

NPRS-PRF

Helping Accelerate Poverty Reduction in Asia and the Pacific

INVOLVING THE CITIZENRY IN LOCAL GOVERNANCE

A regional technical assistance, implemented in three countries, was designed to pilot participatory budgeting in Asia and share lessons learned with other organizations and stakeholders seeking to increase participation and transparency in budgeting.

Across the world, citizens show a growing apathy and distrust toward local authorities and state institutions. Recent studies show that many poor people perceive large institutions—particularly those of the state—to be distant, unaccountable, and corrupt.¹ Pressures are growing for more transparency. New forms of representation and types of public participation are emerging and traditional forms are being renewed. Well-informed citizens expect government to consider their views when deciding. It is clear that citizens demand their voices be heard, as vocal and active citizenry are increasingly prepared to take to the streets in protest.²

Developing countries—many of them former colonies—have often inherited a top-down system of government in which politicians and civil servants see no need to be accountable to their constituents. The result is often system-wide corruption from the lowest village head to the head of state. All citizens suffer as a result, but none more so than the poor peasant who has the greatest need for services like health care and education.³

As a result, initiatives toward making governments more transparent, participatory, efficient, and open to civic participation and public scrutiny have become imperative. Efforts are being made to find ways for citizens, particularly the poor, to reestablish trust in their local authorities and institutions. Civic engagements are being initiated to demand more information on how public goods are managed and how tax money is spent. Similarly, initiatives to enhance public services and allow greater civic participation in development processes and in making policy are being tested and disseminated.

Participatory Budgeting

Budgeting is one aspect of local governance where citizens can participate in decision making, looking at the use and management of public resources. Civic engagement can

contribute to government accountability and to integration of a pro-poor perspective into the budget. An understanding of the budget greatly improves the dialogue between government officials, elected representatives, and concerned citizens with an interest in how efficiently the government is using available resources.⁴

Regional technical assistance (RETA) 6170 (Pilot Project on Institutionalizing Civil Society Participation to Create Local Pro-Poor Budgets⁵) was designed to pilot participatory budgeting in Asia and share lessons learned with other organizations and stakeholders seeking to increase participation and transparency in budgeting. The RETA was intended to engage the poor and their representatives in preparing budgets that will provide efficient, effective, and responsive pro-poor service delivery.

Participatory budgeting provides citizens with the opportunity to influence and help make budget decisions. Through civic, informed, and constructive engagement, public service delivery will be more responsive to the poor.

RETA 6170 was implemented in Indonesia, Republic of the Marshall Islands, and Pakistan in 2004–2006.⁶ The countries were chosen as they are all at different stages of decentralization, and have different levels of local responsibility. Pakistan and Indonesia initiated political devolution and decentralization early in the new millennium, while Sri Lanka embarked on devolution in the late 1980s. The RETA was primarily conducted at the municipal level where government is most easily accessible to citizens.⁷

It also employed a participatory budgeting strategy that focused on the analysis of the draft annual budget, with particular attention to allocations affecting the poor. Civil society organizations (CSOs) and local governments were supported to engage in dialogue during the planning of the budget for the fiscal year.

Training manuals on budgeting were developed for the three selected countries, which were used in the capacity building workshops. The manuals provided information on international best practice in budgeting, the budget cycle and actors in the respective governments, guides to analyze revenue and expenditure, and information on how civil society groups get involved in the budgeting process. The manuals were used in training to transfer knowledge of the budget process and analysis and advocacy techniques to the public.

Apart from the training, public–private budget forums were held to demonstrate a consultation process during the planning stages of the budget.⁸ The large number of CSO participants in the forums showed a demand for budget information. In Indonesia alone, more than 100 civil society participants attended the budget forum in Makassar, while over 150 attended the Kebumen forum.⁹ Issues raised during the forum¹⁰ were often addressed immediately or noted by officials.

In each country, a national-level conference was held to discuss the case studies of participatory budgeting and agree on how to institutionalize and replicate the process. Action plans specific to the pilot sites were drafted and donors were invited to provide possible support.

Factors Affecting Participatory Budgeting¹¹

The implementation of RETA 6170 provided insights into the factors affecting the institutionalization of participatory budgeting. Three key factors are deemed to influence the success or failure of participatory budgeting.¹²

Institutional

- A weak legislature reduces the possibility of meaningful budget consultations taking place.
- Legislated mechanisms for citizen involvement in the budget process would be very valuable in guaranteeing budget consultation/oversight.
- Apart from budget planning, budget monitoring is a useful area for public involvement, particularly in countries with weak accountability and high levels of corruption, and where actual budget expenditures are at risk of being spent on non-budgeted items.

Technical

- The clarity of budget formats significantly affects whether civil society can evaluate and monitor expenditures. Introducing performance-based budgeting is useful in allowing the public to examine costs in detail and to connect expenditures to expected outcomes.
- Legislators at the local level should carry out their responsibilities to enact and monitor the annual budget, and be aware of legal provisions regarding public consultations.
- A per-sector budget presentation allowed more in-depth discussion of line items as well as the link between quality/output in relation to resource inputs.

