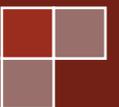


#5

The Local Economic Governance Program: Notes for Practitioners

By Verité Research

Participatory Planning and Budgeting



A Practitioner's Note on Participatory Budgeting and Planning

Contents

Introduction.....	3
Design and Conceptualisation.....	8
Implementation Process	9
Case Studies and Lessons Learnt.....	16
International Comparisons	20
Potential for Institutionalising and Sustaining Participatory Budgeting and Planning in Sri Lanka	30
References.....	34
Annexure 1 – Semi-Structured questionnaire for TAF staff.....	36
Annexure 2 – Unstructured Case Study Questionnaire	37

Introduction

'Participatory Budgeting and Planning' (PBP) is an internationally recognised governance and social accountability tool that allows citizens to actively participate in and contribute to the decision-making process that determines the budget of their Local Authority (LA). While Sri Lanka's national budget is largely controlled by the central government a portion of the national budget is allocated to LAs. The funds received from the central government combined with revenue raised by LAs through taxes, duties and fines, create the annual budget LAs have at their disposal to improve service delivery and governance.

The Asia Foundation (TAF) implemented PBP as a governance and social accountability tool through their Local Economic Governance (LEG) project that commenced in 2010. PBP is part of a broader set of governance mechanisms implemented to:

1. Strengthen the capacity of local government authorities to improve and influence local economic growth
2. Increase the engagement of sub-national stakeholders in the policy reform process for improved business climates
3. Build the capacity of marginalised communities to engage in the development process

Purpose and Rationale for Participatory Budgeting and Planning

In Sri Lanka, PBP is a relatively novel governance and social accountability tool that fosters democratic practices. Traditionally in Sri Lanka budgets and development plans have been determined using a top-down approach. Government staff and key officials identify issues and areas of priority independently and allocate resources accordingly with little or no input from citizens. As a result the budget does not necessarily reflect or target the needs of citizens or the public services that require immediate attention. To enhance responsive governance and improve the allocation of resources LAs are being encouraged to move

away from the ineffective and inefficient top-down approach and towards PBP, which is a bottom-up approach.

However, it is important to note that the advantages of shifting from a top-down approach to a bottom-up approach may only be experienced in the long run, or may not be fully experienced in Sri Lanka because of the country's limited decentralisation. Research conducted by the Inter-American Development Bank suggests that the benefits of PBP were experienced to a large extent in administratively mature and politically decentralised governments.¹

The introduction and implementation of PBP in Sri Lanka was non-threatening and non-intrusive in nature. In certain countries PBP was introduced and implemented by civil society organisations or was an initiative driven by the public. As a result the LAs of those countries were forced into some version of PBP. In Sri Lanka PBP was implemented by LAs with the support of TAF through the LEG project, instead of civil society organisations or the public. TAF introduced PBP to LAs and allowed them to decide if they wanted to implement and sustain PBP. TAF ensured that only the LAs who were genuinely interested in managing and implementing PBP were encouraged with the necessary assistance. Therefore, LAs were not forced into PBP, they have more control over the PBP process and are more open to using this governance and social accountability tool.

Most often LAs and citizens remain content with the traditional top-down budgeting and planning process due to a lack of awareness related to PBP. LAs are ignorant of the importance and developmental potential of PBP, and citizens are unaware of their rights related to actively participate in the budgeting and developmental planning process. It is therefore important to advance the implementation of PBP in Sri Lanka to strengthen the country's development efforts and improve governance.

¹ Beuermann, D., & Amelina, M. (n.d.). Does Participatory Budgeting Improve Decentralized Public Service Delivery? Retrieved December 15, 2015.

Purpose and Rationale for Citizens

PBP incorporates citizens into the decision making process, allows them to spur administrative reform, and gives them an opportunity to distribute public resources across stakeholders and service delivery. PBP benefits citizens as it challenges social and political exclusion. Marginalised and vulnerable groups, such as low income households, women and youth, are given an opportunity to influence the policymaking process. PBP has the potential to make the allocation of public resources more inclusive and equitable.

PBP enhances public learning and promotes active citizenship. That will help achieve social justice through improved policies, better resource allocation and a reformed administrative apparatus. As the center of the decision-making moves from the private offices of politicians and government officials to public forums, PBP confronts political legacies of clientelism and corruption by increasing the transparency of fiscal policy and public expenditure. It empowers the public to understand their rights and duties as citizens and understand the responsibilities of LAs or the government.

Including citizens into the budgeting and planning process will also offer new perspectives along with helpful and creative solutions to the myriad of social and economic problems found in the urban and rural parts of Sri Lanka. PBP will stimulate debate and dialogue between the government and the public, and citizens will learn to negotiate among themselves and vis-à-vis the government over the distribution of scarce resources and public policy priorities.

Purpose/Rationale for Local Authorities (LAs) or the Government

PBP is useful to LAs as an internal management and oversight tool that uses citizen input to improve service delivery and establish good governance. LAs are responsible for creating a budget that improves development, however they have no method of discerning if their budget that supports development plans reflects the needs of citizens. The different perspectives at the PBP fora or meetings will help ease oversight, discrimination and exclusion, and the budget and development plans will be more reflective of citizens' needs and priorities.

