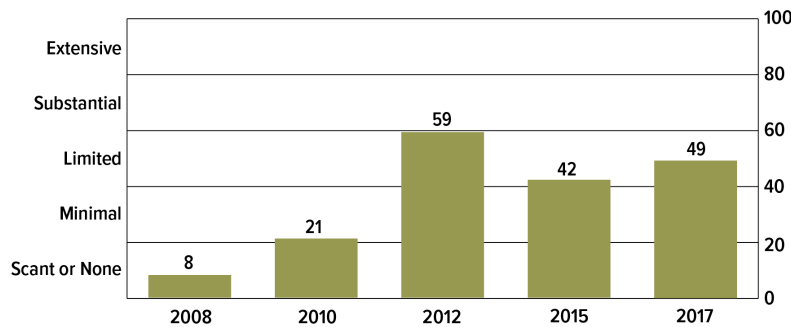


Public Participation in the National Budget: Lessons from Pilot Townhall Meetings in Afghanistan

In 2018, the Afghan Government made the decision to foster public participation in the national budget process. This began as a response to the country’s ranking on the Open Budget Index (OBI), but further delivered many other benefits to the country’s public financial management systems. This paper describes the format used for the pilot townhall meetings and outlines several key observations and recommendations for public participation in the national budget in Afghanistan and practitioners in other country contexts. Notably, the pilot townhalls identified ways in which citizens’ stronger-than-expected engagement and interest with the national budget can be leveraged to improve government oversight, accountability, and performance, and how community feedback can be more deeply incorporated into budget formulation.



Afghanistan's OBI Score, 2008-2017

Afghanistan has made important strides in public finance reforms post-2001. While the government improved public access and transparency of its budget, the progress eventually plateaued. Although Afghanistan’s open budget score of 49 (out of 100)¹ on the Open Budget Survey of 2017 stood moderately higher than the global average of 42, the budget provided the public with limited information. On the same survey, Afghanistan scored a 15 on the opportunities it provides for the public to engage in the budget process. A country’s ranking on the Open Budget Index (OBI) is a good

References:

1. Open Budget Survey, International budget partnership - <https://www.internationalbudget.org/wp-content/uploads/afghanistan-open-budget-survey-2017-summary.pdf>

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indicator of the transparency and openness of its budget, and there is a correlation between budget transparency and its credibility and efficiency. Meaningful public participation in the budget also reduces the risk of the budget serving the interests of a few powerful elites. To improve budget transparency, Afghanistan piloted townhall meetings in selected provinces in 2018, as part of the process to prepare the budget for the next fiscal year (2019). This paper outlines some of those insights and lessons learned from those townhall meetings.

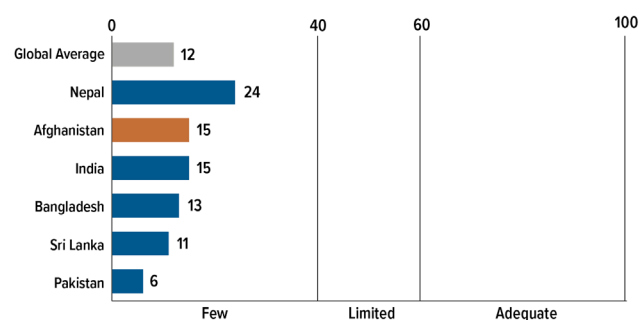
BACKGROUND

Afghanistan embarked on substantial budget reforms² in 2017 and 2018, following its commitment to the public and its international partners outlined in the national self-reliance strategy presented and endorsed at the Brussels Conference on Afghanistan in late 2016³. However, the priority reforms outlined in the strategy largely dealt with (i) the structure of the budget and (ii) the technical preparation of the budget, rather than stakeholder involvement in that budgeting process. The pilot townhall meetings supplemented the reforms to the budget structure by recognizing the importance of citizens' understanding of the details of government spending, feeding into that process, providing accountability, and exercising their voice.

IMPORTANCE OF CITIZEN PARTICIPATION IN THE BUDGET PROCESS

Public participation in the budget process is important for several key reasons. First, national budget decisions determine the level and depth of services that the government provides to its citizens, and hence have a direct impact on their lives. This impact is amplified for poor citizens and people in developing countries where they

significantly, or perhaps entirely, depend on public services for their livelihood. Second, the scrutiny that people provide as watchdogs helps the government with better oversight of how public money is allocated and spent, curbing corruption and misuse. Third, citizens provide direct feedback to the government, which helps policymakers better understand and assess the likely effects of their decisions. Lastly, public participation in the budget process helps bring policymakers (and therefore the government) closer to the population, helping bridge gaps and build closer relationships.



Scores on public participation in the national budget, per OBI's 2017 rankings

For these reasons, there is growing attention to this aspect of financial management and international and regional development and financial organizations are increasingly advocating for improved public participation in the budget process.

In practice, public participation in the budget process ranges from informal interventions to regulated and formalized steps of the budgeting process. In other country contexts, public participation has been utilized in almost all stages of the budget formulation process, from setting macroeconomic context, to budget formulation and execution and auditing and review. For instance, the supreme audit institution in India uses feedback from social audits by civil society organizations (CSOs) to better inform its audit systems, while in South Africa budget hearings in the parliament are open to the public.

