

## A STUDY ON PARTICIPATORY BUDGETING IN DECENTRALIZED OPERATIONS – A CASE STUDY OF TANZANIAN LOCAL GOVERNMENT AUTHORITIES

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### Abstract

The idea of involving local citizens in decision making process, budgeting and local development programmes has attracted special attention to both developed and developing countries. Following the contention that; citizens' participation on local government budgeting is a strong means of achieving effective decentralization; the current study aims to assess the importance of participatory budgeting in a decentralized operations in Tanzanian local governments. To achieve the main objective of the study, authors employed structured questionnaires to collect primary data and key respondents were accountants, internal auditors, planning officers, procurement officers, head of departments and council directors. Also, we employed Statistical Package for Social Science (SPSS) to conduct

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### Keywords:

Participatory Budgeting;  
Planning;  
Decentralization;  
Transparency;  
Accountability;  
Social Services.

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meticulous descriptive analysis. Chi-square test indicates that p value (0.009) is less than level of significance; ( $p(0.009) < 0.05$ ). This shows strong statistical evidence of rejecting null hypothesis and accepting alternative hypothesis. Thus chi-square test confirms that there is a relationship between decentralization and participatory budgeting. The main objective of decentralization is to empower local community, enabling them to participate in development projects and being able to enforce accountability by demanding transparency. However, to realize full benefits of participatory budgeting, local governments need political will being supported by legal framework to create apparent atmosphere for citizens' participation.

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## **1.0 Introduction**

The participation of local citizens in the development programs has become the order of the days in public sector management and local governments in particular. This paradigm has risen from the new governance system in public sector popularly known as new public management (NPM). The main objective of new public management is to ensure that local community participates in planning and decision-making process in their area of jurisdiction. Participatory budgeting is a cornerstone of public financial accountability, which basically concentrates on the efficient utilization of public resources to ensure value for money is achieved in providing public social services. The significant role of participatory planning and budgeting is to help creating control and accountability mechanism in dealing with public resources. The Constitution of the United Republic of Tanzania (1977), section 146 states clearly the purpose of establishing local government authorities. The main purpose of having local government authorities is to transfer authority to the local citizens. Section 146 asserts further that local government shall have the right and power to participate and to involve local people in the planning and implementation of development programmes.

The Decentralization agenda aims to boost public participation in planning and budgeting in determining priorities of the local citizens. The direct involvement of local people in the development programs create a sense of ownership and improve accountability in decentralized governance. The participatory budgeting can be explained as a process which encourages local citizens' participation in decision making by giving out their views in budget allocation (Zhang and Yang; 2009). It is encouraged to ensure strong financial management particularly at grass root level by motivating local citizens to take part in planning and decision-making process. According to Hossain et. al. (2014), participatory budgeting helps to improve budget transparency and accountability. In this context, the budget transparency is very important in ensuring public resources are used efficiently and achieve value for money in spending for public social services as a key target of public financial management. Therefore, the involvement of local community in decision making and development programs enhances the transparency and hence improves accountability mechanism at local governments.

Zinyama (2012) points out that citizen's participation need to be given high priority to facilitate enhancement of good governance, which is very important for sustainable social economic development. It is an important instrument that can improve information flows between local citizens and government officials; conclusively this process helps to improve financial accountability, which leads to the improvement on the provision of social public services at the local governments (Goncalve, 2013). The concept of participation, which is regarded as a means of improving planning process at local level is originated from good governance and decentralization (Kuduanga, 2014). Also, Zamboni (2007) noted fewer irregularities for the countries which have implemented participatory budgeting. In other words, participatory budgeting has potentials to control irregularities in financial management. The philosophical view of participatory budgeting particularly at the grass root level planning process is to encourage different views with respect to economic development and encourage local community to enforce transparency and accountability to local government authority officials.

The participation of local community in the development projects assures sustainability of those projects and community welfare in general. The idea of involving local community in both planning and budgeting should not be taken as a political agenda rather a mechanism of improving public social service delivery. Thus, the significance of the participatory budgeting in

the decentralized local governments is irrefutable fact and thus contributes to the good governance. The current study investigates the relevance of participatory budgeting in the decentralization process and local government operations in general. Given the fact that decentralization enables local governments to control political, fiscal and administrative issues, thus participatory budgeting is assumed to bridge operational gap between local governmental officials and citizens. Therefore, it can be agreed that the relevance of this study is not only limited to researchers, academic and policy makers but also it is beneficial to local community and other local governance stakeholders. In a more general way, the mechanics of participatory budgeting in decentralized environment can be beneficial to both developing and developed economies.

