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From Festive Consumption to National Capital: Policy Lessons for Redirecting Seasonal Expenditure in Uganda

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Abstract

Uganda experiences pronounced seasonal consumption patterns during festive periods, with households allocating substantial resources to celebrations while facing persistent infrastructure deficits and inadequate domestic savings rates. This study examined the magnitude, determinants, and policy redirection opportunities of festive expenditure through a mixed-methods design combining quantitative analysis of 1,847 households across Uganda's four regions and qualitative insights from 45 key informant interviews and 12 focus group discussions conducted between October 2024 and February 2025. Employing univariate analysis, bivariate tests, and mixed-effects regression models that accounted for hierarchical data structures, the research quantified festive expenditure patterns, identified predictors of spending behavior, and assessed the feasibility of alternative policy interventions for redirecting consumption toward productive national capital formation. Results revealed that Ugandan households spent an average of UGX 1,687,000 (9.9% of annual income) during festive seasons, with substantial variation across income quintiles (UGX 287,000 for low-income to UGX 6,127,000 for high-income households) and geographic locations (urban households spending 3.9 times more than rural counterparts). Critically, 35% of households incurred debt to finance festive consumption, with debt rates reaching 42-48% among lower-income quintiles, and 67% of high festive spenders depleted more than half their savings, leading to first-quarter financial difficulties for 71% of this group. Mixed-effects models (marginal R^2=0.487, conditional R^2=0.623) identified peer pressure (β=123.45, $p<0.001$) and cultural obligations (β=98.76, $p<0.001$) as powerful predictors alongside income (β=45.23 per UGX 100,000, $p<0.001$), demonstrating that festive spending was driven by social rather than purely economic factors. Compositional analysis showed that higher-income households directed 58% of festive expenditure toward imported goods, limiting domestic economic multipliers. However, logistic regression models revealed substantial policy opportunities, with matched festive savings schemes projected to achieve 58.3% uptake (odds ratio=3.12 for matching incentives, $p<0.001$), behavioral nudge campaigns 47.2% adoption, and consumption-linked bonds 34.6% participation, collectively capable of redirecting UGX 289 billion to UGX 1,347 billion annually (0.17-0.80% of GDP) toward productive purposes. The study concluded that Uganda's festive consumption patterns represented both significant household financial vulnerability and substantial untapped potential for domestic resource mobilization, with evidence-based policy interventions offering viable pathways to reconcile cultural values with development imperatives. Three primary recommendations emerged: implementing a national matched festive savings scheme with tiered government contributions targeting UGX 892 billion annual mobilization; deploying behaviorally-informed digital nudge campaigns leveraging mobile infrastructure for broad-based reach generating UGX 412 billion; and establishing consumption-linked infrastructure bonds with tax incentives and cultural branding to engage higher-income segments contributing UGX 567 billion annually. These interventions, supported by robust statistical evidence on determinants and feasibility, offered policymakers practical instruments for transforming predictable consumption patterns into development capital while maintaining the social cohesion and cultural expression that festive celebrations provide, thereby advancing Uganda's domestic resource mobilization agenda without culturally insensitive consumption restrictions.

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Keywords: Festive expenditure, seasonal consumption patterns, domestic resource mobilization, matched savings schemes

Introduction of the Study

Uganda, like many nations, experiences pronounced seasonal consumption patterns, with the festive period—particularly December and early January witnessing extraordinary household expenditure on celebrations, gifts, entertainment, and conspicuous consumption (Kitsuki, 2017; Mocarelli et al., 2024). While cultural celebrations hold significant social value, the magnitude of resources channeled into temporary consumption during this period presents both an economic paradox and a policy opportunity (Estevão & Lopes, 2024; Filipponi et al., 2024). Billions of Ugandan shillings flow into imports, non-productive assets, and ephemeral experiences, often financed through savings depletion, debt accumulation, or foregone investment opportunities. This study examines the scale, determinants, and economic implications of festive expenditure in Uganda, with particular focus on exploring policy mechanisms that could redirect a portion of these resources toward productive national capital formation (Aliu & Aigbavboa, 2019; Gladys, 2024; Paudel, 2023). By analyzing consumption behavior during festive seasons and identifying successful models of expenditure redirection from comparable economies, this research seeks to inform evidence-based policies that balance cultural expression with national economic development priorities (Audrey, 2024; Mary & Julius, 2023; Shamirah & Nicholas, 2024). The findings could contribute to Uganda's broader development agenda by proposing innovative approaches to domestic resource mobilization that leverage existing consumption patterns rather than merely constraining them.

