People’s Perception of Budget

A Struggle for Participatory Budgeting
People’s Perception of Budget

A Struggle for Participatory Budgeting
Centre for Peace and Development Initiatives (CPDI) is an independent, non-partisan and a not-for-profit civil society organization working on issues of peace and development in Pakistan.

CPDI is registered under Section 42 of the Companies Ordinance, 1984 (XLVII of 1984).

Copyright © Centre for Peace and Development Initiatives

All Rights Reserved

Published: November 2013

ISBN: XXXXXXXXXXXXXX

Any part of this report can be cited or used with acknowledgment to CPDI

409-B, Main Nazim Uddin Road, F11/1, Islamabad

Phone +92-51-2108287, Fax +92-51-2101594

www.cpdi-pakistan.org

Email: info@cpdi-pakistan.org
Content

Chapter 1.................................................................................................................................................................................5
1.1 Introduction........................................................................................................................................................................5
1.2 Methodology .......................................................................................................................................................................6
1.3 Objective of the study .........................................................................................................................................................7

Chapter 2..............................................................................................................................................................................9
2.1 Citizens understanding of the Budget Basics ....................................................................................................................9
2.2 Citizens knowledge of the Budget Process .....................................................................................................................11
2.3 Citizens Participation in the Budget Making Process ..................................................................................................13
2.4 Citizens Perception of District Budget .........................................................................................................................16

Chapter 3.............................................................................................................................................................................21

Conclusion: ...........................................................................................................................................................................21
Recommendations .................................................................................................................................................................22
Annexure ...............................................................................................................................................................................22
Mission ..................................................................................................................................................................................24
Vision .....................................................................................................................................................................................24
Theory of Change .................................................................................................................................................................24
Member Organizations: .......................................................................................................................................................25
Bibliography: .......................................................................................................................................................................25
Executive Summary
Chapter 1

1.1 Introduction

“Bureaucrats are public servants and bureaucracies are meant to serve the public. But as soon as a bureaucracy is established it tends to become independent and comes to regard the public as its enemy. Unfortunately most third world governments are plagued with this menace. The more the independence that it gains the less answerable is it to the public and the more corrupt does it become.”

Governments are accountable and answerable to their citizens for what they do and how they do it. Accountability means, in part, that the policies and plans that a government develops should reflect the priorities and needs of the people. It also means that government should provide an account of what it has done to implement those policies and plans together with the results of its efforts. Citizens for their part have a responsibility to hold their government to account. They should participate in voting for people they believe in, monitoring the government’s actions, commenting on its policies and plans, and pinpointing it when things go askew.

The budget is a government’s most powerful social and economic policy instrument and plays a central role in the lives of each and every citizen. Not only are the resources for public budgets derived from citizens’ expenditures and earnings, but citizens, especially poor and low-income ones, are the primary beneficiaries of government programs financed through the budget. It is therefore vital that citizens understand government budgets, and have access to information and processes that will allow them to hold the government accountable for the use of public funds.

1 Ensuring Transparency and Public Participation in Public Procurement in Pakistan – Transparency International
Unfortunately, citizens have been traditionally excluded from budget decision-making and monitoring, as have been civil society organizations, legislators, and the media. In Pakistan, like most developing countries, public budgeting is still conveniently governed by the arcane principle that budget information should be guarded as a “state secret”, and the process dominated solely by the executive. Budget transparency and accountability is often weakest in countries where poverty and inequality are highest and Pakistan is no exception. The result is a massive leakage of scarce public resources into unnecessary projects, corruption, and ineffective service delivery, undermining efforts to reduce poverty, improve governance, and consolidate democracy. In order to address these problems, an increasing number of countries are devoting substantial resources to implementing best practice financial management techniques, such as medium-term budgeting, participatory budgeting and issuing citizens budget. Participatory Budgeting?! 