This governance mechanism also provides politicians with a legitimate way to allocate resources efficiently to gain the support of citizen's support that will eventually translate into electoral popularity. The implementation of PBP, if viewed as an instrumental measure for political popularity, may appear to pose a moral hazard. However, its inherently transparent and citizen-centric design results in a mutually beneficial 'positive sum' outcome for all actors.

PBP fosters transparency and accountability. That will improve relationships, and ease conflict or tension between the private sector, civil society and LAs. As relationships improve and confidence in LAs increase the business enabling environment will improve and pave the way for economic growth and development that will result in a higher standard of living.² Citizens also become more aware of and involved in the 'return on investment' they gain through paying taxes, promoting greater compliance, increasing revenues and reducing the effort and cost required to engage in revenue collection. For instance, between 1989 and 1996 in Porto Alegre Brazil, increased transparency fostered by PBP led to improved service delivery in a variety ways and that motivated the public to pay taxes, and revenue increased by approximately 50%.³

² The Asia Foundation,. Annexe II: Local Economic Governance Project Outcomes. The Asia Foundation. Print.

³ Wagle, S., & Shah, P. (2003). Case Study 2 - Porto Alegre, Brazil: Participatory Approaches in Budgeting and Public Expenditure Management.

PBP has the potential to establish a virtuous cycle⁴ (see Figure 1) in local government finance when combined the with revenue generation and management and e-citizen report cards tools.

⁴ The Asia Foundation,, Project Design Document. The Asia Foundation. Print. Sri Lanka Local Economic Governance Project.

Figure 1



Most importantly the cost of implementing PBP is relatively low and therefore affordable even for LAs in the most vulnerable and lagging regions, as it only requires a public space for dialogue along with awareness creation, documentation and follow up capabilities.

Design and Conceptualisation

PBP in Sri Lanka is designed primarily around dialogue or discussion. It has been conceptualised as a process that enables the government or LAs to communicate with citizens and involve them in the formulation of the budget and development plans. The discussions between the LAs and citizens take place in the form of meetings that are most often held in public spaces, such as town halls, schools, and religious halls. At the meetings citizens from all backgrounds are given an opportunity to voice their thoughts and concerns to make the budget and development plans more reflective of community priorities. Citizens have the opportunity to advise LAs on the allocation of scarce resources, and highlight which public services need to be given priority in the budget to increase their standard of living and well-being.

Currently there does not exist an internationally standardised model, design or concept for PBP. This gap has its advantages and disadvantages within the context of design and conceptualisation. The lack of an internationally standardised model allows LAs to create a model that suits their political, social and economic environment and needs. However the

lack of an internationally standardised model also means that LAs have little or no benchmarks and standards to be guided by. That generally results in PBP being implemented to different extents across the LAs.

Internationally, the most successful PBP initiative that can be found in Brazil has been designed and conceptualised as a cycle that is based on a complex set of rules that clearly define the responsibilities of the government and participants. The success of every cycle depends on how well the government and citizens carry out their respective responsibilities and fulfil their roles. The PBP meetings within the cycle and the decision making process are also regulated by a set of rules. The rules of PBP are similar but not identical across the Municipal Councils (MCs) of Brazil. The rules tend to be designed by the elected LA with input from citizens and any subsequent changes must be approved by all participants. The PBP cycle in Brazil mainly consists of a number of meetings between the LAs and citizens along with stages of analysis and evaluation.⁵

Implementation Process

PBP is being implemented in 8 selected LAs (the Jaffna Municipal Council, Vavuniya Urban Council, Mannar Urban Council, Galle, Municipal Council, Badulla Municipal Council, Kalmunai Municipal Council, Batticaloa Municipal Council and the Nuwara Eliya Municipal Council) across 5 provinces (Central, Eastern, Northern, Southern and Uva) under TAF's LEG project. TAF has introduced and supported the implementation of PBP in a number of LAs. However the only LA that appears to have fully institutionalised PBP and continues to sustain it is the Badulla Municipal Council (MC).

Due to a lack of awareness, skills, knowledge, and capacity TAF supported LAs across Sri Lanka to implement PBP in the following manner:

⁵ Wampler, B. (2000). A Guide to Participatory Budgeting.

- Introduced PBP as a governance and social accountability tool
- Provided technical assistance in the form of training and training LA staff in PBP
- Provided financial resources to conduct PBP meetings and provided support to organise meetings or fora
- Provided assistance on how to document meetings and incorporate citizen inputs into the budget and development planning
- Provided assistance with the dissemination of the results of PBP

The Implementation Process Adopted by the Asia Foundation (TAF)⁶

TAF used the “Guide to Participatory Planning and Budgeting For Local Authorities in Sri Lanka,” published by the Ministry of Local Government and Provincial Councils in 2007 (also developed with TAF support) to develop its own PBP implementation process suitable for LAs in Sri Lanka. However, despite having drawn from official government sources to design a simple, straightforward implementation process, the extent to which TAF’s PBP implementation process is being followed in each target LA was varied. Most LAs did not follow a uniform PBP implementation process, and an inquiry into the reasons and obstacles preventing LAs from following the process would be beneficial.