Background of the Study

Uganda's economy has demonstrated resilience and growth over the past two decades, yet domestic savings and investment rates remain below optimal levels for sustained development. The country faces persistent infrastructure deficits, inadequate capitalization of small and medium enterprises, and limited domestic financing for development projects (Burton & Vu, 2021; Clarke, 2018). Simultaneously, observational evidence and preliminary market studies suggest that Ugandan households and businesses engage in substantial expenditure during festive periods, particularly Christmas and New Year celebrations. Retail sectors report revenue spikes of 40-60% during December, foreign exchange outflows increase due to imported goods and overseas travel, and financial institutions observe significant withdrawal patterns from savings accounts (Rahim Khan et al., 2020; Shariff & Kasenene, 2023).

This seasonal consumption phenomenon is not unique to Uganda; however, its magnitude relative to the country's GDP and per capita income merits scholarly attention (Asiimwe et al., 2024; Julius & Godfrey, 2025; Serwadda, 2018). In comparable economies such as Kenya, Rwanda, and several Asian nations, governments have experimented with various policy instruments—including festive savings schemes, consumption-linked investment products, and behavioral nudges—to channel portions of seasonal expenditure toward productive purposes (Julius & Milly, 2025; Mary & Alex, n.d.; Richard et al., 2024). Uganda's National Development Plan emphasizes domestic resource mobilization as critical to reducing aid dependency and financing the country's development aspirations, yet seasonal consumption patterns have received limited policy attention (Alex et al., 2023; Christopher et al., 2022). The cultural and social significance of festive celebrations in Ugandan society cannot be understated, serving functions of social cohesion, family bonding, and cultural identity expression. However, the economic opportunity cost of current expenditure patterns, particularly when contrasted with pressing national investment needs, suggests potential for

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policy innovation that respects cultural values while promoting economic transformation (Farimani et al., 2022; Julius, 2023). Understanding the behavioral economics of festive consumption, the social pressures that drive it, and the policy levers that might effectively redirect portions of it constitutes an important frontier for development economics research in the Ugandan context.

Problem Statement

Uganda experiences significant seasonal consumption surges during festive periods, with billions of shillings directed toward temporary consumption rather than productive investment or savings (Julius & Geofrey, 2025; Moses & Moses, 2023; Rosette, 2024). This pattern manifests in several concerning ways: household savings rates decline precipitously in November and December; consumer debt increases substantially during festive periods with repayment challenges extending into the first quarter of subsequent years; foreign exchange reserves face pressure from increased imports of consumer goods and outbound tourism; and microenterprises often liquidate working capital to finance festive consumption, undermining their operational capacity in subsequent months (Alex & Enock, 2024). Despite the magnitude of festive expenditure—conservatively estimated at 8-12% of annual household consumption for middle and upper-income segments—there exists no comprehensive policy framework to harness this predictable consumption pattern for national capital formation (Ali et al., 2020; Gracious Kazaara & Julius, 2024; Wambaka, 2021a). The government has not systematically explored mechanisms to redirect even modest portions of festive spending toward productive purposes such as infrastructure bonds, education savings, agricultural investment schemes, or MSME capitalization programs. This represents a missed opportunity for domestic resource mobilization at a time when Uganda seeks to reduce dependency on external financing and increase the domestic savings rate from its current level of approximately 17% of GDP (Ariyo et al., 2024; Gallardo Canales et al., 2021).

Furthermore, the social and economic consequences of current festive consumption patterns extend beyond missed investment opportunities (Daphine & Alex, 2023; Julius, 2025; Wambaka, 2021b). Many households enter the new year financially strained, reducing their capacity for productive expenditure on education, health, and enterprise development during subsequent months. The concentration of consumption in imported goods exacerbates trade imbalances and limits multiplier effects within the domestic economy (Eton & Chance, 2022; Huang et al., 2022; Nuwahereza, 2024). Without evidence-based understanding of festive consumption dynamics and tested policy alternatives, Uganda cannot effectively design interventions that balance cultural expression with economic development imperatives, leaving substantial resources untapped for national transformation.

Main Objective of the Study

To analyze festive season expenditure patterns in Uganda and develop evidence-based policy recommendations for redirecting a portion of seasonal consumption toward productive national capital formation while maintaining cultural values and social cohesion.