## **2.0 General Aspects of Participatory Budgeting and Financial Management**

This part covers general aspects of participatory budgeting and financial management in general and specifically in Tanzanian local governments. Key issues covered are participatory budgeting in Tanzanian local governments, participatory budgeting and decentralization and the relevance of participatory budgeting in financial management.

### **2.1 Participatory Budgeting in Tanzanian Local Governments**

Local governments are very important in providing public social services to the citizens. The relevance of local government operations came to be effective after the fall of the theory of centralization, which believes one size of public good fits all and which does not consider local needs (Besley and Coate; 2003). Following the collapse of the idea that one size fits all, public sector proponents came with an approach that there must a process of determining priorities of the local citizens by taking into account local needs. To achieve this, participatory budgeting through decentralization was thought as very efficient mechanism in involving local community to decide on the part of the budget and also to determine their priorities of goods and services. The participatory budgeting in Tanzanian local governments involves three key parties, viz., village/street level, ward level and the council level (World Bank, 2007). At the village level, members of the committee are the chairmen of the neighbourhood and the chairman of the village (head of the committee). The village committees forward their plans and budget to the ward for approval and consolidation of the whole ward. The ward forwards the same to the

council again for approval and consolidation. Lastly, the council forwards the budget to the concerned Ministry for approval and consolidation ready to be presented to the national assembly for seeking approval.

In addressing participatory budgeting as a key instrument for local resource mobilization and allocation of resources, Matovu (2007) points out that the participatory budgeting is imperative in the fiscal operations of the Tanzanian local governments. Specifically, participatory budgeting has helped to narrow the gap between local government officials and the citizens. The cooperation between these two parties has significant contribution to the improvement of financial discipline and financial accountability in particular. Also, it was further noted that (ibid) participatory budgeting has improved local governance, empowerment of citizens, information sharing and creating a sense of ownership in development projects. Also, the essence of participatory budgeting is to improve internal revenue collection and determining citizens' priorities, which leads to the enhancement of social service delivery.

HakiElimu and Policy Forum (2008) noted that the Tanzanian budgeting process needs to be reframed to improve budget execution and accountability. It was further noted that the mechanisms of participatory budgeting contributes significantly to the enhancement of accountability, thus deliberate efforts are needed to encourage local community to take part in the process. The participatory budgeting has greater incentive on the improvement of the operational transparency and accountability. Local citizens play part in demand side accountability by demanding transparency in the execution of the approved budget, which leads to the improvement of the financial accountability. Although decentralization is an essential element of good governance, but transparency and accountability are the key pillars of improving public social services in the local government authorities and central government in general.

The accessibility of the budget information in local governments is the major challenge for citizens to participate in decision making and to make follow-up on the implementation of the approved budget. To address this challenge, Sikika (2012) revealed that citizens in local governments are not exposed to the budget information due to the reason that budget documents are for official use and confidential. This fabricated reason of not exposing budget information discourages local citizens to participate in the development programs. Most local governments

do not disseminate budget information through notice boards, which makes difficult for citizens and other interested parties to monitor implementation of the approved budgets. Local community has significant roles on the implementation of the budgets, debating of budgetary issues which enhance transparency and accountability.

**Chart-1: Budget process for Sub-National Governments in Tanzania**

Stage	Activity
1: Preparation of budget guidelines	The President's Office, the regional administration, and the local government issue budget policies, guidelines, and ceilings. The regional secretariat advises the municipal council on policy, guidelines, and instructions. The municipal council prepares local guidelines and policies for wards.
2: Public consultation and identification of priorities	Ward extension staff are trained, and the ward development committees issue guidelines to community-level planning and budgeting support teams. Community-level planning and budgeting support teams conduct participatory poverty assessment budgeting. Public meetings are held to rank priorities. Ward development committees approve priorities.
3: Compilation of draft budget	The council management team compiles and synthesizes budget proposals. The council management team consults with CSOs. The council management team compiles the final draft budget, which is then discussed by council committees.
4: Approval and adoption of budget	The full council approves and adopts the budget. Citizens have the opportunity to provide input both during the initial discussion of priorities and after the draft budget has been put together.

Source: World Bank (2007)

## 2.2 Participatory Budgeting and Decentralization

The concept of involving citizens in decision making process is aligned with the objectives of local government decentralization, aiming to bring government closer to the people. The idea of bringing government closer to the people means that local citizens should take part in the operations of the local government. This is done by influencing local community to get involved in budgeting process and hence decision making process. Souza (2001) points out that participatory budgeting improves local community participation and accountability which helps to determine priorities in using part of the local revenues. Specifically, participatory budgeting as a key agent of decentralization helps to improve expenditure control and local government financial accountability.