TAF is currently developing a “Facilitator’s Guide on Participatory Budgeting for Local Authorities in Sri Lanka” that can be used to implement PBP in Sri Lanka at the LA level. The guide highlights the implementation process adopted by TAF in the following manner:

Step 1: The facilitator should acquire the consensus of the political and administrative leadership of the LA and create demand for Participatory Budgeting.

⁶ 1. The Asia Foundation,. Facilitator’s Guide On Participatory Budgeting For Local Authorities In Sri Lanka. The Asia Foundation, 2011. Print.

Step 2: The facilitator must organise an orientation programme for the LA, and the staff of the LA must be educated in the process of PB.

Step 3: A PBP implementation unit or body must be created within the LA to correctly execute the PB process; Planning and Budgeting Executive Committee (PBEC) and Planning and Budgeting Action Team (PBAT).

Step 4: Identify key stakeholders within the context of PB. Arrange discussions with these key stakeholders and LA staff to raise awareness, share roles and responsibilities, and to obtain support.

Step 5: Conduct pre-budgeting data collection and data processing. The facilitator must work with LA staff to identify, collect, and process data related to PBP.

To gather different sets of data, key tasks that need to be facilitated and performed by the LA:

- Identify data collection partners
- Conduct an awareness session on the method and purpose of pre-budgeting data collection for LA staff
- Collect the following data at the Grama Niladhari Division (GND) level
 - o Community engagement in PBP
 - o Development activities taking place in each GND area
 - o Economic activities and priorities of each GND area
 - o GND Profile
- Collect the following data at the LA level
 - o Past financial performance
 - o Estimated future revenue and expenditure
- Road inventory
- Map development initiatives and other relevant data

Step 7: Analyse the past budget and financial performance of the LA to enhance revenue generation and community consultations related to PBP. A budget summary of the previous year should be created, and shared at the community consultations.

Step 8: Analyse the estimated budget for the next financial year and analyse the proposed budget allocations for development activities. The facilitator should help the LA allocate and finalise funds for development activities and for GNDs based on funds that will be generated through the LA's own sources.

Step 9: Train facilitators on PBP; develop a training module for PBP, along with training materials. Ensure the module is translated into the necessary languages.

Step 10: Conduct community consultations with the community and the private sector (see implementation process of Community Consultations at GND Level below).

Step 11: Post-consultation documentation and validation. Validate and finalise the development plan and the budget at the LA level and at the community level.

Step 12: Ensure continuous monitoring and evaluation takes places during the budgeting process.

The Implementation Process of Community Consultations at the GND Level

Community Consultation for Participatory Planning and Budgeting requires to focus attention on two specific sectors of the community:

- Broader community - people living in the city while receiving most of the services delivered by the LA
- Private Sector - generates the city's economic activity and more tax revenue for the LA on average. The private sector, compared to the broad community, will be seen as a small body numerically. However, its economic strength, professional talents and

social status together make it a powerful force capable of providing support to the LA while holding the LA accountable. Therefore, the participation of the private sector as an important stakeholder of the LA will strengthen community participation. It also helps to sustain PBP as a permanent feature of local governance.

Step 1: Mobilise a Citizen Forum related to PBP and refer GND level economic activities and identify private sector representatives/economic actors with the support of the Citizen Forum and the PBEC.

Step 2: Schedule the consultation. The consultation for the community and the private sector may take place separately.

Step 3: Inform the members of the Citizen Forum, private sector representatives and other key stakeholders about the scheduled consultations through the leadership of the LA.

Step 4: Ensure that all awareness creation material and invitations for the consultation are disseminated through the political leadership of the LA.

Step 5: Prepare an agenda and presentation for the community consultation.

Step 6: Conduct the scheduled community consultations.

Step 7: Identify participants/representatives who could join the Citizen Forum related to PBP.

Step 8: Officially form and expand the Citizen Forum related to PBP.

Step 9: Ensure that the consultations are very well documented and participation is recorded.

The Implementation Process Published by the Ministry of Local Government and Provincial Councils in 2007⁷

Step 1: Organise and establish an LA planning team and ensure their commitment to the process.

Step 2: Collect data, conduct stakeholder analysis and identify issues related to budgeting and planning.

Step 3: Identify the LA's vision, mission, goals and objectives.

Step 4: Identify and prioritise programmes, projects, capacity development needs, and legal regulatory requirements to implement programmes and projects.

Step 5: Develop a financial framework, assess revenue and expenditure patterns, and mobilise required resources for the development plan.

