. The chapter has set grounds for conclusions and recommendations that are provided in the final chapter.

CHAPTER EIGHT: Conclusions and Recommendations

8.1 Introduction

This final chapter, which provides conclusion and recommendations, is divided into five sections. Following this introductory section, the next section provides a summary of key findings guided by the research objectives. The third section provides the study's contribution to knowledge and practice. The fourth reflects on the methodology used in the study and presents the limitations of this study. The last section presents areas for future research.

8.2 Summary of Key Findings

The study objectives were to establish: (i) factors that enhance or inhibit PB in a decentralised LG system in a developing country; (ii) how the participatory budgeting process operates in practice, focusing on who participates, and why those who participate do so, given evidence that in most cases their contribution is not taken into account in the final budget (Ebdon and Franklin, 2006); (iii) whether citizen participation in the budgeting process achieves the desired goals and outcomes; and (iv) to make policy recommendations for the PB process that will enhance benefits to local communities, especially the poor. To achieve the above objectives, the study set out to explore the following question: How does PB work in a decentralised local government system in a developing country? In order to contribute to both knowledge and practice, the question was broken down into empirical, theoretical and policy relevant sub-questions. The results of the study are summarised in this section around the research questions and reflect the extent to which the study objectives have been achieved.

8.2.1 How is the PB process conducted in a decentralised local government system in Uganda?

The study has provided evidence that in practice it is only technical officers in key positions who participate in the budgeting process and influence resource allocation. Political leaders' participation is limited to catering for their selfish interests, with little regard to the ordinary citizen they represent. Contrary to existing literature claiming that Uganda is a success story in practising PB, the findings from the case study show that in Uganda the budgeting process is a ritual and can be better defined as being 'consultative' rather than participative. This is in conformity with the findings by Kisakye (1993) that in Africa, political leaders base their decisions on their vested interests. They do not put people first as they claim to do. Thus it can be concluded that Uganda is practising Consultative Budgeting (CB). The claim that PB is practised in local governments obscures the crucial distinction between consultation and participation; and decentralisation and delegation may lead to unrealistic expectations of outcomes.

8.2.2 Is the design of the process and mechanisms for participation appropriate for effective citizen participation?

The study, consistent with the existing literature, has established that the design and mechanisms for citizen participation are well designed to operate in a democratic and well informed society. The village councils and budget conferences used as mechanisms for citizens' participation is what Robin et al. (2008:567) described thus:

Come one, come all forums do not provide information about overall community preferences, but they may provide an important civic (feel-good) or public information function. They are also inexpensive and might satisfy legal public hearing requirements.

The study has also established that the mechanisms for citizens' participation are not tailored to the local environment, values and norms of society. The design of the process and mechanisms for participation requires financial resources to be effectively implemented. The design and mechanism assumed that technical officers in developing countries are transparent and accountable. The study findings have revealed that technical officers are not transparent and accountable, and this has negatively affected citizen participation in the budgeting process. However, the notion that public servants cannot articulate the interest of the citizens has also been proved inaccurate, as the case study has shown that in Wamala Local Government, technical officers were more committed to meeting the needs of the ordinary citizen than political leaders, who were only interested in pursuing their own rent-seeking agendas.

8.2.3 What are the factors that influence the effectiveness of citizen participation?

The following factors have been found by the study to positively influence citizen participation in the budgeting process in a decentralised local government system: (i) democratic governance at the grassroots level, that is, village councils; (ii) availability of financial resources to support the process of participation and also cater for the needs and priorities identified by participants; (iii) availability of timely, reliable and understandable information; (iv) quality of participants in terms of knowledge and skill in public management affairs; (v) local revenue contribution to total budget; (vi) competence of technical staff; (vii) understanding of cultural norms and values; and (viii) verifiable outcomes of participation.

Factors that negatively affect citizen participation in the budget process include: (i) inappropriate participation mechanisms adopted without adapting them to the local environment, thus treating citizens' participation as 'homogenous' and rolling out 'blanket'

participation mechanisms despite evidence that cultural norms and values in local governments vary across and within countries; (ii) dependence on central government funding; (iii) failure of participants' input to influence budget allocations; (vi) lack of transparency and accountability, which leads to information asymmetry; (v) political leaders' selfish interest and rent-seeking tendencies; (vi) ineffective and poorly funded internal audit function to monitor compliance with laws, policies and guidelines and ensure the existence of effective internal controls; and (vii) poverty, which leads to tendencies towards corruption at all levels. The study has revealed that political leader in rural local governments have limited education to fully appreciate the technical and financial dynamics of budgeting. Therefore, in developing countries, involving citizens in management control systems may remain a mystery unless individuals and groups are empowered through civic education to exercise their rights and responsibilities (Turner and Bryan, 1990)