Apart from being a machinery of decision making process in local governments, participatory budgeting has the potentials to strengthen local government administrative and promote social equity in the provision of public social services (Castillo, 2015). Participatory budgeting has incentives to stimulate local community participation, improves local governance and promoting local developments. The essence of decentralization is to bring fiscal, administrative and political issues closer to the local citizens. Through civic engagement, participatory budgeting has potentials to improve fiscal, administrative and political decentralization in local governments. The ultimate end result for the improved all aspects of decentralization are the quality provision of public social services and social equity.

Citizens' participation in local government budgeting is a strong means of achieving effective decentralization (Muriu, 2014). Also, participatory budgeting can be used to encourage the development of the whole community and foster genuine decentralization (Krenjova and Raudla; 2013). Effective decentralization assures smooth transfer of administrative, fiscal and political responsibilities to the local government. The key potential of effective decentralization is the improvement of the local service delivery. The enhancement of service delivery is believed to be achieved due to strengthening of the budget allocation efficiency, accountability and reduction of corruption. As a means of getting local community views especially in budgeting process, participatory budgeting can be noted as a strong agent of effective decentralization. Thus, in order to enable human well-being and development at the local level, participatory budgeting is endowed with achieving all these and also being able to put together local officials with their citizens.

### **2.3 Relevance of Participatory Budgeting in Financial Management**

Budgeting process is imperative in both private and public sectors not only for controlling purposes but also it is used to guide revenue mobilization. In many circumstances, budget is used and always referred as management control tool which is used to support efficient and effective use of resources and guiding other key organization functions (Faleti, Ojeleke and Faleti, 2014). Participatory budgeting is very important in the general operations of the local governments and particularly in improving participatory governance and administration. Jaramillo and Alcazar (2013) point out that participatory budgeting helps to enhance local community voice and

improve local officials accountability in budget allocation and execution at sub national governments. Through participatory budgeting, citizens are in position to give out their views concerning budget allocation to capture their priorities on the public social services. This mechanism also enables citizens to make follow-up on the implementation of the budget and hence improve accountability and control mechanism on the proper use of public financial resources.

Baogang (2011) points out that participatory budgeting promote transparency and fairness in making discussion about the budget and enhance information flows between local government officials and citizens. Budget transparency helps to monitor and control budget execution, improves accountability and financial management in general. Also, participatory budgeting is believed to be a key aspect in making deliberations and making decisions in allocating budgets based on the priorities of the local community (Pinnington, Lerner and Schugurensky; 2009). It enables participation of the non elected citizens to participate in the conception of the budget process and allocation of the public finance (Sintomer, Herzberg and Rocke; 2008).

At the grass root level, participatory budgeting is considered as a key instrument of raising confidence in governance of public institutions and citizens' compliance (Ewa, 2013). This implies that the participatory budgeting enables local community to make decisions about their budget spending on public services. Principally speaking, participatory budgeting improves transparency, increases social control and hence decreasing the risk of corruption. It is thus imperative to note that the implementation of the participatory budgeting can help local governments to improve transparency and accountability in particular and financial management in general.

### **3.0 Review of Related Empirical Literature**

Participatory budgeting has received substantial attention due to its importance in the philosophy of participatory administration and good governance in the public sector. This management approach is also supported by powerful organs, such as World Bank, IMF and Asian Development Bank to improve accountability and service delivery at sub-national governments.

This move is geared by the outcry on the misappropriation of public funds, corruption and intentional actions of the same nature which in one way or another impede sub-national governments to provide better social services.

In assessing the relevance of participatory budgeting on local governance, Zamboni (2007) revealed that participatory budgeting is very important in local government operations. It was further revealed that in countries where participatory policies are implemented have shown good management and have recorded fewer irregularities as compared to those countries without participatory budgeting. The ideas we get from the findings imply that participatory budgeting is very important and facilitates improvement on the governance and accountability towards citizens' quality service delivery. It facilitates flow of information which enables local community to participate in demanding accountability from those entrusted with public resources and also to make follow-up on the implementation of the approved budget. Thus, demand side accountability from citizens and other stakeholders helps to improve operation transparency which leads to the improvement of financial accountability in local government and public sector in general.

Goncalves (2014) investigated whether the use of participatory budgeting in Brazilian municipalities during 1990-2004 affected the pattern of municipal expenditure and had impact on social welfare. The findings indicate that municipalities which operate participatory budgeting allocate public expenditure which meet priority of the citizens and substantial part of the budget was directed to the sanitation and health services. One of the objectives of the participatory budgeting is to enable local community to determine their priorities in service delivery. Thus, interaction between citizens and local government official is very important in the budgetary policy and contributes significantly on the proper use of public funds and improvement of social services.