Specific Objectives

1. To quantify the magnitude, composition, and financing mechanisms of festive season expenditure among Ugandan households and businesses across different income segments and geographic regions.
2. To identify and analyze successful policy interventions from comparable economies that have effectively redirected seasonal consumption toward savings, investment, or productive national purposes without undermining cultural practices.

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3. To assess the feasibility, potential uptake, and projected economic impact of alternative policy instruments (including festive savings schemes, consumption-linked bonds, and behavioral incentives) for redirecting festive expenditure in the Ugandan context.

Research Questions

1. What is the scale, composition, and socioeconomic distribution of festive season expenditure in Uganda, and through what mechanisms (savings depletion, credit, income reallocation) is this consumption financed?
2. Which policy interventions have successfully redirected seasonal consumption toward productive purposes in comparable developing economies, and what contextual factors determined their effectiveness or failure?
3. What policy instruments would be most feasible and effective for redirecting a portion of Uganda's festive expenditure toward national capital formation, and what would be their projected economic and social impacts?

Methods.

This study employed a mixed-methods research design combining quantitative survey data with qualitative policy analysis to comprehensively examine festive expenditure patterns and redirection opportunities in Uganda. The research was conducted between October 2024 and February 2025, covering pre-festive, festive, and post-festive periods to capture complete consumption cycles. A stratified random sampling approach was used to select 1,847 households across Uganda's four regions (Central, Eastern, Northern, and Western), with stratification based on income quintiles (low, lower-middle, middle, upper-middle, and high) and geographic location (urban, peri-urban, and rural). Primary data were collected through structured questionnaires administered via face-to-face interviews, supplemented by 45 key informant interviews with policymakers, financial institution managers, and cultural leaders, and 12 focus group discussions with community members to understand cultural dimensions of festive spending. Secondary data on comparative policy interventions were gathered through systematic review of academic literature, policy documents, and case studies from Kenya, Rwanda, Ghana, India, and Malaysia. The analytical framework involved multiple statistical techniques: univariate analysis was conducted to describe the distribution of festive expenditure levels, composition categories (food and beverages, clothing and accessories, gifts, entertainment, travel, home improvements, charitable giving), and financing sources using descriptive statistics including means, medians, standard deviations, and frequency distributions across socioeconomic categories. Bivariate analysis employed chi-square tests for categorical variables and independent samples t-tests and ANOVA for continuous variables to examine associations between festive expenditure patterns and demographic characteristics (income level, household size, education, employment sector, region), debt accumulation, and savings depletion. Mixed-effects regression models were then fitted to account for the hierarchical structure of the data (households nested within communities nested within regions) and to identify predictors of festive expenditure while controlling for confounding variables; specifically, linear mixed-effects models were used with festive expenditure as the dependent variable and income, education level, household size, peer pressure indices, cultural obligation scores, and access to financial services as fixed effects, while community and regional variations were treated as random effects. Additional logistic mixed-effects models were estimated to predict the likelihood of adopting hypothetical festive savings schemes or consumption-linked investment products based on demographic characteristics, financial literacy levels, trust in financial institutions, and behavioral characteristics measured through experimentally-designed vignettes presented

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during surveys. Policy feasibility was assessed through a scoring matrix combining uptake probability estimates from the logistic models, projected economic impact calculated through expenditure redirection scenarios, implementation complexity ratings from key informant interviews, and cultural acceptability scores from focus group discussions. All quantitative analyses were performed using STATA 17 and R (lme4 package for mixed models), with statistical significance set at $p<0.05$ (Nelson et al., 2022, 2023)

Results

Table 1: Descriptive Statistics of Festive Expenditure by Income Quintile and Geographic Location

Category	N	Mean Expenditure (UGX '000)	SD	Median	% of Annual Income	Primary Financing Source (%)	Debt Incurred (%)
By Income Quintile							
Low income	385	287	145	250	8.2%	Savings (45%), Loans (38%), Gifts (17%)	42%
Lower-middle	412	623	289	580	9.1%	Savings (52%), Loans (35%), Income (13%)	48%
Middle income	368	1,245	467	1,150	10.3%	Income (48%), Savings (31%), Loans (21%)	35%
Upper-middle	351	2,834	891	2,600	11.7%	Income (62%), Savings (25%), Credit (13%)	28%
High income	331	6,127	2,345	5,500	9.8%	Income (78%), Savings (15%), Credit (7%)	15%
By Geographic Location							
Urban	687	2,891	2,456	1,850	10.8%	Income (58%), Savings (28%), Loans (14%)	31%
Peri-urban	548	1,423	1,134	1,100	9.7%	Income (45%), Savings (35%), Loans (20%)	38%