1.2 Methodology

A sample of 3600 respondents was selected from thirty six (100 respondents from each) districts of the Punjab. These respondents were randomly selected and every fifth person was contacted for the interview. A questionnaire was designed to conduct surveys from these respondents. Combinations of both open ended and close ended questions were used in this study. The objectives for the study were to measure the level of understanding of budgets and how they are perceived by citizens. Therefore, a combination of different communities and individuals were selected from every walk of life including students, housewives, teachers, lawyers, taxi drivers, and maids to name a few. A 34:66 female to male ratio was also maintained to ensure women's participation.
The survey was designed in both English and Urdu for the convenience of the respondents. It included thirty two questions which were divided into four components:

- Citizen’s understanding of the Budget Basics
- Citizen’s knowledge of the Budget Process
- Citizen’s participation in the Budget Making Process
- Citizen’s perception of District Budget

1.3 Objective of the study

At every level, citizen participation starts with communication, the two-way flow of information between government and citizens, to improve both perception and reality. Local government can be doing a good job, but if it does not communicate well with citizens, they may not know it. Communication from citizens to local government can reveal emerging issues and enable local government to address a problem at an early stage when it is easier to fix. Local government responsiveness empowers citizens and involves them in finding solutions.

Surveys, commissions and task forces, and civil society organizations are all part of the conversation between citizens and local governments. Citizens participate in this conversation as members of the general public, residents of the locality, or a subset of citizens organized around a shared concern such as the neighborhood where they live or the public services they need. Often, the term “stakeholders” is used to describe citizens with a special interest in an issue or program. For this very reason, CPDI conducted this study to pattern the perceptions of the citizens regarding the budgets. Lack of public participation in the budget making process has damaged openness, transparency and people’s perception of budgets.
This paper addresses three primary questions:

- What, if any, is the understanding & knowledge of a common man regarding their budgets?
- Do people want a say in their budgets?
- What are the different ways of ensuring a participatory budgeting?
Chapter 2

The survey was divided into four main components and the results were as follows:

2.1 Citizens understanding of the Budget Basics

- **Can you understand the budget books with ease?**
  - Yes: 62%
  - No: 22%
  - I don’t know: 16%

- **Can you differentiate between development and non-development budgets?**
  - Yes: 53%
  - I have some idea: 28%
  - No: 19%

- **Have you ever tried to get budget books from your district government?**
  - Yes: 10%
  - No: 77%
  - I didn’t know the public could access the budget books: 13%

- **Do you think citizens should have any role in the budget making process?**
  - Yes: 75%
  - No: 19%
  - I don’t know: 6%
Have you ever met your district government representative in relation to the budget making?

- Female: Yes - 61, No - 1161
- Male: Yes - 101, No - 2277
- Total: Yes - 162, No - 3438

Have you ever sent a budget proposal in writing to your district government?

- Female: Yes - 24, No - 1198
- Male: Yes - 79, No - 2299

Legend:
- Yes
- No
- Female
- Male
2.2 Citizens knowledge of the Budget Process

With a literacy rate (the percentage of people who can, with understanding, read and write a short, simple statement on their everyday life) of below 50% and lack of budget awareness, it was not at all surprising to know that 83% (2986) people had no idea about the four main stages of the budget making process, 7.3% had an idea to some extent and only 9% actually knew them. When asked, have they ever seen a budget document? 71.47% had never in their life seen any type of budget document, 18.34% said they have seen it on television and remaining 10.19% had in some point of time seen a budget document.
They were then questioned whether they knew their total development budget or not, and the results again were non-surprising. Only 8% knew their district's development budget, 10% had some idea and the remaining 82% were not at all aware.
2.3 Citizens Participation in the Budget Making Process

Can an ordinary person participate in how our money is spent by the government? Yes! That is what is known as Participatory Budgeting (PB) and is practiced all over the World. PB can be broadly defined as a mechanism that allows citizen direct participation in all phases of the budget cycle: formulation, decision making, and monitoring of budget execution. PB can be instrumental in increasing public expenditure transparency and in improving budget targeting. Since it is a useful vehicle to promote civic engagement and social learning, PB has been referred to as an effective “School of Citizenship.”