Also, Spada (2009) in his study on economic and political effects of participatory budgeting revealed that participatory budgeting contributes significantly on the composition of public expenditure. It was further noted that cities which have adopted participatory budgeting tend to determine priorities of the local government and channel large part of the budget to the same. This study implies that participatory budgeting enables local governments to meet citizens' needs

by considering their tastes and choices. Participatory budgeting as a negotiation instrument between citizens and local officials; enables local community to influence allocation of public resources and also helps local community to oversee the implementation of the approved budget. In a study on participatory budgeting and e-governance, Zinyama (2012) found positive and strong relationship between e-governance and participation, which leads into improvement on service delivery, responsiveness, transparency, accountability and effective governance. E-governance enhances efficiency in information flow and communication which helps to improve transparency and accountability. It thus implied that e-governance is the key aspect of participatory budgeting which promotes democracy in local governance by attracting local community to participate in the determination of priorities and formulation of the local budget. Beuermann and Amelina (2014) investigated whether participatory budgeting improves decentralized public service delivery in Russia. The study found that participatory budgeting has increased participation in the process of decision making, improving local government tax revenues and considering priorities of the local community which increases citizens' satisfaction. These findings were achieved when the model was executed in established administratively and politically decentralized sub-national governments. On other side, Jaramillo and Alcazar (2013) revealed no statistical evidence for the relationship between participatory budgeting and quality of public services in terms of water coverage and service continuity. Their findings were statistically confirmed without considering whether the outcome variables were measured in levels or changes.

The earlier studies on participatory budgeting focused on the specific aspects of local government decentralization and service delivery. Following notable roles of the participatory budgeting in both private and public sector financial management and also given the mixed findings noted from the previous studies, it is very important to assess the contribution of the participatory budgeting in enhancing decentralization and public social services. Thus, the current study aims to assess the relevance of participatory budgeting in decentralized operations in Tanzanian local governments. Unlike the earlier studies, the present study considers the relevance of participatory budgeting in all aspects of decentralization, such as administrative, fiscal and political decentralization. It is evidently remarked that there is less substantial work in both empirical and literature in Tanzanian context. Thus, the current study will be among of the

few studies focusing on the Tanzania public sector financial management regarding participatory budgeting and decentralization. Given the fact that participatory budgeting is the key element of local government decision making process; this study is equally important to both developing and developed countries.

### **3.1 Data and Methodology of the Study**

To achieve the proposed objective of the present study, primary data was employed to undertake meticulous analysis and establishing statistical relationship. The main objective of the study is to examine the importance of the participatory budgeting in decentralized local governments in providing public services. The study also aimed to establish relationship between decentralization and participatory budgeting in ensuring strong accountability mechanisms in local governments. To achieve all these objectives, data were collected from a sample of twenty-eight local governments covering all types, viz., city council, municipal council, town council and district council. More specifically, the sample comprised of twenty-three district councils, two town councils, two municipal councils and one city council. A total of five hundred questionnaires were distributed to accountants, internal auditors, planning officers, procurement officers, council directors and ward councillors. From the questionnaires distributed, a total of three hundred and eighty nine completely filled questionnaires were received which were subjected to meticulous analysis.

### **4.0 Data Presentation, Analysis and Discussion:**

The main idea of establishing local governments was to enable local citizens to get involved directly on the planning and budgeting practices at the local level. Local government means the government of the local citizens to enable them to focus on their public goods and local development in general. The main attribute of local governance is decentralization but the most important aspect of decentralization is fiscal decentralization. Participatory planning and budgeting is very important in the whole mechanism of accountability. The direct involvement of local citizens in the budgeting creates an accountability scheme on the financial management of local government. Therefore, an assessment of local government financial accountability should incorporate participatory planning and budgeting. Participatory planning and budgeting is the

key component of financial accountability which assures proper implementation of the approved budget and compliance with budgetary policies.