8.2.4 Does Citizen Participation in the Budgeting Process Achieve the Desired Outcomes?

The study has provided evidence that ordinary citizens do not participate in allocating public resources. Consistent with the existing literature, the study has established that failure to influence budget decisions has led to cynicism on the part of citizens that participation is not worthwhile. The achievement of objectives is by coincidence rather than design. Citizen involvement in the budgeting process is limited to the preparatory stage of the process, when the development plan is being formulated. Even at this stage, citizens' input does not influence the final development plan, as the final document is prepared by the planning unit and the technical planning committee. The study has also confirmed that NPM reforms advocated by donor countries are adopted by developing countries to legitimise their existence. Contrary to claims in some studies that developing countries cannot influence donor supported reforms, evidence has also been provided that the desired outcomes can be

achieved if public sector organisations recognise the rights and responsibilities of citizens and allow them to be directly involved in decision-making processes through effective participation. The study has confirmed what Rodrik (2013:8) observed that where “ Politicians [become] income-maximising suppliers of policy favours; citizens [become] rent-seeking lobbies and special interests; and political systems [become] market places in which votes and political influence are traded for economic benefits”, policy reforms are unlikely to achieve desired outcomes.

8.3 Contribution of the Thesis to Knowledge

This section discusses the contribution of the thesis to knowledge in terms of literature, theory, policy and practice.

8.3.1 Contribution to Policy and Practice

The study makes a number of policy and practice contributions. The study findings have revealed that the citizenship theory concepts of accountability and transparency have been undermined by the political system that has been revealed to be a market place where votes and political influence are traded for economic benefits. The study has also shown that vested interests of key stakeholders in the budgeting process work against economic rationality that NPM reforms are meant to promote. The study further contributes to policy and practice by identifying factors that enhance and inhibit successful implementation of NPM reforms in a developing country and in a rural setting.

Therefore, we can discern from the case that for PB to achieve its desired goals and outcomes the following policy initiatives need to take place: (i) during the design of the process it is necessary to articulate the goals and outcomes desired from the process of PB; (ii) the mechanisms used must be selected based on their ability to reach all stakeholders and collect

their needs and priorities at a minimal cost to the stakeholders in terms of time and other resources; (iii) the information necessary for participants to express their sincere preferences must be provided and communicated on time in a language that participants understand; (iv) there must be careful consideration of the cultural norms and values of participants, taking into account political and environmental factors that may have an impact on the PB; (v) technical officers together with political leaders should constitute teams that collect needs and priorities from village and parish councils, rather than the current mechanism where technical officers undertake the exercise without involving political leaders; (vi) NPA should include assisting and building the capacity for local government to make development plans; (vii) NPA should sensitise people about the usefulness of planning and budgeting and their rights and responsibilities as citizens; (viii) accountability to lower levels of should be enhanced; (ix) NGOs and CSOs should be involved in sensitising and empowering local citizens to effectively participate in the planning and allocation of resources through the budgeting process; and (x) as in the case of the National Parliament, a District Budget Office should be established whose main objective and role is to provide the Council and its committees with technical and independent analyses of the economic and financial data needed for economic and budgetary legislative decisions.

In summary, the study findings indicate that PB is more political than technical, and power relationships amongst key players in the process are important in understanding the outcomes of the PB process. Evidence from the study shows that decentralisation has led to a reasonably accepted governance framework in Uganda. The study has also shown that decentralisation is one of the most popular state reforms, but it has not widened and deepened space for citizens' participation at the local level (Gaventa and Valderrama, 1999).

This study offers ample lessons for developing countries on how the process of PB can be improved to achieve the desired goals and outcomes in developing countries that are coerced into adopting reforms by supra-national agencies. Thus, the value of the study lies in clearly identifying factors that enhance or inhibit donor driven policy reforms by relating these to a concrete case. Second, the analysis of a case in Uganda considered to be a success story if implementing donor supported reforms (Shah, 2007) could be of immense value to policy decision makers in Uganda and other countries with similar political, social and economic standings. Implementation mechanisms to enhance the contribution of PB to the benefit of local communities, especially the poor, have been proposed based on the study findings. This will benefit policy makers, allowing them to gain an insight into the actual practice of PB in local governments. In this regard the study has contributed in raising awareness among policy makers and supranational agencies of the need to ensure that reforms are adapted to the local context, and involve local citizens to ensure ownership, commitment and sustainability.

8.3.2 Contribution to the Literature

The study has provided empirical knowledge about the outcomes of citizen participation in the budgeting process in a decentralised local government system in a developing country in a rural setting. Previous studies focused on urban authorities and Municipalities. Second, the study has identified factors that enhance or inhibit donor driven policy reforms, thus contributing to both knowledge and professional practice. Goldfrank (2006) also observed a theoretical gap in the literature that explains the link between the process and outcomes of PB. This study has attempted to fill part of this gap. The study has interesting implications for the theoretical framework, in that an indirect effect of the outcomes of PB has an influence on the levels of future citizen participation in the budgeting process, thus implications on management control systems of organisations. In other words, evidence suggests that PB

outcomes practices mediate the relationship between the budgeting initiative and accountability at the horizontal and lower levels and this has an effect on management control systems. Management accounting studies reviewed do not clearly state if budgeting approaches should be taken into account when designing internal control systems. The focus is on the importance of participatory budgeting in performance measurement systems, governance and motivation. A rich, thick, detailed description of PB has also been provided for scholars to use in future research (Merriam, 1988).