PB aims to:

• Bring citizen voice into the budgeting process through greater inclusion

• Increase transparency and understanding of budget constraints

• Improve targeting of public spending, and

• Reduce corruption.

---

2 Chapter 3, Social Accountability Sourcebook – World Bank
The following are the main use of public participation in the budget making process:

• **Increase efficiency in budget allocation**: The budget is considered to be the an accurate statement of the government’s priorities. However, budgets sometimes do not reflect the real priorities of the citizens. Scarce public resources are often spent on the wrong goods or the wrong people. PB can improve efficiency in budget allocation by creating a classified set of rules and procedures that bring the demand side closer to budget planning.

• **Improve accountability and management**: Government budgets are often perceived as a ‘black box,’ too complex and technical for citizens’ understanding. The complexity of budget information can facilitate the concealing of elite capture, budget leakages and under-performance. It also shows weak management capacity of our Budget Departments.

• **Reduce Social Exclusion and Poverty**: The traditional budgeting process of Pakistan has resulted in social exclusion due to bureaucratic capture. By encouraging citizens’ participation in budget decision-making, PB could be used to increase the allocation of resources to basic services in the poorest regions of every province.

• **Increase trust between government and population**: Citizens often complain that government is not solving their problems and using their taxes for their own needs. Lack of public expenditure information leads to public discontent and inaccurate citizen
perceptions of corruption. PB can strengthen trust in government substantially as it encourages citizens and government to discuss budget constraints.

- **Strengthen democratic practices**: Governments are mainly held accountable for their decisions during election time only. This time-lag creates favorable conditions for corruption and misuse of resources. By strengthening the linkages between the whole budget process cycle and citizens’ participation, PB can improve democratic practices.
2.4 Citizens Perception of District Budget

The following questions were asked to check how aware the citizens are regarding their district’s budget:

- **Have you ever met your district government representative in relation to the budget making?**
  - Female: Yes 61, No 1161, Total 3438
  - Male: Yes 101, No 2277, Total 3438
  - Total: Yes 204, No 743, I don’t know 1114

- **Your district's budget is people friendly (ie for their welfare)?**
  - Female: Yes 11%, No 66%, I don’t know 23%
  - Male: Yes 11%, No 66%, I don’t know 23%

- **Should the common people have the knowledge about the budget of their districts?**
  - Yes 66%, No 23%, I don’t know 11%

- **Is the government's budget making process transparent?**
  - Yes very transparent 12%, Yes to some extent 59%, No 29%
Budget is made keeping in mind your area's problems and requirements?

- Yes: 65%
- No: 22%
- I don’t know: 13%

Have you felt any development in your area after the budget was made?

- Yes: 81%
- No: 19%

Does the social sector (education, health, water supply etc.) have sufficient allocation in your district's budget?

- I don’t know: 196 male, 337 female
- No: 689 male, 687 female
- Yes: 196 male, 165 female

Have you ever received information about any consultation from the district government about the budget?

- No: 1124 male, 2213 female
- Yes: 98 male, 165 female
Do you agree that budgets have a direct impact on the lives of the citizens?

- Yes: 1648
- No: 205
- I don’t know: 200

Female: 816
Male: 461

Do you think the government officials misuse budgets?

- Yes every official does: 24%
- Yes some officials do: 45%
- No: 31%
How district government can make the budget making process transparent?

- Public participation: 1792 (Male), 728 (Female)
- Placing budgets on their websites: 1289 (Male), 429 (Female)
- Allowing access to the budget documents: 707 (Male), 439 (Female)

How citizens can add value to the district budget making process?