**Table-1: Relevance of Participatory Planning and Budgeting Practices in LGAs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	166	42.7	42.7	42.7
	Agree	207	53.2	53.2	95.9
	Disagree	11	2.8	2.8	98.7
	Strongly Disagree	1	0.3	0.3	99
	Undecided	4	1	1	100
	Total	389	100	100	

**Source: Field Data Collected through Survey**

Table-1 presents the data from the respondents on the relevance of participatory planning and budgeting practices in Tanzanian local government authorities. A total of one hundred and sixty-six equivalents to 42.7% of the total respondents strongly agree that participatory planning and budgeting practices plays significant roles on the operations of the local governments. Moreover, two hundred and seven, which represents 53.2% of the total respondents agree that participatory planning and budgeting practices is relevant in local governments. In general, 95.9% of the total respondents agree on the crucial roles played by participatory planning and budgeting practices in ensuring prosperity of the local governments. Alternatively, a total of sixteen equivalents to 4.1% of the total respondents do not agree on the role of participatory planning and budgeting practices. Sincerely speaking, participatory planning enables local citizens to give out their opinions on the development projects taking place in their local areas. Also, participatory budgeting helps local community to make follow-up on the approved budgets and to hold local government officials accountable. This mechanism of involving local community in planning and budgeting helps to create a sense of ownership and hence assures sustainability of the various projects undertaken at the local areas.

Direct involvement of local community in the planning and budgeting also enforces local government officials to act more cautiously to ensure proper utilization of public funds. Proper appropriation of public funds helps local governments to meet objectives of serving local community. One of the objectives of establishing local governments is to ensure local community is fully involved in the local planning and budgeting. Meanwhile, there is outcry about the quality provision of public services and the proper use of public funds. This situation is framed on the idea that nobody owns public funds, are just for public. Proper involvement of local community and other stakeholders can help to rectify this situation and create financial discipline among local government officials. Therefore, it is strongly confirmed that participatory budgeting practices are very important in the whole operations of the local government authorities.

Another view that one can draw from budgeting practices is the way local citizens participate in decision making at the local level. Participatory budgeting also encourages local community to be involved in decision making by giving out their view in the budget allocation and also in the execution of the approved budget. As explained earlier that the broad view of involving local community in local governments operations is to create strong mechanism of accountability in local operations. Strong mechanism of accountability enforces local government officials to direct approved budget on the provision of public social services. Also, strong mechanism of accountability helps to control misappropriation of public funds and other unnecessary expenditure.

**Table-2: Participatory budgeting encourage local citizens' participation in decision making**

		Freque ncy	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	139	35.7	35.7	35.7
	Agree	203	52.2	52.2	87.9
	Disagree	26	6.7	6.7	94.6
	Strongly Disagree	21	5.4	5.4	100
	Total	389	100	100	

**Source: Field Data Collected through Survey**

Table-2 above depicts the respondents' responses on participatory budgeting as a process, which encourage local citizens' participation in decision making. A total of one hundred and thirty-nine equivalents to 35.7% of the total respondents strongly support the statement that participatory budgeting encourages local citizens' participation in decision making by giving out their views in budget allocation and budget responsibilities. Also, a total of two hundred and three equivalents to 52.2% of the total respondents agree on the relevance of participatory budgeting in decision making at the local governments. On other hand, forty-seven respondents which represent 12.1% of the total respondents do not support the statement that participatory budgeting encourages local community to be involved in decision making.

Overall analysis indicates the robustness of the facts, which corroborates the relevance of participatory budgeting in decision making. A total of three hundred and forty-two, which represents 87.9% of the total respondents support the significance of participatory budgeting. The findings of the present analysis confirm that participatory budgeting is a process which encourages local citizens' participation in decision making on budget allocations. Participatory budgeting enables local citizens to forward their inputs on budget process and budget allocation. Participatory budgeting especially in budget allocation is very important due to the fact that huge amount of public expenditure is spend on public social services. Due to the importance of participatory budgeting, local governments are encouraged to sensitize this mechanism in their area in order to build strong mechanism of accountability. Also, participatory budgeting especially on budget allocation helps to ensure quality provision of public services. This process also attracts local community to take part on allocation of public expenditure of their preferences on public goods and fight against vandalism of public resources. Participatory budgeting is not only a means of achieving local citizen's inclusion on local governance but also it is a means of determining priorities of the local community.

Also, the study was interested to assess the effectiveness of the participatory budgeting on the local government authorities. Given advantages of the participatory budgeting on instituting strong mechanism of accountability and also on expenditure allocation, it is feasible to assess its effectiveness. Local governments are mostly concerned with two main issues; revenue mobilization and expenditure allocation to ensure smooth provision of public goods. To achieve