Political and Cultural

- The creation of annual or midterm development plans based on community needs assessment would facilitate more

efficient use of development funds but would require achieving political consensus.

- Elected women representatives face unequal access to budget information, seats on committees that deal with budget review, and development funds for their constituencies. However, they appear to be more willing to make budget documents available to the public and have a vested interest in accessing budget information themselves to find out how much funds other legislators are receiving.
- There is cultural unease in some communities at questioning authority or disagreeing in public, particularly with people in positions of power.

The major challenge to an effective participatory budgeting is the level of willingness of government heads to enable and consider public inputs in the budget process on one hand, and the level of willingness and ability of civil society to engage government and demand for transparency. In some places, officials treat budget documents and other financial information as confidential documents.

Participatory budgeting is an innovative good governance practice, but one that requires considerable political will. However, once institutionalized, it can redirect municipal investment toward basic infrastructure for poorer neighborhoods, strengthening social networks, and helping mediate differences between elected leaders and civil society groups, as well as improving transparency in municipal expenditure and stimulating citizen's involvement in decision making over public resources.¹³

The experiences and lessons from RETA 6170 have been documented to enable other local governments to replicate the practice. ADB has published a book, *Fostering Public Participation in Budget Making*,¹⁴ documenting experiences, successes, and challenges of pilot testing participatory budgeting at the local level in three countries—Indonesia, Republic of the Marshall Islands, and Pakistan.

Endnotes

¹ Available: www.hri.ca/HRDevelopment/chapter6/methodologies/VoicesofthePoor.pdf

² Somphon Potisophon. 2002. *Civil Society and Government Partnership*. Available: www.thinkcentresia.org/documents/csogovpartner.html

³ Available: www.facingthefuture.org/Members/gi-overviews-print/GI_governance.pdf

⁴ Available: www.internationalbudget.org/RMIBudgetManual.pdf

⁵ RETA 6170 (Pilot Project on Institutionalizing Civil Society Participation to Create Local Pro-Poor Budgets); approval date – April 2004; completion date – June 2006; TA amount – the Poverty Reduction Cooperation Fund (contributed by the United Kingdom Department for International Development Fund and administered by ADB) financed \$400,000.

⁶ The pilot sites in Indonesia were Kebumen Regency in Central Java and Makassar City in South Sulawesi. In Pakistan, the sites were Kasur and Jehlum *tehsils* (subdistricts) in Punjab Provinces. For the Republic of the Marshall Islands, it was decided that it was more appropriate to focus on the national budget and involve civil society organizations from the two main population centers of Majuro and Ebeye.

- ⁷ ADB. 2005. *Technical Assistance Consultant's Report on REG: Pilot Project on Institutionalizing Civil Society Participation to Create Local Pro-Poor Budgets*. Manila.
- ⁸ Although the original intention of the forums was to hold a discussion of the draft budget for the next fiscal year (FY2007), this was not accomplished in any of the three countries due to delays in the budget cycle. The program was modified to disseminate the FY2006 budget.
- ⁹ The Kebumen Regency in Central Java and Makassar City in South Sulawesi were the local sites covered for Indonesia. Majuro and Ebeye for the Republic of the Marshall Islands and Jehlum and Kasur in Punjab province were the sites for Pakistan.
- ¹⁰ Among the issues raised during the forums were on specific allocations and levels of service provision, criticisms on mechanisms intended to channel citizen's needs into the development budget, inefficiency of governments to make information accessible to the public.
- ¹¹ ADB. 2006. *Technical Assistance Consultant's Final Report on REG: Pilot Project on Institutionalizing Civil Society*.
- ¹² The insights were found in all three countries in varying degrees.
- ¹³ Available: www.internationalbudget.org/themes/PB/72QuestionsaboutPB.pdf
#xml=http://ibp.forumone.com/cgi-bin/teaxis/webinator/search4/xml.txt?query=participatory+budgeting&pr=IBP1&prox=page&rorder=500&rprox=500&rdfreq=500&rvfreq=500&lead=500&sufs=0&order=r&cq=&id=4629a8b86
- ¹⁴ Asian Development Bank and The Asia Foundation. 2006. *Fostering Public Participation in Budget-Making*. Manila.

This case study was written by Social Development Direct (RETA Consultant) under the Regional TA 6270: Facilitating Knowledge Management for Pro-Poor Policies and Projects with inputs from Raza Ahmad, Project Officer of RETA 6170, and Sonomi Tanaka, Senior Social Development Specialist, ADB. The views and assessments contained herein do not necessarily reflect the views of ADB or its Board of Directors or the governments they represent. ADB does not guarantee the accuracy of the data and accepts no responsibility for any consequences of their use.

For any queries, contact:

NPRS-PRF Secretariat
nprs-prf@adb.org