8.3.3 Contribution to Theory

The contribution to accounting theory from this study is that institutional pressures (coercive, mimetic and normative) can be mitigated by empowering citizens to exercise their civil, social, political and economic/financial citizenship rights and responsibilities effectively. This could lead to strengthening management accounting systems, and result in policy reforms (that are donor drive) achieving desired outcomes.

Second, the study has contributed a theoretical framework combining the NIS and citizenship theories based on extant literature that can be used and tested in future research. Thus studies that investigate the effectiveness of reforms adopted by developing countries should examine a phenomenon from multiple variables instead of focusing on isolated variables or bivariate relationships.

Third, by triangulating institutional theory with citizenship theory, the thesis has established that if citizens effectively exercise their rights and responsibilities, they can enhance transparency and make public officers and political leaders accountable.

Finally, the thesis advances an argument that economic and financial rights are distinct from social and political rights and ought to be regarded as one of the components of citizenship

theory. The study also argues that negative coercive isomorphic pressures from development partners can be mitigated if citizens are aware of their rights and responsibilities.

8.4 Reflection on the Methodology

The main objective of this thesis was to explore how participatory budgeting works in a decentralised local government system using Uganda as a case. The case study was the preferred method as the focus was “... on a contemporary phenomenon within some real-life context” (Yin, 2003:1). Therefore the researcher adopted a case study method to provide evidence on the process and outcomes of the participatory budgeting phenomenon in its natural setting (Yin, 2003; Creswell, 2007). The case method in this study has enabled us to develop a rich insight into the budgeting practices of local governments in a decentralised framework. This approach enabled the researcher to be part of the studied case site, as ten months were spent at the study site. As recommended by Yin (2003), data was collected from various sources through documentary evidence, observations and interviews. Through these various sources of evidence and interactions, the researcher was able to gain an in-depth contextual exploration and understanding of the process and outcomes of participatory budgeting in a decentralised local governance system. This would not have been possible if a survey approach was adopted that would have disconnected the researcher from the real-life context under which participatory budgeting takes place. The researcher adopted a qualitative methodology and an interpretive paradigm for the purposes of interacting with key players in the budgeting process. The subjective approach enabled the researcher to explore and understanding the social, political and economic dynamics underlying the adoption of NPM reforms and the various factors that enhance and inhibit their successful implementation. This enabled us to build a theoretical framework that can be used in future large studies.

A single case and a cross-sectional study design were used in this study, and this posed some challenges (Creswell, 2007). Much as this enabled the researcher to undertake an in-depth exploration of the phenomenon, a multi-case study and a longitudinal study would have provided a richer insight into factors that enhance and inhibit the processes of participatory budgeting developing countries. The major challenges faced were the fact that the process of collecting data through interviews and observations were time consuming and costly. On a number of occasions, the interviewees cancelled a scheduled interview when the researcher was already at the agreed venue. Scheduled meetings for observations would in most cases not start on time and in some cases extended into the late evening.

On reflection, although the researcher faced some challenges using the case study approach, the approach provided was the most appropriate to address the research question set out in Chapter One. In summary, the case study approach enabled the researcher to explore the process and outcomes of PB in its natural setting.

8.5 Study Limitations

The limitations of this research are outlined in this section.

Like all research using a case study approach, the first limitation of this study is that the results may not be generalised to other contexts. Although every effort was made to obtain views from a variety of stakeholders, there is a possibility that that we may have missed some perspectives owing to the selection method and number of interviews. Even though the findings of this case may not be generalisable, a number of lessons have been drawn from the experiences of the case in Uganda that add valuable knowledge on how participatory budgeting works in actual practice in a developing country under a decentralised system of governance.

The second limitation is that the study focused on the government environment, the design of the process, mechanisms for participation and desired outcomes of the PB. The social and economic environment within which PB takes place was overlooked. However, through interviewing key players who are well informed and involved in the budgeting processing, deep and important insight was obtained that make the study findings valid and reliable.

The third limitation is that the list of interviewees did not include staff from supranational agencies like the World Bank, DANIDA, IMF, etc. This was overcome by extensively reviewing documents that are easily accessible in both hard and soft copies.

8.6 Areas for Further Future Research

The limitations above provide an opportunity for future research. First, a cross-sectional study that provides empirical evidence using the framework developed in the thesis would further this line of research. Second, empirical work could be undertaken to provide evidence on the underlying linkages and relations that our model advances. A longitudinal study research that examines the implementation and monitoring process after budget approval may enhance the effectiveness and value of management control systems in public sector organisations using citizenship and new institutional theories. Future research could also build on the responses in this study and determine their relevance in enhancing effective participation in the budgeting process in order to improve public sector management control systems.

Finally, those who subscribe to the quantitative research paradigm could undertake a rigorous statistical testing of the findings corroborated by the case evidence in this study. Thus, this study has identified variables and relationships that can be tested in large-scale empirical studies.