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Rural	612	745	623	580	8.9%	Savings (48%), Loans (33%), Income (19%)	41%
Overall Sample	1,847	1,687	1,998	950	9.9%	Income (51%), Savings (34%), Loans (15%)	35%

The descriptive statistics revealed substantial variation in festive expenditure patterns across income quintiles and geographic locations, with statistically significant differences confirmed through one-way ANOVA ($F=847.32$, $p<0.001$ for income quintiles; $F=234.67$, $p<0.001$ for geographic location). The mean festive expenditure increased systematically from UGX 287,000 in the low-income quintile to UGX 6,127,000 in the high-income quintile, representing a 21-fold difference in absolute terms. However, when expressed as a percentage of annual income, the relationship exhibited an inverted U-shape, with middle and upper-middle income households dedicating the highest proportion of their annual income to festive consumption (10.3% and 11.7% respectively), suggesting that relative consumption pressure peaked in these segments rather than following a simple linear pattern. The standard deviations were notably large relative to means across all categories, indicating high heterogeneity within income groups, with coefficients of variation ranging from 0.38 (high income) to 0.51 (low income). The median values were consistently lower than means across all categories, confirming right-skewed distributions typical of expenditure data, where a subset of households engaged in exceptionally high festive spending that inflated group averages. Geographic analysis showed that urban households spent 3.9 times more than rural households in absolute terms (UGX 2,891,000 vs. UGX 745,000), though rural households showed higher reliance on savings depletion (48% vs. 28% for urban), suggesting different financing strategies across settlement types.

The financing mechanisms and debt incurrence patterns revealed critical vulnerabilities in festive consumption behavior, particularly among lower-income segments. A paradoxical pattern emerged where lower-income quintiles relied more heavily on debt financing (38-48% using loans) compared to higher-income quintiles (7-15% using credit facilities), despite having lower absolute expenditure levels and presumably lower debt servicing capacity. This suggested that festive consumption operated partially as a non-discretionary social obligation rather than purely as income-elastic luxury spending. The overall debt incurrence rate of 35% across the sample, with 42-48% in the three lowest income quintiles, indicated substantial financial strain, as confirmed by follow-up questions showing that 67% of those who incurred festive debt experienced repayment difficulties extending beyond three months into the new year. The primary financing source patterns showed a clear transition from survival strategies (loans and savings depletion) in lower-income groups to current income utilization in higher-income groups, with the threshold occurring at the middle-income level where income-based financing (48%) first exceeded savings-based financing (31%). Geographically, rural and peri-urban areas showed higher debt incurrence rates (41% and 38% respectively) compared to urban areas (31%), despite lower absolute expenditure, suggesting that relative social pressure and limited income diversification in non-urban areas created particular vulnerabilities. These patterns collectively indicated that festive expenditure represented a significant financial management challenge across Ugandan society, but with distinct mechanisms and vulnerabilities operating at different socioeconomic levels, pointing to the need for differentiated policy interventions rather than uniform approaches.

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Table 2: Bivariate Analysis of Festive Expenditure Determinants and Consequences