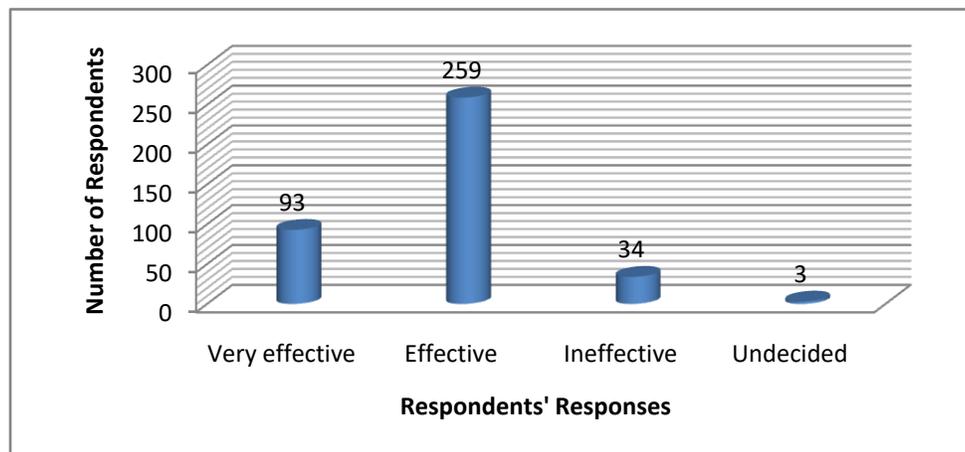
this end, there must be a proper mechanism of budgeting to capitalize on local government budget.

**Table-3: Assessment of the effectiveness of participatory budgeting in LGAs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very effective	93	23.9	23.9	23.9
	Effective	259	66.6	66.6	90.5
	Ineffective	34	8.7	8.7	99.2
	Undecided	3	0.8	0.8	100
	Total	389	100	100	

Source: Field Data Collected through Survey

**Figure-1: Assessment of the Effectiveness of Participatory Budgeting in LGAs**

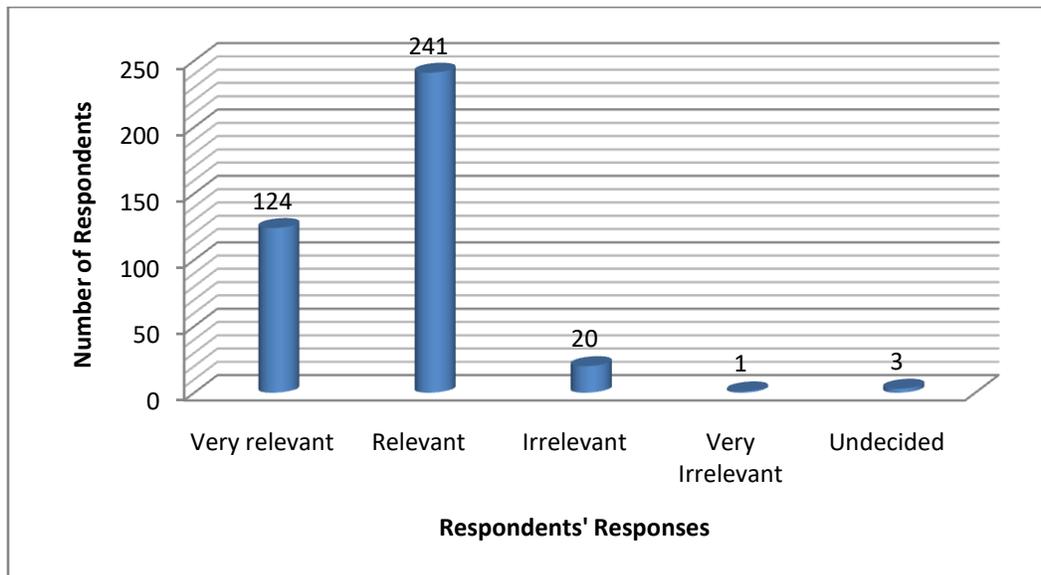


The assessment of the effectiveness of participatory budgeting at the Tanzanian local government authorities indicate response on four categories; very effective, effective, ineffective and undecided shown in Figure-1. A total of ninety three (93) equivalents to 23.9% of the total respondents indicate that participatory budgeting is very effective in their local government authorities. On other words, they agree on the crucial roles played by participatory budgeting in

fiscal decentralized governance. On the other hand, a total of two hundred and fifty nine (259) which represent 66.6% of the total respondents indicate that participatory budgeting is effective in their local governments. Further analysis depicts that about 90.5% of the total respondents agree on the operation of participatory budgeting at the local governments. In contrast, a total of thirty seven (37) which represents 9.5 % of the total respondents indicate that participatory budgeting is not effective as a means of participatory local governance. In short, majority of the respondents agree on the effectiveness of the participatory budgeting in local governments. This implies that, participatory budgeting is effective in Tanzanian local government authorities. These findings indicate good local administration and management in fiscal decentralized governance.