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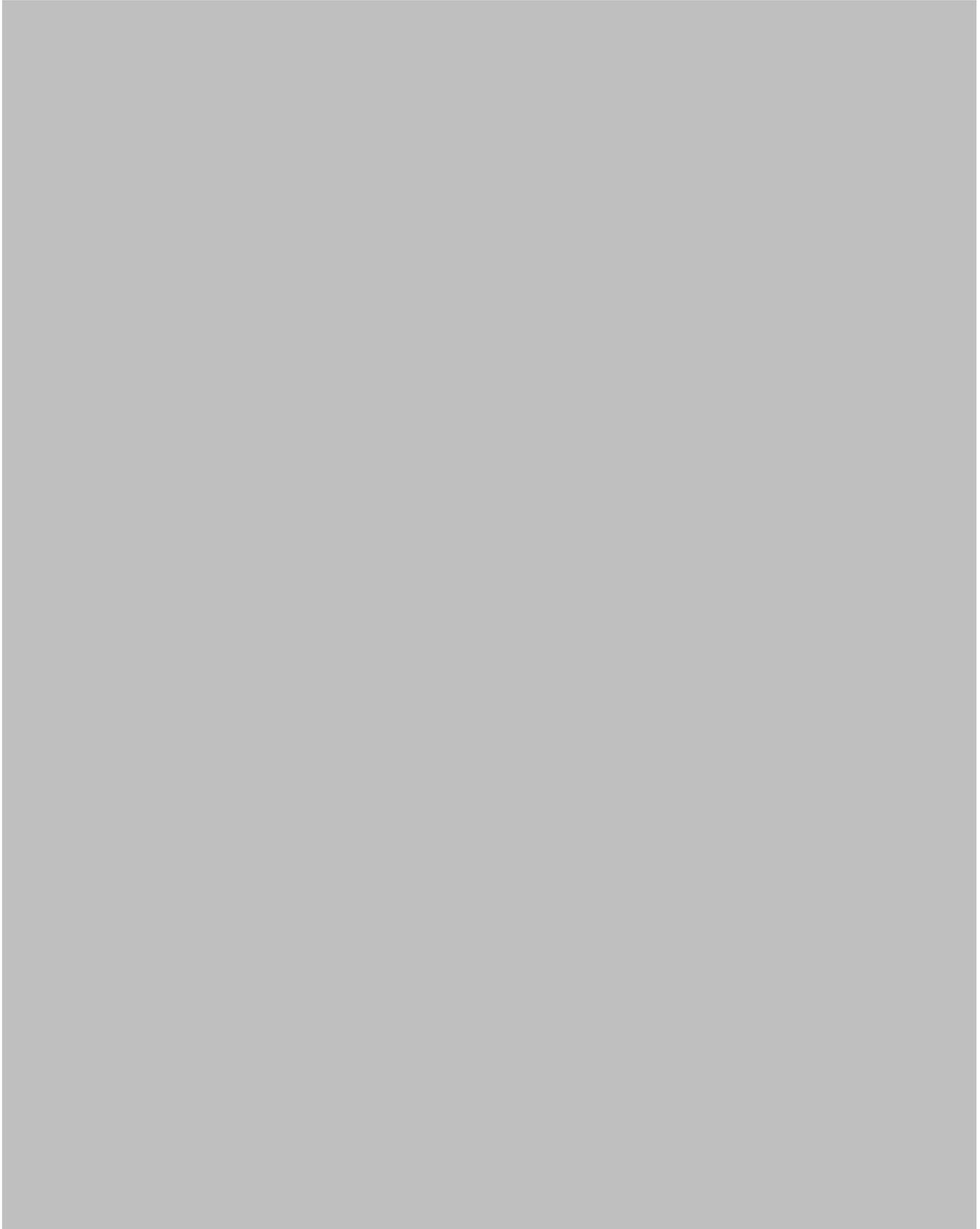
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APPENDICES

Appendix 1: Letter of Introduction from Uganda Management Institute (UMI)



Appendix 2: Research Instruments

Research Data Collection Tool Political Leaders and Ordinary Citizens

Section 1: The Process of Participatory Budgeting (PB)

Question:

- i) What changes in the budgeting process have taken place in Wamala District since it was established?

.....
.....
.....

- ii) At what stage in the budgeting process do citizens get involved in the budgeting process?

.....
.....
.....
.....

- iii) Explain whether social, economic, political or environmental factors have any influence on citizen participation in the budgeting process?

- a) Social e.g. education level, social status, gender, age, religion, etc
- b) Economic e.g. poverty levels
- c) Political e.g. party affiliation

d) Environmental i.e. rural vs. urban

iv) Which of the above factors has the greatest influence on the effectiveness of citizen participation?

.....

Section2: How and why citizens participate in the budgeting process

Questions:

i) How do citizens of Wamala District participate in the budgeting process?

.....

ii) Why do you think citizens participate in the budgeting process?

.....

iii) What are the participation mechanisms?

.....

iv) How effective are these mechanisms?

.....

v) How can participation be enhanced?

.....

Section 3: Achievement of desired goals and outcomes;

Questions:

- i) What do participants in the budgeting process expect at the end of the exercise?

.....

- ii) To what extent are citizens' contributions during the budgeting process taken into account in the final budget?

.....