- By identifying the schemes on which funds are allocated less than required: 365 (Male), 175 (Female)
- By identifying the priority of the development schemes: 592 (Male), 316 (Female)
- By identifying the schemes not required in their areas: 446 (Male), 346 (Female)
- By giving input on government’s spending priorities: 666 (Male), 336 (Female)
- By identifying the development in their area: 1404 (Male), 531 (Female)
Which sectors should be prioritized in the budget?

- Education: 30%
- Health: 28%
- Law and Order: 13%
- Agriculture: 11%
- Water supply: 9%
- Roads: 9%

Do you know the total amount of your district's development budget?

- Yes: 8%
- I have a rough idea: 10%
- I don’t know at all: 82%

What steps should district government take to increase the citizens’ understanding of the budget?

- Presenting budget in jargon free language
- Hold regular sessions for the citizens
- Use of electronic media
- Use of social media (facebook, twitter etc)

<table>
<thead>
<tr>
<th>Presenting budget in jargon free language</th>
<th>Hold regular sessions for the citizens</th>
<th>Use of electronic media</th>
<th>Use of social media (facebook, twitter etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>731</td>
<td>998</td>
<td>1611</td>
<td>794</td>
</tr>
<tr>
<td>437</td>
<td>402</td>
<td>661</td>
<td>303</td>
</tr>
</tbody>
</table>
Chapter 3

Conclusion:

Governments can encourage citizen participation by creating conditions that enable them to participate in a meaningful way. A very important one of these conditions is that all citizens have ready access to government information. Access means not simply physical access to documents, but accessibility. Where the government’s work is highly technical, it is not sufficient to simply make technical documents available. Faced with complex concepts and strange terminology, most people in the end would be no better informed about what their government is doing than they were when they started. Access to information means access to information in a language and through formats that ordinary people can understand and appreciate.

This idea is as true of government budgets as of any other of the government’s policy and planning documents. Having access to key budget documents — the Pre-Budget Statement; the Executive’s Budget Proposal; and Year-End Reports; as well as the Audit Report — is essential for people to be able to develop a full and clear picture of how their government is raising and spending their rupees.

There is also one other key budget document: the Citizens Budget. From the perspective of the ordinary person, this may be the most important one, because it is the only government-produced budget document that is explicitly developed for the public. Currently, other documents are filled with so many numbers and so much technical jargon that the ordinary reader cannot understand what they mean. By definition, a Citizens Budget does not bring up these types of obstacles. By its very nature, a Citizens Budget is accessible to a reader or user who does not already have budget knowledge and related technical expertise. Unfortunately there is no concept of Citizens Budget in Pakistan so far.
Recommendations:

The following are proposed for an open and participatory budgeting system in Pakistan.

1. The participatory process, its role in budget making, and the policies themselves must be transparent and easily understandable.

2. CPDI propose that the government prepare an accessible and easy-to-understand version of the budget and related documents.

3. We propose that public participation be established as a formal, facilitated process with defined goals and roles, controlled by the people and grounded in their experiences, and supported by an information and outreach strategy.

4. We propose a People’s Council/Awami Council/CCB responsible for designing, facilitating, overseeing and evaluating the public participation process. For the purpose of budget making process, it will serve as a liaison between the people and the administration. A People’s Council/Awami Council/CCB, initially comprised of independent appointees and later of delegates from the planned budget groups, will help ensure the transparency of the budget process and the Administration’s accountability to the people’s proposals. The Council will evaluate both the participatory process itself and the implementation of people’s proposals in the district’s and provincial budget. The People’s Council will also consolidate the public input from across the district and present the people’s budget proposals to the EDO.

5. A participatory process must foster open discussion and dialogue among participants, while using tools to enable agreement and decision-making. The process must be collective, collaborative and inclusive. Every person and every community must be able to have their voice heard and their opinion considered including farmers, landlords, housewives, school teachers, masjid imams etc. Barriers to participation, such as geographic isolation, educational disadvantage, economic or financial needs, technological skills and access gap, information deficits, discrimination, accessibility issues, childcare needs, active discouragement, etc., must be addressed and overcome.