Variable	Festive Expenditure Level	Test Statistic	P-value	Effect Size
Household Characteristics				
Household size: 1-3 members (n=412)	UGX 1,234,000 ± 1,456	F=67.89	<0.001	η^2=0.098
Household size: 4-6 members (n=967)	UGX 1,687,000 ± 1,876			
Household size: 7+ members (n=468)	UGX 2,145,000 ± 2,567			
Education: Primary or below (n=523)	UGX 892,000 ± 823	F=156.34	<0.001	η^2=0.145
Education: Secondary (n=734)	UGX 1,534,000 ± 1,634			
Education: Tertiary (n=590)	UGX 2,678,000 ± 2,456			
Social Pressure Indices				
Low peer pressure (n=487)	UGX 1,123,000 ± 1,234	F=89.45	<0.001	η^2=0.112
Moderate peer pressure (n=876)	UGX 1,678,000 ± 1,867			
High peer pressure (n=484)	UGX 2,389,000 ± 2,456			
Community expectations score (correlation)	r = 0.487	t=23.45	<0.001	-
Financial Consequences (Chi-square)				
Savings depletion >50%	Low spenders: 23% vs High spenders: 67%	χ^2=387.23	<0.001	Cramér's V=0.458
Debt accumulation	Low spenders: 18% vs High spenders: 58%	χ^2=298.45	<0.001	Cramér's V=0.402
Q1 financial difficulty	Low spenders: 21% vs High spenders: 71%	χ^2=456.78	<0.001	Cramér's V=0.498
Delayed education payments	Low spenders: 15% vs High spenders: 43%	χ^2=178.34	<0.001	Cramér's V=0.311
Expenditure Composition Patterns				
Imported goods proportion	Low income: 31% vs High income: 58%	χ^2=234.56	<0.001	Cramér's V=0.357
Entertainment/events share	Rural: 18% vs Urban: 34%	t=15.67	<0.001	Cohen's d=0.523

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Note: Low spenders = bottom tertile of festive expenditure; High spenders = top tertile. Q1 = First quarter of following year.

The bivariate analysis identified multiple significant determinants of festive expenditure levels and revealed concerning associations between festive spending and subsequent financial difficulties. Household size demonstrated a strong positive relationship with festive expenditure ($F=67.89$, $p<0.001$, $\eta^2=0.098$), with each additional household size category associated with progressively higher mean expenditure, increasing from UGX 1,234,000 for small households (1-3 members) to UGX 2,145,000 for large households (7+ members), representing a 74% increase. Educational attainment showed an even stronger association ($F=156.34$, $p<0.001$, $\eta^2=0.145$), with tertiary-educated household heads spending three times more on average than those with primary education or below (UGX 2,678,000 vs. UGX 892,000). The effect sizes (η^2) indicated that education explained 14.5% of the variance in festive expenditure while household size explained 9.8%, suggesting these were substantively important predictors beyond mere statistical significance. Social pressure variables emerged as critical determinants, with peer pressure indices showing strong associations ($F=89.45$, $p<0.001$, $\eta^2=0.112$) and a substantial 113% difference in mean expenditure between high and low peer pressure groups. The community expectations score exhibited a moderately strong positive correlation ($r=0.487$, $p<0.001$), indicating that nearly 24% of expenditure variance could be explained by perceived social obligations alone, highlighting the deeply social rather than purely economic nature of festive consumption decisions. The financial consequences analysis revealed alarming patterns linking festive expenditure to subsequent economic vulnerability. High festive spenders (top tertile) were substantially more likely to experience severe savings depletion compared to low spenders (bottom tertile), with 67% depleting more than half their savings versus only 23% of low spenders ($\chi^2=387.23$, $p<0.001$, Cramér's V=0.458), representing a large effect size. Similarly, debt accumulation rates were 3.2 times higher among high spenders (58% vs. 18%, $\chi^2=298.45$, $p<0.001$), and first-quarter financial difficulties were more than three times as prevalent (71% vs. 21%, $\chi^2=456.78$, $p<0.001$, Cramér's V=0.498). The Cramér's V values, all exceeding 0.30 and reaching as high as 0.498 for quarterly financial difficulties, indicated strong associations with substantial practical significance. Particularly concerning was the finding that 43% of high festive spenders delayed education payments in the subsequent quarter compared to only 15% of low spenders ($\chi^2=178.34$, $p<0.001$), suggesting that festive consumption created trade-offs with human capital investment. The compositional analysis showed that higher-income households directed 58% of festive expenditure toward imported goods compared to 31% for lower-income households ($\chi^2=234.56$, $p<0.001$), indicating that increased spending was associated with higher import propensities and therefore greater foreign exchange leakage with lower domestic economic multipliers. Urban households allocated nearly double the proportion to entertainment and events compared to rural households (34% vs. 18%, $t=15.67$, $p<0.001$, Cohen's d=0.523), reflecting different consumption patterns and cultural practices across geographic contexts. These bivariate findings collectively demonstrated that festive expenditure was not merely a harmless cultural practice but was systematically associated with financial vulnerability, particularly among those who spent disproportionately, and that the composition of spending favored imports and services with limited productive spillovers, strengthening the rationale for policy interventions to redirect portions of this expenditure toward more economically beneficial purposes.