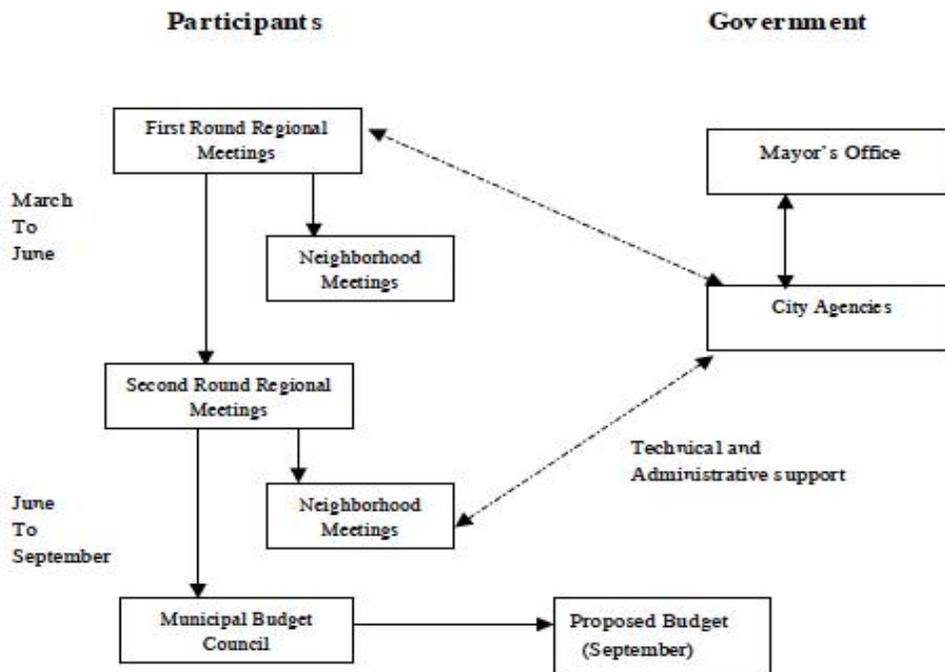
Step 6: Present the plan at community consultation meetings and build a commitment to the plan.

Step 7: Manage and sustain the implementation of the plan.

⁷ Guide to Participatory Planning and Budgeting For Local Authorities in Sri Lanka. (2007). Ministry of Local Government and Provincial Councils.

International Implementation Process

Internationally PBP has been implemented in the form of a cycle that involves scores of participatory dialogue at the neighbourhood and regional level, careful analysis of dialogue results, preparation of an LA-level plan reflecting citizen inputs during dialogues, and making corresponding decisions regarding budget allocations and service delivery improvements. The figure below demonstrates the extensive and cyclical nature of budgetary consultation in Brazil where participatory budgeting has been championed for many years. The process is multi-stage and the budgetary cycle involves returning to stakeholders with updated proposals rather than being limited to 'one-off' consultations.⁸



Yearly Participatory Budgeting Cycle of Brazil

Figure 2

⁸ Wampler, B. (2000). A Guide to Participatory Budgeting.

Source: A Guide to Participatory Budgeting (2000).

Case Studies and Lessons Learnt

Case studies reveal that this LEG initiative primarily focuses on introducing PBP as an innovative democratic governance and social accountability tool, and increasing the participatory aspect of governance. TAF introduced PBP to LAs and provided them with the necessary technical and financial support required to implement PBP. PBP training has been completed in Nuwara Eliya, Badulla and Jaffna and is ongoing in other target regions.

There is significant room for improvement in the implementation process of PBP. PBP conducted under the LEG project does not follow a uniform design or model provided by TAF. PBP models ranged from simple budget summary dissemination efforts to full-fledged participatory planning and budgeting exercises.⁹ Therefore, after receiving training from TAF in PBP, LAs determine the manner in which the process is conducted, documented, and the extent to which citizens' priorities are incorporated in the final budget and development plans. For example, certain LAs such as Kalmunai focused on increasing public awareness related to the budgeting process and development plans, but did not include the citizenry significantly in the budgeting process. This enhanced budget transparency but not citizen participation. Annex 1 provides a comparison of the extent to which PBP was implemented by LAs in Sri Lanka following TAF's intervention.

A major lesson learned from the implementation of PBP under TAF's LEG initiative is that LAs outside of the LEG initiative understand the value of PBP and have shown an interest towards implementing it. For examples, there is a growing receptiveness to the potency of PBP. For example, a circular from the CLG's office in the Southern Province made PBP a

⁹ The Asia Foundation., Progress Report And Annual Plan Year 4 (April 2012-March 2013).

mandatory activity for all LAs and also provided a grant of 10,000 LKR to each LA to support the process

Specific Outcomes of Participatory Budgeting and Planning in Sri Lanka

The following specific outcomes of Participatory Budgeting and Planning in Sri Lanka were identified by the Asia Foundation.¹⁰

- LAs are sharing budget information (Budget Summary) and consulting citizens on development priorities through participatory consultations.
- LAs are allocating more funds and resources for development activities, as identified through participatory mechanisms such as PBP.
- PBP has paved the way for marginalised communities to have their voices heard at the local, district and provincial levels. A noteworthy feature of PBP in all the locations was the high participation of women.
- LAs have become more sensitive to the priorities of marginalised communities and are creating avenues for their participation in local development planning, the private sector and the general public in numerous ways.
- PBP efforts were widened to GND levels to deepen citizen engagement and make the process more inclusive.¹¹
- Governance and social accountability tools such as PBP are beginning to receive the desired political traction and community interest.¹²

Case Study 1: Badulla¹³

¹⁰ The Asia Foundation,. Progress Report Year 3 (April-October 2012).

¹¹ The Asia Foundation,. Progress Report And Annual Plan Year 4 (April 2012-March 2013).

¹² Ibid.

¹³ Gunasekara, U. N. Key Person Interview With The Mayor Of The Badulla District. 2015. in person.

After the initial TAF supported PBP interventions, PBP was most successful and has seen a degree of systematic institutionalisation in the Badulla MC by the Badulla Mayor and Commissioner. A governance mechanism such as PBP had never been implemented in Badulla before. The Badulla MC created their own development plans and implemented them through the budget.