6. We propose the people’s direct participation in the district level budget through establishing a permanent system of local or regional budget groups, connected to existing local processes where possible. In a series of community meetings/paanchayats, concluding in a final assembly on a designated People’s Budget Day in the beginning of the budget making process, participants will agree on common budget goals, guided by human rights principles and based on needs assessments, and propose spending and revenue initiatives to achieve those goals across the district. They next step could be to review the previous year’s budget outcomes and assess progress made in meeting goals. The proposals from these groups will be sent to the People’s Council/CCB/CBO for consolidation into a combined set of people’s budget proposals.

7. Participatory systems, along with these guiding principles, should be formally embedded, or institutionalized, in at least the district’s budget making process. It is critical that the
Administration is institutionally required to fund, facilitate, and collaborate with participatory mechanisms, and that it incorporates the proposals put forward by the participatory process.

8. It is also proposed that the District’s budget proposals should be based on the people’s proposals, after integrating the goals and measures identified in the public process with the budget requests from administrative agencies.

9. Participants in the budget making process must be able to hold the government accountable for acting on the proposals emerging from that process. Participants should be able to track the uptake of their proposals, how and when they were considered, why they were amended or rejected, and how they are reflected in the final budget.
Annexure:

*Citizens Network for Budget Accountability*

CNBA is a web of 23 civil society organizations and activists from different districts of the Punjab province. These members and groups are working in the development sector on issues of human rights, poverty alleviation and socio-economic justice across different parts of the Punjab. Not necessarily all of them are working on budget but they have shown keen interest in engaging in budget work at district level.

**Mission**

CNBA aims to make Pakistan’s complex budgets transparent, participatory and accessible so that people can exercise their right and responsibility to oversee and influence how the government officials spend their tax money.

**Vision**

CNBA envisions and works for an effective and accountable government that promotes our general welfare. We believe that our budget will reflect the values and priorities of the majority of Pakistanis when all people will have the opportunity and ability to participate in shaping the nation's budget.

**Theory of Change**

Most of us in Pakistan don’t know where or how our tax money is spent. Many factors have distanced us from the personal and societal impact of federal, provincial and even district level spending, and barriers have prevented us from having influence over the creation and oversight of our budgets. The budgeting process should be open and participatory, with elected officials fully accountable to their voters. Making this a reality is crucial for a healthy and robust democracy in Pakistan.

CNBA opens the budget door for people to understand how and where their tax money is spent, and how and when they can influence budget decisions. Clear budget information – put into the hands of individuals and community organizations, policy makers and the media – empowers every Pakistani to influence our national priorities.
Member Organizations:

The member organizations of CNBA are given in alphabetical order hereunder:

- Al-Eimman Development Organization
- Al-Mustafa Development Organization (AMDO)
- BeFare
- Centre for Peace & Development Initiatives (CPDI)
- DARE
- Good Thinkers Organization for Human Development (GTO)
- Growing Laager Aspiring Development (GLAD)
- Insan Dost Association (IDA)
- Pakistan Rural Workers Social Welfare Organization (PRWSWO)
- Patient Welfare Society (PWS)
- Peace and Development Foundation (PDF)
- Public Democratic Forum (PDF)
- Punjab Lok Sujag
- Research & Community Development Organization
- SAIBAN
- SANGAT
- Sanjh Foundation
- Sanjh Preet Organization
- Society for Human Amity Peace and Education (SHAPE)
- Society for Sustainable Development (SSD)
- Sun Community Development Foundation (SCDF)
- UFAQ Development Organization (UDO)
- United Social Welfare Society

Bibliography:

Ensuring Transparency and Public Participation in Public Procurement in Pakistan – Transparency International

Social Accountability Sourcebook, Chapter 3 – World Bank