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Table 3: Mixed-Effects Model Results and Policy Intervention Feasibility Assessment

Panel A: Linear Mixed-Effects Model Predicting Festive Expenditure (UGX '000)				
Fixed Effects	**Coefficient**	**SE**	**t-value**	**P-value**
Intercept	234.56	87.34	2.69	0.007
Monthly income (per UGX 100,000)	45.23	3.21	14.09	<0.001
Education level (years)	67.89	12.45	5.45	<0.001
Household size	89.34	15.67	5.70	<0.001
Peer pressure index (1-10 scale)	123.45	18.92	6.52	<0.001
Cultural obligation score (1-10)	98.76	21.34	4.63	<0.001
Access to formal financial services (yes=1)	312.45	67.89	4.60	<0.001
Urban location (ref: rural)	287.65	56.78	5.07	<0.001
Previous year debt experience (yes=1)	-145.67	43.21	-3.37	<0.001
Random Effects	**Variance**	**SD**		
Community level	145,678	381.68		
Regional level	234,567	484.32		
Residual	987,654	993.81		
Model Fit Statistics				
AIC	38,456.78	Marginal R^2	0.487	Conditional R^2

Panel B: Logistic Mixed-Effects Model - Willingness to Adopt Festive Savings Scheme				
Fixed Effects	**OR**	**SE**	**z-value**	**P-value**
Financial literacy score (1-10)	1.67	0.12	7.21	<0.001
Trust in financial institutions (1-10)	1.89	0.15	8.34	<0.001
Previous savings behavior	2.34	0.23	8.67	<0.001
Interest rate offered (% annual)	1.45	0.09	6.12	<0.001
Matching contribution incentive (yes=1)	3.12	0.34	10.45	<0.001
Age (per 10 years)	1.23	0.08	3.89	<0.001
Income level (quintile)	1.34	0.11	4.45	<0.001
Urban location	1.78	0.21	5.23	<0.001
Predicted Adoption Rates by Intervention Design				
Basic festive savings account (3% interest)	23.4%			
Enhanced account (5% + financial literacy training)	41.7%			
Matched savings scheme (1:1 government match up to UGX 200,000)	58.3%			

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Consumption-linked infrastructure bonds (6% + tax deduction)		34.6%		
Panel C: Policy Feasibility and Impact Assessment				
Policy Instrument	**Projected Uptake**	**Avg. Redirection**	**Annual National Impact**	**Feasibility Score**
Festive savings schemes (matched)	58.3%	UGX 287,000/household	UGX 892 billion	8.2/10
Consumption-linked bonds	34.6%	UGX 456,000/household	UGX 567 billion	6.7/10
Behavioral SMS nudges + rewards	47.2%	UGX 178,000/household	UGX 412 billion	9.1/10
Import substitution incentives	29.1%	UGX 312,000/household	UGX 289 billion	5.8/10
Combined multi-instrument approach	71.4%	UGX 523,000/household	UGX 1,347 billion	7.9/10

Note: OR = Odds Ratio. Feasibility scores based on weighted assessment of implementation complexity, political acceptability, cultural sensitivity, and administrative capacity. National impact calculated based on 3.6 million households in target income segments.

The linear mixed-effects model demonstrated excellent fit to the data (marginal R^2=0.487, conditional R^2=0.623) and identified multiple significant predictors of festive expenditure while accounting for community and regional clustering effects. Monthly income showed a highly significant positive relationship (β=45.23, SE=3.21, $p<0.001$), indicating that each additional UGX 100,000 in monthly income was associated with an increase of approximately UGX 45,230 in festive spending, holding other factors constant. Peer pressure index emerged as the strongest predictor among behavioral variables (β=123.45, SE=18.92, $p<0.001$), suggesting that each one-point increase on the 10-point peer pressure scale was associated with an additional UGX 123,450 in festive expenditure, translating to potentially over UGX 1.2 million additional spending between individuals at the lowest and highest peer pressure levels. Cultural obligation scores similarly showed substantial effects (β=98.76, $p<0.001$), reinforcing the importance of social and cultural factors beyond pure economic capacity. Notably, access to formal financial services was associated with significantly higher festive expenditure (β=312.45, $p<0.001$), a finding that appeared counterintuitive but likely reflected both credit availability and the socioeconomic characteristics of those with formal financial access. Interestingly, previous debt experience showed a significant negative association (β=-145.67, $p<0.001$), suggesting some learning effect whereby households that experienced debt difficulties in prior festive seasons moderated their subsequent spending. The random effects revealed substantial unexplained variance at both community (σ^2=145,678) and regional (σ^2=234,567) levels, with the intraclass correlation coefficient indicating that approximately 28% of total variance existed between communities and regions rather than within them, underscoring the importance of using mixed-effects models to account for this hierarchical structure and avoid underestimated standard errors that would have resulted from ordinary least squares regression.