The Mayor of Badulla stated in an interview with Verité Research that previously, the Badulla MC never included public consultations in the budget planning process. Citizens were not asked about what they perceived were priorities in service delivery and governance, or which public services required immediate attention and resources.

The training carried out by TAF taught the LA the importance and value of discussing the budget and development plans with citizens. The Badulla MC received a new perspective and obtained a realistic picture of community needs. The citizens of Badulla expressed their developmental ideas and highlighted the public services they believed required attention. For instance, in 2012 and 2013 citizens expressed the need to construct shops, and the need to develop and equip parks; they highlighted the disadvantages of locating a building in a particular space; and they identified roads that needed to be built and roads that needed to be maintained. The Badulla MC was then able to incorporate citizen priorities into the budget and development plans because of the PBP process, and citizens were able to hold the LA accountable the following year.

Lessons Learnt in Badulla

- An important and unique part of the Badulla MC institutionalisation project was that official municipal budget documents clearly identify the line items in capital expenditure that were a direct result of PBP exercises. This is important for two reasons:
 1. The reporting on final outcomes provides transparency on which citizens' proposals were incorporated into the final budget

2. It provides accountability making it a more reliable participatory process and preventing it from being limited to being only informational or consultative

For example, according to the 2013 Budget Report, the Badulla MC allocated 65 million LKR for capital expenditure projects of which approximately 37 million LKR was allocated based on citizen priorities and proposals identified through the PBP process. In addition to the services widely identified as municipal responsibilities such as street repairs and improved solid waste management the budget also incorporated proposals that included day care services, sports grounds, park repairs and library facility improvements.

Case Study 2: Jaffna

The implementation of PBP by the Jaffna MC resulted in development activities identified through public consultations being integrated into their annual budgets. Through PBP the Jaffna MC has been able to identify the needs of the public, build stronger partnerships between the political leadership of the council and the public, and foster demand responsive budgeting and spending practices.¹⁴

The Jaffna MC also introduced PBP to the lowest administrative level (GND level) to make the process more inclusive and reflective of citizen's priorities. PBP was carried out in 48 GNDs by the Jaffna MC and the 48 Citizen Forums set up at the GND level for PBP to continue to function as a regular mechanism for citizens to engage with LAs.¹⁵ Following the implementation of PBP in Jaffna, 47 participatory development plans for each GND have been prepared and published for broader resource mobilisation,¹⁶ and 22 million LKR was allocated by the Jaffna MC to meet community needs based on identified priorities.¹⁷

Lessons Learnt in Jaffna

¹⁴ The Asia Foundation,. Progress Report Year 3 (April-October 2012).

¹⁵ The Asia Foundation,. Progress Report And Annual Plan Year 4 (April 2012-March 2013).

¹⁶ The Asia Foundation,. Progress Report Year 3 (April-October 2012).

¹⁷ The Asia Foundation,. Progress Report And Annual Plan Year 4 (April 2012-March 2013).

- LAs are willing to make the budgeting and planning process more inclusive and reflective of the needs and priorities of citizens.
- Taking PBP to the lowest levels of administration increases inclusiveness and allows marginalised and vulnerable communities to engage in budgeting and planning.
- PBP improves the relationship between the government and citizens.
- PBP focuses on and fosters 'demand side' budgeting and planning.

International Comparisons

International comparisons indicate that currently a structured model or method of implementing PBP does not exist. Every implementer of PBP has chosen a model and method of execution according to factors such as LA mandates, needs, resources, and environment. In some countries it has been implemented, institutionalised and sustained by governmental bodies and in some by civil society organisations.

The following international comparisons have been selected to provide a broader understanding of the possible outcomes of PBP, the different contexts within which it has been implemented, and the different ways in which it has been implemented, institutionalised and sustained in the developing world.

Table 1 (see below) offers a snapshot of the expectations and different achieved in four developing countries from the implementation of PBP.

Table 1: A Snapshot of the Outcomes Expected and Achieved through Participatory Budgeting and Planning in Different Countries

Country	Primary Outcomes of Participatory Budgeting and Planning						
	Increase the participation of citizens in the budgeting and planning process	Deepen and strengthen citizen democracy	Overcome social and political exclusion	Strengthen the development capacity of Local Authorities	Tackle financial constraints and improve financial management	Enhance decentralisation	A platform for constructive debate on key development issues between the government and civil society
Sri Lanka	X		X	X		X	X
Brazil ¹⁸		X	X		X		X
Metro Manila, Philippines ¹⁹		X				X	X

¹⁸ Wampler, B. (2000). A Guide to Participatory Budgeting.

¹⁹ Local Development Councils in the Philippines. (n.d.). Retrieved December 15, 2015.

Indone- sia ²⁰	X		X		X		
------------------------------	---	--	---	--	---	--	--

Table 2 (see below) offers a snapshot of how PBP has been institutionalised and sustained in other developing countries.