Participatory planning and budgeting is a cornerstone of good governance and management in decentralized governance. This mechanism helps local government administration to identify priorities of the local community in terms of public social services. Also, this framework of local community inclusion creates a sense of ownership which leads to the success of the various local projects. The assurance of the sustainability of the various development projects at local level is promised under the mechanism of participatory planning and budgeting. Following crucial roles played by participatory planning and budgeting, Tanzanian local governments are argued to encourage local community to participate in all levels of planning and budgeting. Strong campaign must be conducted to educate citizens about the importance of participating in planning and budgeting at local level. The significance of enhancing accountability mechanism and proper use of public funds should be communicated to the local citizens. Local community must be able to enforce accountability to local government officials and demanding transparency in all local government projects.

Moreover, participatory planning and budgeting has strong influence on the execution of the approved budget. Through participatory planning, local community will be in a position to control misappropriation of the decentralized finances. This mechanism in one way or other may enforce local government officials to commit public funds as per approved budgets. It will also be easier for local community to make follow up on local public services and local development in general.

**Figure-2: Relevance of Participatory Planning on the Approved Budget**

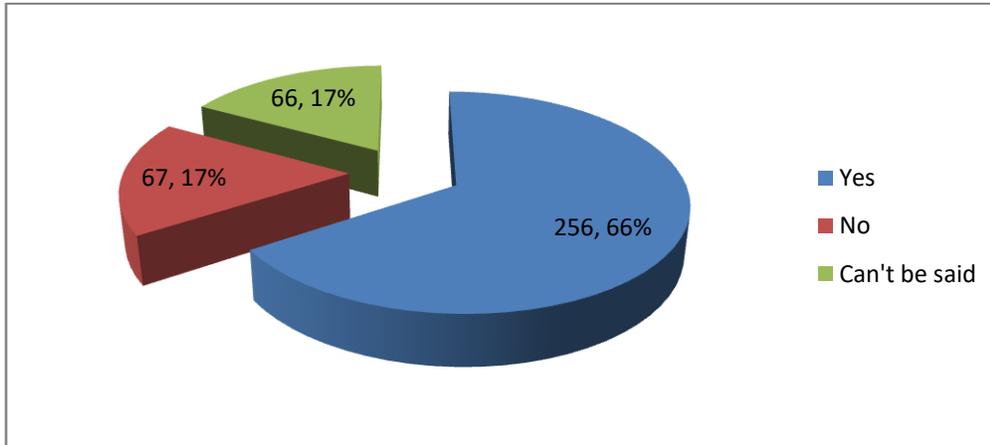
**Source: Field Data Collected through Survey**

Also, respondents were asked to assess the relevance of participatory planning on the execution of the approved local budget. The idea of this assessment is to explore to what extent participatory mechanisms can extend to the execution of the approved budget. A total of one hundred and twenty-four (124) equivalents to 31.9% strongly indicate that participatory planning is very relevant on the execution of the approved budget as shown in figure-2. Moreover, a total of two hundred and forty one (241) which represents 62% of the total respondents indicate that participatory planning is relevant on the execution of the approved budget. Alternatively, 6.1% of the total respondents do not agree on the relevance of participatory planning on the execution of the approved budget. Overall analysis indicates that majority of the respondents (93.9%) agree that participatory planning is significant in controlling approved budget. Through participatory planning, local community has ability to question misappropriation of the approved budget. This mechanism can help to enforce local government officials to spend approved budget more efficiently on the provision of public social services.

Another aspect that can help to enhance accountability on the proper use of public funds is transparency. To address this issue, respondents were asked about making approved budget to be well known by the members of the local community in their local governments. Transparency of the approved budget helps to creates mechanism of accountability among local government

officials. If approved budget is well known by the members of the local community, it will be difficult for local government officials to misuse public funds or make reallocation of funds to other activities.

**Figure-3: Does Local Government make Approved Budget Public?**



**Source: Field Data Collected through Survey**

The issue of transparency particularly in the operations of the local governments is the major concern not only for central government but also for various stakeholders and development partners (DP). Also, NGOs and CBOs are in the frontline demanding transparency in public sector operations especially in local governments. Transparency and openness are the key attributes of the financial management and financial accountability in particular. In this analysis, a total of two hundred and fifty-six (256) which represents 66% of the total respondents indicate that their local governments make approved budget well known to everyone by using various means of disseminating financial information as shown in Figure-3.

