

# **Bridging the trust gap**

*Inclusion of citizens into budget making process can make a huge difference*

*By Gulbaz Ali Khan*

It happened to be a sunny morning in Kathmandu when all the participants from three countries — Pakistan, Nepal and Bangladesh greeted and exchanged possible doable ideas on inclusion of citizens into the budget making process ahead of the regional workshop.

Similar feelings were also expressed at the start of the workshop by the World Bank Institute, Washington, ANSA-SAR, Bangladesh (A regional network on Social Accountability in South Asia) and PRAN, Nepal to find commonalities and entry points for effective participation of citizens into the public financial management cycle.

The workshop was unique as it brought together representatives of different tiers of governments and civil society organisations on a common platform.

Public financial management process is complex and tedious to understand requiring special skills to de-codify and de-mystify the whole process. It comprises of four stages of budget formulation, enactment, execution and monitoring.

The formulation and planning stage is mostly performed by the executive class of the country and provided the legislature with estimates of the revenues and expenditures.

This stage results in a proposed budget to be presented to the parliamentarians. The participation deficit starts from the formulation and planning stage as one can see minimal participation from the citizens for whom the budget targets at different priorities without any consultation.

The practitioners usually term it as “allocation problem” which is observed in the South Asian countries and especially in Pakistan. The recent budget formulation process in Pakistan which was kept so secretive that only few finance officials knew the estimates while maintaining it in a USB stick till printing.

The enactment stage is where the parliamentarians discuss the estimates prepared by the executive and proposed different cut motions for realignment of the budgetary priorities. It is a high forum on which the elected representatives have to perform effective role through discussions in the parliamentary committees and parliament in the budget session.

This is a presumed role of the parliamentarians to echo the people voices in the budget debate which seems avoidable by the representatives. The role of parliamentary committees is also of optical nature due to its capacity constraints and lack of interest.

In South Asia, except India where the parliamentarians involved in marathon discussions see smooth passing of budget by the legislature. Recently, the federal budget in Pakistan was presented on the first of June which is now debated by the parliamentarians in a special budget session.

By the end of this month, this proposed budget will shape up as "Finance Bill" without much discussion and deliberations by the parliamentarians. PILDAT, a think tank based in Islamabad and Lahore often comes out with representative participation in the discussions which is very poor and dismal while comparing it with countries in and outside the region.

The execution requires strict scrutiny of the expenditures meant for the intended outcomes of the programmes. The governments make promises and fulfil those in the budget by allocating large chunks, but interestingly the actual expenditures always fall behind. However, the allocations for Chief Minister, Governors and many other political notables always exceed their allocable limits.

Recently, Punjab budget presented in the assembly shows the intention of the government to spend generously on the energy generation for people. But, the last year allocated amount of PKR 9.0 billion was redirected by the special directives of Chief Minister and not a single rupee was spent on energy projects. So, what people can expect from this government to spend on energy this year if the honourable CM uses his discretionary powers again for the good of people.

Budget monitoring is minimal as it requires information on the on-going programmes which can only be accessed by the citizens and Civil Society Organisations (CSOs) while using the Right to Information (RTi). Although governments claim to install strict monitoring and evaluation system to assess the progress towards desired achievements.

The integration of social accountability tools into the whole cycle of PFM is not new in development discourse as these are tested around the globe, especially in developing countries and brought substantial improvements in the lives of the poor and marginalized. The consultation provides food for thoughts for all the stakeholders as a common agenda has reached upon in South Asia, including Pakistan. I would like to focus more on the agreed action plan by both, government and CSOs on citizens' inclusion into the Public Financial Management (PFM) cycle.

Firstly, RTi can be an effective tool to elicit information on the public agencies as its prowess has proved its nuance across the globe and especially in India, South Asia. In Pakistan, this has become a constitutional right as granted under the recently approved 19th amendment. Now, it is binding upon state to grant this right to every citizen without any discrimination. A

Already, the RTi law is drafted and yet to be presented in the parliament for discussion. However, the RTi law itself is not a guarantee to secure information by the citizens but good law can provide enough space to ensure effective implementation. In the coming days, use of RTi may be seen both by the citizens and CSOs.

Secondly, the local level consultation can better solve the allocation problem which also reinforces the notion of bottom-top development plan approach. It is always desired to prioritize the local needs while maintaining the regional and national macro-economic development framework and budgetary resource envelope.

Recently, the consultation by Government of Khyber Pakhtunkhwa is one of the first steps towards more participatory budgeting at regional level. However, it requires more deepening for effective citizen participation. Thirdly, the role of the parliamentarians at enactment stage is highly significant to influence the development priorities. They should be engaged in an effective debate on the budget which also requires research support to the parliamentarians. Full time research staff should be engaged with the parliamentary committees to brief on the on-going development research at local, regional and national levels.

The concern on allocations is excessive by both CSOs and media but few rather limited deliberations are observed at execution level. This is a priority area for future deliberations but strongly linked with the use of RTi for accessing the information.

The use of Information Communications Technologies (ICTs) in the PFM process is gaining popularity around the globe and these are also tested in Punjab province as well. The state of art (Geographic Information System (GIS) centre at The Urban Unit is in process of developing GIS based applications which will help to transform the decision support system in the province. The adoption of ICTs may be envisioned to bring revolution for both service providers and users.

Lastly, amendments in the budget act and rules of the business of the parliamentary committees should be made to ensure citizen participation and feedback on the budget process.