- iii) Does citizen's participation in the budgeting process address local priorities?

.....

Section 4: Policy recommendations

Questions:

- i) What should be done by government to improve PB local governments?

.....

- ii) From your experience what needs to be done to ensure that local communities especially the poor benefit from PB?

.....

.....

.....

Section 5: General

Question

Do you have any other comment on PB that has not been covered above?

Conclusion

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Thank you very much for your time. I will try to give you feedback at the end on my research. Let us keep in touch.

RESEARCH TOOL 2: Technical Officers

1) Are there any possibilities of citizen participation?

Yes No

2) Where is localised citizen participation?

a) In the overall planning process:

b) Only in certain activities: (where?)

c) In the budgeting process:

d) Others: (Please specify)

3) Which instrument of participation do you use?

a) Public hearings

b) Public Forums

c) Others; (Please specify)

4) Who participates?

Men Women All adults

5) Is there any process of selection of participants?

Yes No

6) If yes, how does it work?

7) Do you have public meetings to explain the planning and budgeting activities?

Yes No

8) Do you distribute to the citizens the budgeting documents

Yes No

9) If yes, how and in what format?

10) Are planning and budgeting documents understandable for a medium educated citizen?

11) Yes

12) How are the citizens' inputs used

13) Are these inputs binding for the decision making process?

14) Yes

15) How do you deal with conflict interests from different citizens?

.....

16) What are in your opinion the main outcomes of the citizen participation?

.....

17) Has citizens' participation benefitted the local communities?

.....

18) If yes, to what extent has citizen participation benefitted the poor?

19) If no, explain why?

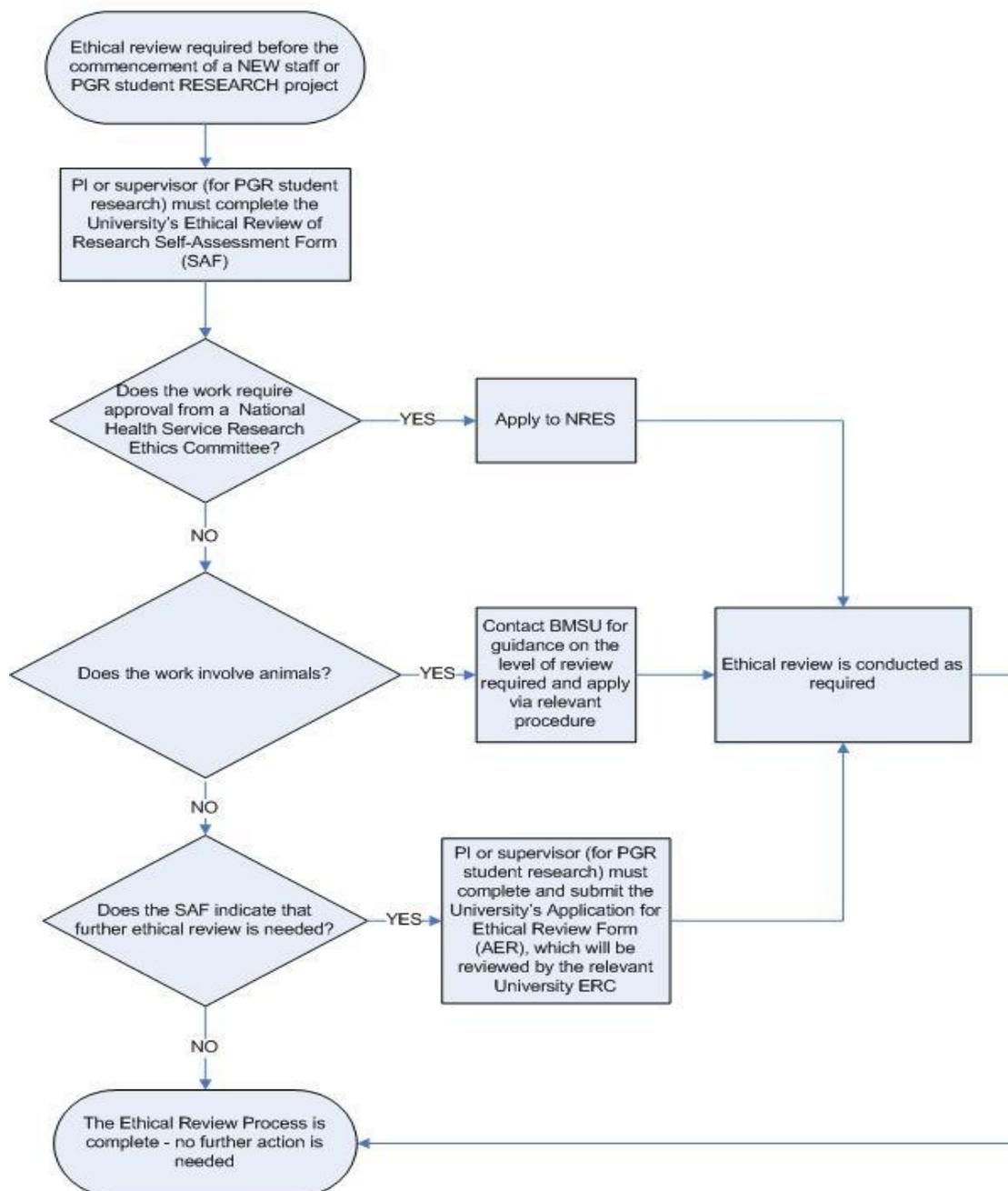
.....