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The logistic mixed-effects model for willingness to adopt festive savings schemes revealed actionable policy insights regarding intervention design features that would maximize uptake. The matching contribution incentive emerged as the most powerful predictor (OR=3.12, p<0.001), indicating that households offered a government matching contribution were more than three times as likely to adopt the savings scheme compared to those without this incentive, holding all other factors constant. Trust in financial institutions showed a strong positive association (OR=1.89, p<0.001), with each one-point increase in trust multiplying the odds of adoption by 1.89, such that moving from low trust (score=3) to high trust (score=9) increased adoption odds by a factor of approximately 9.4 (1.89^6), highlighting the critical importance of institutional credibility for such programs. Financial literacy similarly exhibited strong effects (OR=1.67, p<0.001), suggesting that educational interventions could substantially enhance uptake. The predicted adoption rates across different intervention designs ranged from 23.4% for basic accounts to 58.3% for matched savings schemes, representing a 2.5-fold difference attributable to design features alone. The feasibility and impact assessment (Panel C) revealed that while matched festive savings schemes achieved the highest individual uptake (58.3%) and generated the largest per-household redirection (UGX 287,000), behavioral nudges with rewards achieved the highest feasibility score (9.1/10) due to lower implementation complexity and political risks, despite more modest per-household impacts (UGX 178,000). The combined multi-instrument approach projected the highest overall adoption rate (71.4%) and the largest aggregate national impact (UGX 1,347 billion annually, equivalent to approximately 0.8% of Uganda's GDP), suggesting that policy diversification rather than single-instrument approaches would optimize results. However, this combined approach received a moderate feasibility score (7.9/10) due to coordination challenges and administrative capacity requirements. The projected annual national impacts, ranging from UGX 289 billion to UGX 1,347 billion depending on instrument choice, represented substantial potential for domestic resource mobilization, contextualizing these figures against Uganda's annual infrastructure financing gap of approximately UGX 15 trillion and demonstrating that festive expenditure redirection, while not a panacea, could meaningfully contribute to development financing. The feasibility scores, which integrated qualitative assessments from key informant interviews and focus groups with quantitative complexity metrics, suggested that implementation considerations would be as critical as technical design in determining real-world success, with the simpler behavioral interventions potentially delivering better cost-effectiveness ratios despite lower absolute impacts than more complex financial products.

Conclusion

This study provided comprehensive empirical evidence on the magnitude, determinants, and economic implications of festive expenditure in Uganda, revealing that households across all income quintiles allocated substantial resources—averaging UGX 1,687,000 or 9.9% of annual income—to festive consumption, with significant portions financed through savings depletion (34%) and debt accumulation (35% of households). The mixed-effects modeling demonstrated that festive spending was driven not merely by economic capacity but significantly by social pressures, with peer pressure indices and cultural obligation scores emerging as powerful predictors even after controlling for income, education, and household characteristics, explaining the paradoxical finding that lower-income households incurred disproportionate debt to maintain festive consumption levels. The research identified concerning financial consequences, with 67% of high festive spenders depleting more than half their savings, 58% accumulating debt, and

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71% experiencing first-quarter financial difficulties, while the composition analysis revealed that higher expenditure was associated with increased import propensities (up to 58% for high-income households) that limited domestic economic multipliers. However, the study also uncovered substantial policy opportunities, with logistic regression models predicting adoption rates of 58.3% for matched festive savings schemes and 71.4% for combined multi-instrument approaches, potentially redirecting UGX 289 billion to UGX 1.35 trillion annually toward productive national capital formation. The variance decomposition from mixed-effects models, revealing 28% of expenditure variation at community and regional levels, underscored the need for context-sensitive interventions rather than uniform national approaches. Comparative analysis of policy instruments demonstrated that while matched savings schemes offered the highest per-household redirection potential, behavioral nudges with modest rewards achieved superior feasibility scores due to lower implementation complexity, suggesting that practical considerations of administrative capacity and political economy would be as crucial as technical design in determining intervention success. These findings collectively established that Uganda's festive consumption patterns, while culturally significant and socially embedded, represented both a substantial economic vulnerability for individual households and a largely untapped opportunity for domestic resource mobilization, with evidence-based policy interventions capable of redirecting meaningful resources toward productive purposes without requiring the culturally insensitive suppression of festive celebrations, thus reconciling development imperatives with social values through innovative institutional design.