Alternatively, a total of sixty six (66) equivalents to 17% of the total respondents indicate that their councils do not make approved budget public and the rest respondents indicate that they can't answer. Majority of the respondents indicate that approved budget is very important to be well known by the members of the local community. Also, one respondent asserts that their council make approved budget public by using all available communication media. He added that approved budget is reported to community through their representatives. Moreover, respondent pointed out that approved budget passes through different stages of decision such as steering committee, finance committee and finally full council which involve all interested parties. It is strongly recommended that all councils should maintain transparency and openness on the approved budget by using various means of communication such as holding statutory

meeting, council boards and distributing copies of the approved budget. The local approved budget must also be communicated to finance committee and full council. Also, approved budget must be communicated to the heads of the departments, employees and other stakeholders of the local governments. Disseminating approved budget to all levels of the council and local community is the significant means of enhancing good governance and transparency.

**Table-4: Cross Tabulation of Decentralization and Participatory Budgeting**

		Participatory budgeting					Total
		Strongly Agree	Agree	Disagree	Strongly Disagree		
<b>Decentralization</b>	Strongly	Count	59	66	5	4	134
	Agree	Expected					
		Count	47.9	69.9	9	7.2	134
	Agree	Count	74	129	19	13	235
Expected							
Disagree	Count	84	122.6	15.7	12.7	235	
	Expected						
Total	Disagree	Count	6	8	2	4	20
		Expected					
	Count	7.1	10.4	1.3	1.1	20	
	Count	139	203	26	21	389	
	Expected						
	Count	139	203	26	21	389	

**Source: Field Data Collected through Survey**

**Table-5: Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.189 <sup>a</sup>	6	0.009
Likelihood Ratio	14.387	6	0.026
Linear-by-Linear Association	11.617	1	0.001
N of Valid Cases	389		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 1.08.

Furthermore, the authors conducted statistical test to establish the association between decentralization and participatory budgeting as a key component of financial accountability. Table-4 indicates cross tabulation of decentralization and participatory budgeting for determining observed and expected frequencies. Table 5 indicates chi-square test at five percent (5%) level of significance and six (6) degree of freedom. Other measures such as likelihood ratio and linear by linear association are also significant at the level of significance of 5%.

The calculated chi-square from Statistical Package of Social Science (SPSS) is 17.189 with p value of 0.009 as depicted in Table-5. The p value (0.009) is less than level of significance;  $p(0.009) < 0.05$ , this indicates strong statistical evidence of rejecting null hypothesis and accepting alternative hypothesis. Thus, chi-square test confirms that there is a relationship between decentralization and participatory budgeting. The main objective of decentralization is to empower local community, enabling them to participate in development projects and be able to enforce accountability by demanding transparency. This implies that participatory budgeting has significant contribution to the financial accountability and local government performance as well. Thus, the success of decentralization is mainly influenced by the participatory planning and budgeting. This can be noted that the successful operation of decentralization depends on the presence of both local officials and citizens.

Also, this analysis indicated that the success of decentralization depends on the participatory governance and participatory budgeting. Participatory budgeting helps to secure accountability mechanism in the all levels of the local governments. Participatory planning and budgeting should be considered as a soft means of enabling local governments to achieve intended objectives and to secure accountability mechanisms. If we consider participatory planning and budgeting in a positive way then it will be straightforward for local governments to implement development projects in the name of local community. The implementation of the development projects by both local governments and local community assures sustainability of the projects for the future generation.

In a bid of improving local government operations, there must be deliberate efforts on instituting participatory planning and budgeting. The more importantly issues on this governance mechanism are friendly environment, political will and enabling legal framework at local level.

Local authorities must show up readiness in accepting this new paradigm of governance in a decentralized environment. Lack of social inclusion in local government operations might be one of the reasons of failure in many local development projects. In this era of NPM where most governments are decentralized, participatory planning and budgeting is very momentous to assure sustainability of development projects and also to help determining priorities of the local community. Participatory budgeting labels local community as a part and parcel in making decision concerning quality service delivery at local areas.

### **5.0 Summary, Implication and Conclusion:**

From the foregoing analysis, it can be concluded that participatory budgeting is very significant for the prosperity of local governments in providing public social services. However, its implementation must be done with caution because it involves local government officials, politicians and local community. The issue of conflict of interest may arise and distort the whole process of serving citizens. The politicians may think that they are losing influence on public spending and on the other hand local official may think that they are being controlled and watched as abusers of public finances. But, for sometimes the local officials may misunderstand the concept of participatory budgeting by thinking maybe they have failed to deliver social services to the citizens. Thus, the sustainability and usefulness of participatory budgeting in most cases depends on the wise mind of politicians and local government officials. The concept of participatory budgeting is to create apparent environment in order to improve local government operations. The present study has corroborated the importance of participatory budgeting in enhancing transparency and accountability environment in local government operations. The importance of participatory budgeting cannot be overemphasized, however to realize full benefits of participatory budgeting requires politicians wisdom being supported by legal framework to create apparent atmosphere for citizens' participation.

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