20) What are in your opinion the main disadvantages of the citizen participation?

.....

Appendix 3: University of Birmingham Ethical Review Process

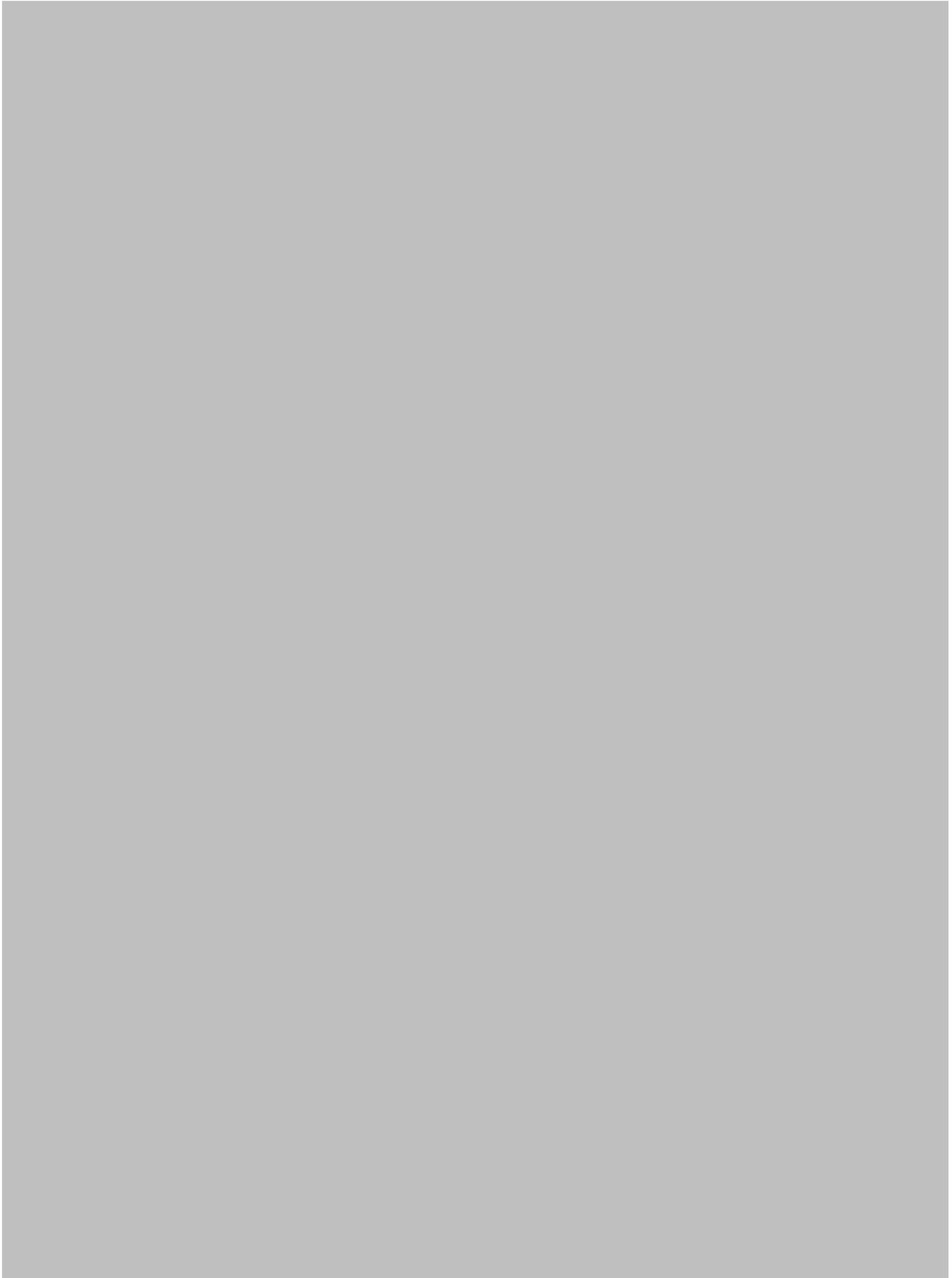
University of Birmingham Ethical Review Process