Table 2: A Snapshot of the Extent to which Participatory Budgeting and Planning has been Institutionalised in Different Countries

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
Sri Lanka	Participatory Budgeting and Planning	Local Authorities and The Asia Foundation	All citizens, especially marginalised groups	Pilot implementation	Circulars that mandate PBP are being issued by the Sri Lankan government to institutionalise participatory approaches within the

²⁰ Budget Advocacy of FITRA, Indonesia. (n.d.). Retrieved December 16, 2015.

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
					context of budgeting and development planning.
Brazil ²¹	Participatory Budgeting Programmes	Local Authorities	Socially and politically marginalised or excluded citizens, especially the poor	Began in 1989 and has been institutionalised and continues to be implemented. As of June 2000, an estimated 100 municipalities and five states have implemented	There is no fixed method of institutionalisation or sustaining PBP in Brazil. Each LA has implemented it using similar but not identical rules. Each LA has created their own yearly

²¹ Wampler, B. (2000). A Guide to Participatory Budgeting.

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
				some sort of PBP process.	participatory budgeting cycle, and the LA and citizens have a specific set of roles and responsibilities that must be fulfilled at each stage of the cycle.

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
Metro Manila, Philippines ²²	Local Development Councils	Department of the Interior and Local Government, Republic of the Philippines (DILG)	Local Government Units (LGUs) and NGOs	Began in 1991 and has been continuous	It is mandated by law. The Local Government Code of the Philippines enacted in 1991 mandates people's participation in Local Development Councils (LDCs). The law says that at least 1/4 th of LDC members must be from NGOs and other people's or-

²² Local Development Councils in the Philippines. (n.d.). Retrieved December 15, 2015.

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
					<p>ganisations.</p>

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
Indonesia ²³	Budget Analysis and Public Advocacy	Forum Indonesia untuk Transparansi Anggaran (FITRA), a network of approximately 30 NGOs primarily funded by the Ford Foundation	Local communities, especially the women and the poor	Type of engagement has been continuous	FITRA has taken on the responsibility of publicizing the budgeting and development plans. FITRA organises debates on the provincial budget, and it draws in the general public and basic sectors to those debates. It campaigns to the public on certain

²³ Budget Advocacy of FITRA, Indonesia. (n.d.). Retrieved December 16, 2015.

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
					<p>budget issues, it communicates with the government on the budget, and it pushes for more public participation in formulating policy and preparing the budget.</p> <p>FITRA disseminates information on the budget and policies through mass media, public discussions,</p>

Country	Name of the Initiative	Implementing Partners	Target Citizen Group	Type of Engagement	Methodology used to Institutionalise and Sustain PBP
					campaigns and its own published books.

Potential for Institutionalising and Sustaining Participatory Budgeting and Planning in Sri Lanka

TAF is currently supporting the government of Sri Lanka to institutionalise PBP through budget circulars that mandate PBP. As of 2013 TAF has supported the issuance of budget circulars in the North, East, South and Uva Provinces of Sri Lanka.²⁴ A budget circular disseminated in 2012 by the government of Sri Lanka on developing and managing an annual budget clearly stipulates that the advice and inputs of citizen's must be gained when developing the budget.²⁵ Key content covered in the circular²⁶ related to PBP are:

- The identification of the most important services/activities/plans that are to be covered in the next annual budget must be selected with the advice and input of citizens or through participatory approaches.
- Village organisations and Pradeshiya Sabhas are to be included in the decision making process related to the budget and development plans.
- Revenue collection plans and actions plans must be designed with citizens' contributions.
- An example of how to document/record decisions made at the PBP meetings.
- A time-schedule that covers activities, deadlines for the activities, and government staff responsible for the activity.
- Monthly and quarterly revenue and expenditure accounting/tracking formats.

However, it is important to note that while the potential of institutionalising PBP in Sri Lanka is high, the probability of it being properly implemented or sustained is currently low. Gaps related to the implementation process (see below under challenges to institutionalization) needs to be filled if the institutionalisation of PBP is to be successful in Sri

²⁴ The Asia Foundation. Progress Report 4 (June 2013 - November 30, 2013).

²⁵ Commissioner of Local Government. Preparation and Management Of The Budget Of Local Government Institutions. 2012. Print.

²⁶ Ibid.

Lanka. The circular is an important step towards formal institutionalisation but needs additional support and oversight to ensure adequate implementation.

TAF's LEG staff members are exploring strategies that will make the process more efficient and less costly while maintaining its authenticity. For example, where and how facilitators of the meetings/dialogues should be recruited, the feasibility of using IT systems to facilitate and document the dialogues/meetings and produce the results of the meetings/dialogues.

TAF hopes to produce a refined PBP tool that will be made available to TAF's LEG partners in a future phase of its work in local government. TAF plans on conducting a national "Lessons Learnt" workshop for key stakeholders from national ministries and provincial offices that will be held to share information and create a demand for the governance tool. TAF is also working towards developing and refining PBP manuals and protocols (including appropriate IT applications) to support replication across the country.

Factors that Make Participatory Budgeting and Planning Easy to Institutionalise and Sustain in Sri Lanka

- LAs that have tested PBP have shown strong support towards institutionalising, implementing and sustaining it.
- LAs outside of the original LA partners in the TAF-LEG initiative have shown an active interest in PBP and have understand the value of this governance and social accountability tool.
- Citizens appear willing to actively participate in PBP.
- PBP is part of a set of governance and social accountability tools (for example, Revenue Assessment and Management and e-Citizen Report Cards) that have been successfully tested in Sri Lanka and show great potential.
- PBP implemented, institutionalised and sustained by LAs is non-threatening in nature.