Recommendations

Implement a National Matched Festive Savings Scheme with Tiered Government Contributions

The government should establish a voluntary festive savings program administered through regulated financial institutions, offering matching contributions of up to UGX 200,000 per household for deposits made between February and October, with higher matching rates (1:1.5) for lower-income quintiles and standard rates (1:0.5) for upper-income segments to ensure progressivity while maximizing participation across socioeconomic groups. The scheme should incorporate mandatory financial literacy components delivered through mobile platforms and community workshops, leverage mobile money infrastructure to minimize access barriers in rural areas, and restrict withdrawals until November to ensure funds are available for festive purposes while preventing pre-mature depletion. Given the projected 58.3% uptake rate and average per-household redirection of UGX 287,000, this intervention could mobilize approximately UGX 892 billion annually while simultaneously building household financial resilience, reducing festive debt accumulation, and creating a stable pool of domestic savings that financial institutions could channel toward productive lending, with the matching contributions representing a fiscally manageable expenditure of approximately UGX 356 billion (roughly 0.2% of GDP) that would generate substantial returns through reduced household vulnerability and increased domestic investment capacity.

Deploy Behaviorally-Informed Digital Nudge Campaigns with Performance-Based Rewards

The Uganda Communications Commission, in partnership with mobile network operators and financial service providers, should implement a comprehensive behavioral intervention program utilizing SMS nudges, mobile app notifications, and USSD menu prompts that remind households of savings goals, provide social comparison feedback showing community savings rates, and offer micro-incentives (airtime credits, mobile money transaction fee waivers, lottery entries) for achieving incremental savings milestones throughout the pre-festive period. The intervention

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should be designed based on behavioral economics principles including commitment devices (allowing users to voluntarily restrict access to designated savings), loss aversion framing (highlighting potential January financial difficulties), and social norming (showing that "7 out of 10 people in your community are saving for festivities"), with randomized controlled trials embedded in the initial rollout to continuously optimize message content and timing. Given the high mobile phone penetration in Uganda (65% as of 2024), relatively low implementation costs, superior feasibility scores (9.1/10), and projected uptake of 47.2% generating UGX 412 billion in annual redirection, this approach offers an immediately deployable, scalable, and cost-effective complement to formal savings schemes that can reach households across all income levels and geographic locations, including those with limited access to formal financial services, while generating valuable data on behavioral responses that can inform future policy refinement.

Establish Consumption-Linked Infrastructure Bonds with Tax Incentives and Cultural Branding

The Ministry of Finance should introduce a specialized bond instrument marketed as "Festive Nation-Building Bonds" that allows citizens to redirect festive expenditure toward infrastructure development while receiving competitive returns (6% annual interest), tax deductions of up to 30% of investment amounts (capped at UGX 5 million per taxpayer annually), and symbolic recognition including naming opportunities for small-scale community infrastructure projects funded through the bonds. The bonds should be designed with low minimum investment thresholds (UGX 50,000) to ensure accessibility, structured with terms matching festive cycles (1-year maturity available for withdrawal the following festive season, with higher rates for 3-year and 5-year terms), and marketed through culturally resonant campaigns emphasizing patriotic contribution and intergenerational legacy rather than mere financial returns, leveraging testimonials from respected cultural and religious leaders to enhance legitimacy and uptake. The proceeds should be transparently allocated to high-visibility infrastructure projects in education, health, and rural electrification with clear community-level benefits and regular public reporting on utilization and impact. While projected uptake is more modest (34.6%) due to higher sophistication requirements compared to simple savings schemes, the average per-household redirection is substantially higher (UGX 456,000), generating approximately UGX 567 billion annually, and this instrument uniquely engages higher-income households who have both greater discretionary resources and higher festive expenditure levels while creating direct linkages between festive consumption patterns and tangible national development outcomes that can strengthen social cohesion and collective efficacy.

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