Ethical Review Process at the University of Birmingham

Source:<http://www.rcs.bham.ac.uk/ethics/review/Ethical-Review-Process.jpg>

Appendix 4: Letter of Approval from Ethical Review Committee



Appendix 5: List of Interviewees by Designation

Location	Interviewee	Category	No. Interviewed	Role in PB
District Hqs.	Chairperson	Political	1	Chairs DEC
	CAO	Tech. Staff	1	Chairs TPC
	Chairperson of Sector Committees	Political	5	Recommend budgets
	Heads of Departments	Technical	5	Preparation and implementation
	Councillors	Political	10	Approval, monitoring, evaluation
	Junior Technical staff		10	Preparation and implementation
Sub-County	Chairperson	Political	5	Chairs EC
	SAS	Tech. Staff	5	Chairs TPC
	Chairperson of Sector Committees	Political	5	Recommends budgets
	Heads of Departments	Technical	3	Preparation and implementation
	Councillors	Political	10	Approval, monitoring, evaluation
	Junior Technical staff	Technical	10	Preparation and implementation
	NGOS	Civil Society	2	Formulation
	CBOs	Civil Society	2	Formulation
Parish	Chairpersons	Political	5	Chairs PDC (Formulation)
	Executive Council Members	Political	5	Formulation
Village	Chairperson	Political	5	Chairs VC Formulation
	Executive Members	Political	5	Formulation
	Residents	Political	10	Formulation

Appendix 6: The National Planning and Budgeting Cycle

Timing	Activity/event	Responsibility Centre	Output
September	1. Local Governments Budget Committee agrees the rules, conditions and flexibility of the coming planning and budgetary process	LGBC	Agreement about the overall planning and budgetary framework before start of budget process
October	2. National Budget Conference	Ministry of Finance, Planning & Economic Development	National priorities, resources and inter sector allocations communicated to local governments
October	3. Regional Local Government Framework Paper Workshops	Ministry of Finance, Planning, & Economic Development, sector ministries	Recurrent and development grants ceilings communicated to local governments, alongside changes to sector policies and guidelines
Early November	4. Executive Committee meets to determine intersectoral priorities as identified in previous DDP and to fix intersectoral allocation %	Executive Committee	Intersectoral priorities identified for potential budget reallocations and flexibility
Early November	5. Budget Desk prepares Local Government Budget Call and circulates it to Heads of Department and Lower Local Governments	Local Government Budget Desk, Executive Committee	Draft activity and time schedule for the entire budget process, and indicative budget allocations for LLGs and HoDs, etc.
November	6. Sectors start preparing input to budget framework paper, reviewing performance and prioritising planning and budgeting for future programmes	Heads of Departments & lower local Governments	Draft inputs to budget framework paper to be presented to sector committees and development plans to be considered by LLG councils
November	7. a: LLGs identify investments and prepare draft development budgets and plans. b: Planning Unit compiles LLG development activities into DDP, and presents them to HODs who propose district level Sector investments which are compiled in sector BFPs. These include full and complete workplans and budgets for all district level activity linked directly to DDP	Planner District Technical Planning Committee	Draft District/Municipality Development Plan and detailed workplans and budgets for each and every activity LG intends to undertake, no matter how it is funded
December	8. Draft Sector BFPs and development plans complete. Sector committees examine sector inputs to the budget framework paper	Sector committees	Sector priorities and draft workplans and budget estimates ready for compilation by the Budget Desk
December	9. Budget Desk compiles/prepares draft budget framework paper, and the Planning Unit the development plan. The District Technical Planning Committee reviews them.	Budget Desk	Draft budget framework paper and development plan ready to be presented to Executive Committee
December	10. Meeting of the Executive Committee, Chairpersons of Sector Committees and HoDs	Executive Committee,	Draft budget framework paper and development plan

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	to examine draft budget framework paper, and prioritise sector expenditures and programmes.	Chairpersons of Sector Committees, HoDs	ready for Budget Conference
December	11. Budget Conference	Full council, NGOs, Civil Society	Budget input (i.e. priorities, re-allocations and preliminary budget estimates) ready for incorporation in draft budget by the Budget Desk
December	12. Budget Desk incorporates input from budget conference in budget framework paper and draft budget. Executive Committee approves budget framework paper and draft budget	Budget Desk Executive Committee	Final budget framework paper and draft budget ready to be presented to Finance or Executive Committee. Draft budget ready for submission to MoFPED
January to May	13. MoFPED and line ministries examine local government budget framework paper and draft budgets	Central Government	Revised grant ceilings and comments ready to be communicated to LGs
May	14. Budget Desk incorporates grant ceilings and comments received from MoFPED in annual workplan and draft budget	Budget Desk	Final draft budget and workplan ready to be presented to sector committees
Beginning of June	15. Sector committees review final annual workplan and budget	Sector Committees	Final input from sector committees to annual workplan and budget
Beginning of June	16. Committee examines final draft budget	Finance committee or Executive Committee	Final draft budget (including Committee annual work plan) ready to be read by council
Before the 15 th of June	17. Reading and approval of budget	Full council	Approved budget to be signed by chairperson and submitted to MoFPED /MoLG/LGFC and Auditor General