- The design and implementation of PBP is flexible and can be modified for all levels of the government budgeting and planning.
- PBP is a relatively easy governance and social accountability tool to implement because of its design and conceptualisation.
- The financial cost of institutionalising and sustaining PBP is relatively low.
- PBP is a versatile governance and social accountability tool that can be adapted to any social, political, and/or economic environment.
- The re-introduction of ward-based electoral systems that facilitate direct political accountability: The proposed ward-based electoral systems for LAs will re-introduce 'wards' (small units from which individual councilors will be elected), which means that the PBP process of a ward will be directly linked to a particular councilor rather than to an abstract 'LA.' The ward-based electoral system will increase the transparency and accountability associated with budgeting and the budgeting process, and that will give government officials an incentive to institutionalise, conduct and sustain PBP.

Challenges Related to Institutionalising and Sustaining Participatory Budgeting and Planning in Sri Lanka

- The methodology related to implementing PBP needs to be refined and made clear for the process to be institutionalised and sustained.
- A prioritisation process that considers all factors (such as those related to economics, poverty, and disaster management) and not only considers the public's priorities needs to be developed and included in the PBP process. Currently the PBP prioritisation process allocates the budget to needs based on the number of people who agree on a need voiced by the citizens.
- The possibility of institutionalising and sustaining PBP lies solely in the willingness of LAs or higher oversight bodies.
- If implemented as a cycle to ensure sustainability LAs and citizens have roles and responsibilities at every stage of the cycle.
- The constant transferring of government staff and officials makes implementation difficult due to poor handovers.

- PBP is extremely time consuming as it entails scores of meetings and discussions, analysis, evaluation, and follow ups.
- To ensure success the process must be authentic, convincing ordinary citizens their concerns have been heard and practical responses have been made.

Additional Actions and Inputs Needed to Institutionalise and Sustain Participatory Budgeting and Planning in Sri Lanka

- The development of a method to ensure the implementation of PBP.
- The development of guides or training manuals for LAs on how to implement PBP.
- Increased awareness related to PBP.
- Increased awareness on the benefits and importance of PBP for both LAs and citizens.
- Feedback from citizens and LAs who have engaged in PBP.
- Research and development on the best method of documenting, using, and disseminating information collected from meetings and discussions needs to be conducted.
- The development of a mechanism to identify a balance between general participation and quality representation of community needs and priorities.²⁷

Gaps to be Filled to Sustain Participatory Budgeting and Planning in the Absence of the Asia Foundation or when a Donor Withdraws

- Roles and responsibilities would have to be designed for LAs and citizens.
- LAs would have to organise and finance the meetings or fora for discussions .
- LAs would have document and disseminate the information collected from discussions along with the outcomes of PBP.
- LAs would have to increase the awareness of PBP.
- Refresher training sessions or any subsequent ‘Training of Trainers’ sessions would have to be undertaken and financed by LAs.

²⁷ Wagle, S., & Shah, P. (2003). Case Study 2 - Porto Alegre, Brazil: Participatory Approaches in Budgeting and Public Expenditure Management

References

1. Beuermann, D., & Amelina, M. (2014). Does Participatory Budgeting Improve Decentralized Public Service Delivery? IDB Working Paper Series. Retrieved December 15, 2015, from <https://publications.iadb.org/bitstream/handle/11319/6699/Does-Participatory-Budgeting-Improve-Decentralized-Public-Service-Delivery.pdf?sequence=1>
2. Budget Advocacy of FITRA, Indonesia. (n.d.). Retrieved December 16, 2015, from [http://www.worldbank.org/socialaccountability_sourcebook/Regional_database/Case studies on social accountability.pdf#page=69](http://www.worldbank.org/socialaccountability_sourcebook/Regional_database/Case_studies_on_social_accountability.pdf#page=69)
3. Commissioner of Local Government,. Preparation And Management Of The Budget Of Local Government Institutions. 2012. Print.
4. Guide to Participatory Planning and Budgeting For Local Authorities in Sri Lanka. (2007). Ministry of Local Government and Provincial Councils.
5. Gunasekara, U. N. Key Person Interview With The Mayor Of The Badulla District. 2015. in person.
6. Local Development Councils in the Philippines. (n.d.). Retrieved December 15, 2015, from [http://www.worldbank.org/socialaccountability_sourcebook/Regional_database/Case studies on social accountability.pdf#page=110](http://www.worldbank.org/socialaccountability_sourcebook/Regional_database/Case_studies_on_social_accountability.pdf#page=110)
7. The Asia Foundation,. Annexe II: Local Economic Governance Project Outcomes. The Asia Foundation. Print.
8. The Asia Foundation,. Facilitator's Guide On Participatory Budgeting For Local Authorities In Sri Lanka. The Asia Foundation, 2011. Print.

9. The Asia Foundation,. Progress Report 4 (June 2013 - November 30, 2013). Colombo: The Asia Foundation. Print. Sri Lanka Local Economic Governance Project AUS AID Agreement Number: 55249.
10. The Asia Foundation,. Progress Report And Annual Plan Year 4 (April 2012-March 2013). Colombo: The Asia Foundation. Print. Sri Lanka Local Economic Governance Project AUS AID Agreement Number: 55249.
11. The Asia Foundation,. Progress Report Year 3 (April-October 2012). Colombo: The Asia Foundation. Print. Sri Lanka Local Economic Governance Project AUS AID Agreement Number: 55249.
12. The Asia Foundation,. Project Design Document. The Asia Foundation. Print. Sri Lanka Local Economic Governance Project.
13. Wagle, S., & Shah, P. (2003). Case Study 2 - Porto Alegre, Brazil: Participatory Approaches in Budgeting and Public Expenditure Management. Retrieved December 15, 2015, from <http://siteresources.worldbank.org/INTRANETSOCIALDEVELOPMENT/873204-1111663181192/20488152/sdn71.pdf>
14. Wampler, B. (2000). A Guide to Participatory Budgeting.

Annexure 1 – Semi-Structured questionnaire for TAF staff

1. What was the primary purpose and expected outcome of introducing the tool/s to local authorities?
2. What was the response of local authorities to the tool?
3. What was their level of enthusiasm when the tool was first introduced? (scale of 1-10, 10 the being highest value)
4. Where was it implemented? Please list all locations
5. What was the level of implementation at each location? Please list appropriate level for each location (early stages/partially implemented/fully implemented)
6. Please list out the implementation process followed at each location.
7. What were the main changes and outcomes to the LA as a result of implementing the tool? Please list any empirical evidence to support the changes and outcomes mentioned.
8. What were the major challenges to implementing the tool
9. On a scale of 1-10 (10 being the highest) how would you rate the success of the tool and why?

Annexure 2 – Unstructured Case Study Questionnaire

A. Case Study Objectives:

1. Getting to a comprehensive understanding of how The Asia Foundation (TAF) has navigated the complexities and realities of politics in the Local Economic Governance (LEG) Project. (This includes all three strands/domains being addressed in the Practice Notes).
2. Unpacking the dynamic nature of the institutional and organizational structures and processes (political/social/economic/legal/other) at the sub-national level that have facilitated (or failed to facilitate) TAF's key objectives of institutionalization, innovation, replication and sustainability.
3. Exploring how political and economic incentives were built to provide citizen-centric services.
4. Documenting/highlighting the value-addition that the LEG Project provides to the existing body of conceptual and empirical knowledge.

B. Questions for Unstructured KPIs and FGDs:

1. Has TAF's LEG Project (and the three strands/domains embedded in this Project) been successful in terms of its stated objectives (as set out in Case Study Objective 2 above and as reflected specifically in the sub-objectives underpinning the three strands addressed in the Practice Notes)? Has the Project failed to realize these objectives?

- a) Please identify the key supply and demand-side enabling factors that have contributed to the success of the Project. These factors may include political/social/legal/economic/technical/other institutional/organizational structures and processes at the sub-national/LG level and in the relevant public policy space (such as factors associated with national/provincial government, donor practices, other development partners such as the private sector/Regional Chambers, citizen groups, etc.).

- b) Please identify the key supply and demand-side factors that have undermined the success of the Project.
 - c) Please identify key procedural elements that stand out as innovative/novel in the LEG Project.
1. How have the strategic political economy approaches and tools adopted by TAF in the LEG Project worked in practice?
- a) What are the political incentives that have worked to make the Project a success?
 - b) What are the political disincentives that have undermined the success of the Project?
 - c) To what extent has the strategy of working closely with political actors (including “political champions”) been useful in terms of realizing the objectives of the LEG Project? Explain for instance, how these “champions” have negotiated the challenge of getting broad buy-in/political ownership for the reform process. Has political competition and comparison played a role in shaping the incentives and behavior of these political actors?
 - d) To what extent has the strategy of working closely with political actors (including “political champions”) led to new risks that have in turn undermined the success of the LEG Project?
 - e) How has the role of bureaucrats (as distinct from politicians) been balanced and contextualized in the Project?
 - f) Has the existing political context had an impact in terms of the success/failure of the Project? If so, how (explain the dynamics of the link between the political context and the success/failure of the Project)? Explain how the specifics of Sri Lanka’s sub-national/LG context have impacted on the LEG Project. Explain how the Project has addressed issues such as rent-seeking/corruption and political favoritism. Explain how the LEG Project has navigated institutional realities during and after the civil war (including the

nature of the state, of the state-citizen nexus, of the role of other development partners- for instance, the private sector and the donor community).

- g) Explain how the LEG Project has addressed the issue of trust deficit in Sri Lanka's civil society and facilitated and embedded citizen "voice" mechanisms (and the active participation of citizens in the broader socio-economic development and political governance process) – particularly in relation to the empowerment of vulnerable and marginalized communities.
 - h) How has the politics of governance been blended with the imperative of economic growth in the Project?
2. To what extent can the strategic political economy approaches and tools underpinning the LEG Project be replicated – in other localities in Sri Lanka/by TAF in future programs/by other donors?
- What are the key "good practice" lessons as well as major shortcomings that may be useful for practitioners (Sri Lankan policy makers, the donor community, other key actors in this particular public policy space, etc.) attempting to replicate this "model"?