Appendix 7: Local Government Planning and Budget Cycle

Timing	Activity/event	Responsibility Centre	Output
September	1. Local Governments Budget Committee agrees with the rules, conditions and flexibility of the coming planning and budgetary process	LGBC	Agreement about the overall planning and budgetary framework before start of budget process
October	2. National Budget Conference	Ministry of Finance, Planning & Economic Development	National priorities, resources and inter sector Allocations communicated to local governments
October	3. Regional Local Government Framework Paper Workshops	Ministry of Finance, Planning & Economic Development, sector ministries	Recurrent and development Grants ceilings communicated to local governments, alongside changes to sector policies and guidelines
Early November	4. Executive Committee meets to determine inter-sectoral priorities as identified in previous DDP and to fix inter-sectoral allocation %	Executive Committee	Inter sectoral priorities identified for potential budget reallocations and flexibility
Early November	5. Budget Desk prepares Local Government Budget Call and circulates it to heads of department and lower local governments	Local Government Budget Desk, Executive Committee	Draft activity and time schedule for the entire budget process, and indicative budget allocations for LLGs and HoDs, etc.
November	6. Sectors start preparing input to budget framework paper, reviewing performance and prioritising planning and budgeting for future programmes	Heads of department & lower local governments	Draft inputs to budget framework paper to be presented to sector committees and development plans to be considered by LLG councils
November	7. a: LLGs identify investments and prepare draft development budgets and plans. b: Planning Unit compiles LLG development activities into DDP, and presents them to HODs who propose district level Sector investments which are compiled in sector BFPs. These include full and complete workplans and budgets for all district level activity linked directly to DDP	Planner District Technical Planning Committee	Draft District/Municipality Development Plan and detailed workplans and budgets for each and every activity LG intends to undertake, no matter how it is funded
December	8. Draft Sector BFPs and development	Sector	Sector priorities and draft

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	plans complete. Sector committees examine sector inputs to the budget framework paper	committees	workplans and budget estimates ready for compilation by the Budget Desk
December	9. Budget Desk compiles/prepares draft budget framework paper, and the Planning Unit the development plan. The District Technical Planning Committee reviews them.	Budget Desk	Draft budget framework paper and development plan ready to be presented to Executive Committee
December	10. Meeting of the Executive Committee, Chairpersons of Sector Committees and HoDs is held to examine draft budget framework paper, and prioritise sector expenditures and programmes.	Executive Committee, Chairpersons of Sector Committees, HoDs	Draft budget framework paper and development plan ready for Budget Conference
December	11. Budget Conference	Full council, NGOs, civil society	Budget input (i.e. priorities, re-allocations and preliminary budget estimates) ready for incorporation in draft budget by the Budget Desk
December	12. Budget Desk incorporates input from budget conference in budget framework paper and draft budget. Executive Committee approves budget framework paper and draft budget	Budget Desk Executive Committee	Final budget framework paper and draft budget ready to be presented to Finance or Executive Committee. Draft budget ready for submission to MoFPED
January to May	13. MoFPED and line ministries examine local government budget framework paper and draft budgets	Central Government	Revised grant ceilings and comments ready to be communicated to LGs
May	14. Budget Desk incorporates grant ceilings and comments received from MoFPED in annual workplan and draft budget	Budget Desk	Final draft budget and workplan ready to be presented to sector committees
Beginning of June	15. Sector committees review final annual workplan and budget	Sector Committees	Final input from sector committees to annual workplan and budget
Beginning of June	16. Committee examines final draft budget	Finance committee or Executive Committee	Final draft budget (including Committee annual work plan) ready to be read by council
Before 15 June	17. Reading and approval of budget	Full council	Approved budget to be signed by chairperson and submitted to MoFPED /MoLG/LGFC and Auditor General

Source: Local Government Finance Commission.

Appendix 8: Map of Uganda District Local Governments



Source: Wikipedia, encyclopaedia (2010)

Central (Red)

Eastern (Green) Northern (Yellow)

Western (Blue)

Map	District	Map	District	Map	District	Map	District
27	Kalangala	4	Amuria	1	Abim	10	Bulisa
29	Kampala	7	Budaka*	2	Adjumani	11	Bundibugyo
36	Kayunga		Bududa	3	Amolatar	12	Bushenyi
38	Kiboga	8	Bugiri	39	Amuru	18	Hoima
48	Luwero		Bukedea	5	Apac	19	Ibanda
	Lyantonde	9	Bukwa	6	Arua	26	Isingiro
51	Masaka	13	Busia	16	Dokolo	23	Kabale
56	Mityana	14	Namutumba	17	Gulu	24	Kabarole
59	Mpigi	15	Butaleja	22	Kaabong	31	Kamwenge
60	Mubende	20	Iganga	42	Kitgum	32	Kanungu
61	Mukono	21	Jinja	43	Koboko	34	Kasese
63	Nakaseke	25	Kaberamaido	44	Kotido	37	Kibale
64	Nakasongola	28	Kaliro	47	Lira	40	Kiruhura
70	Rakai	30	Kamuli	50	Maracha-Terego	41	Kisoro
72	Sembabule	33	Kapchorwa	57	Moroto	46	Kyenjojo
76	Wakiso	35	Katakwi	58	Moyo	52	Masindi
		45	Kumi	62	Nakapiripirit	55	Mbarara
		49	Manafwa	65	Nebbi	66	Ntungamo
		53	Mayuge	67	Oyam	71	Rukungiri
		54	Mbale	68	Pader		
		69	Pallisa*	77	Yumbe		
		73	Sironko				
		74	Soroti				
		75	Tororo				