References:

- For details please see: "Improving Afghanistan's Public Finances in 2017–2019: Raising Revenue and Reforming the Budget", Byrd & Farahi, USIP, 2018 <https://www.usip.org/publications/2018/04/improving-afghanistans-public-finances-2017-2019-raising-revenue-and-reforming> and "Budget Reforms in Afghanistan— A Practitioner's Perspective," Payenda, ISE, 2019 <http://effectivestates.org/wp-content/uploads/2019/02/ise-dpn-budget.pdf>
- The Afghanistan National Peace and Development Framework, 2016 <http://policymof.gov.af/home/afghanistan-national-peace-and-development-framework-anpdf/>

TOWNHALL MEETINGS

The public townhall meetings in Afghanistan were piloted in the capital – Kabul - and four regional provinces - Balkh, Herat, Kandahar, and Nangarhar. The meetings were led by the deputy minister of finance, supported by the budget department’s provincial budgeting team. Other government agencies involved in the townhalls included the provincial directorates of the Ministry of Economy, the Independent Directorate for Local Governance (IDLG) planning directorate, and the host province’s governors’ offices. Observers from the civil society organization, Integrity Watch Afghanistan, were also present in all the meetings, and the United States Agency for International Development (USAID) provided technical support.



Community members listen to a government facilitator in a national budget townhall meeting in Kandahar Province

Objectives of the Townhall Meetings

1. Better reflect people’s priority projects in the national budget;
2. Improve transparency and public participation in the budgeting process;
3. Improve the effectiveness of government expenditures through public feedback on the portfolio of projects;
4. Interact face to face with the recipients of the services that the national budget finances, to better understand citizens’ demands;
5. Bridge the gap between the public and the central government.

In theory, the programs and projects brought forward by the line ministries – and approved in the budget by the parliament - should provide services to the public that are based on needs and ensure an equitable distribution of resources. However, these intentions do not always translate into practice. Line ministries are prone to influence and members of parliament do not always represent the interests of their constituents in a fair and unbiased manner. Therefore, townhall meetings were an attempt to affirm what citizens deem to be their priorities, without first being filtered through ministries or parliament.



Citizens discuss their budget priorities directly with Ministry of Finance officials in Nangarhar Province.

Format of Townhall Meetings

The townhall meetings on the national budget each lasted an entire day, and took place in summer of 2018, which coincides with the start of the budget preparation stage for the next fiscal year (2019). The meetings were introduced by the provincial governor and deputy minister of finance to explain the aim of the discussion, followed by a presentation by the budget department on the structure of the national budget and the planned size of the expenditures and revenues for the next year. The participants, then discussed amongst themselves on their priority projects, - dividing into groups by district and into “special groups” (women and youth). The teams were asked to discuss their districts’/ groups’ priorities and then rank them starting with the most important. Each team would then have discussions with the Ministry of Finance team and then present their group’s priorities to the entire townhall meeting. The meetings would then be concluded by the deputy minister of finance thanking the participants, promising to discuss the proposals with the relevant line ministries in Kabul.

Following the townhalls, the objective was to ensure the findings and recommendations from citizens were fed into the work and decisions of line ministries and not simply lost within the bureaucracy. Therefore, the next step in the process after the hosting of townhall meetings was for the suggestions to be reviewed by the relevant sector experts in the Ministry of Finance and discussed within the relevant ministries. The national budget committee⁴ dedicated an agenda item to discuss the findings and recommendations of the townhall meetings during their budget hearing sessions, and as a result more than 30 priority projects from the five pilot townhalls were included in the final 2019 budget approved by the parliament. These included the building of schools, small irrigation projects, and the establishment of health facilities and clinics.

Findings and Recommendations

1. **Make the national budget more accessible to the public, not just to international partners.** Outside of government ministries, public awareness of the national budget is limited to mostly academics, think tanks, and a few relevant civil society organizations. In many cases, the measures taken to make budgets more transparent and open are mostly to comply with commitments to the international community. As a result, while the budget is accessible and available, the means and channels through which it is made available are not usually accessible to the public. For example, in Afghanistan, where only a third of the adult population is literate and less than a fifth have access to internet, making the national budget and citizen budget documents available online would still mean a limited number of people would have access. A comprehensive communications and outreach strategy that encompasses an analysis of the budget, debates in the media, (mainly television and radio), and active engagement with civil society would increase public awareness of and participation in the national budget. The role of Community Development Councils (used

by the Citizens' Charter National Priority Program) in engaging with citizens about the national budget could be explored as a mechanism to widen public participation.⁵ Moreover, local government officials are not often aware of the process and formulation of the national budget, creating a barrier for them to provide substantive input on issues impacting their communities. More importantly, once the budget is approved it is not disseminated and explained to provincial officials, which can lead to misalignment between their objectives and actual resources.

2. **There is great interest in and understanding of the national budget among citizens, and the government should leverage this engagement to improve its performance.** The primary finding from the five pilot townhalls was that there was great interest from citizens. A diverse group of residents – elders, women, and youth – from every district within the provinces came to take part in the townhalls. Many had travelled long distances through rough and insecure terrain to be present for these discussions. The debates were lively and well-informed. The participants had well-defined suggestions and were remarkably clear about their priorities. This notion that **citizens welcomed the townhall initiative** was a major takeaway of the pilot programs. What people welcomed the most was not the fact that their priority projects may be included in the national budget, but that they were being consulted by high-level officials, who had travelled all the way from the capital, to listen to their concerns and ideas. This goodwill among citizens who participated in the townhalls is a significant sign of progress for the government, especially in areas with minimal state presence and where government relations with citizens is poor. **This positive engagement with the townhalls was particularly exemplified by the active participation of women**, who, while outnumbered by the men, made

References:

4. The Budget Committee consists of the Ministries of Foreign Affairs, the Economy, and Women's Affairs (observer), and is led by the Ministry of Finance, usually represented at the deputy minister level.
5. The Citizens' Charter is a community-driven development (CDD) program with a presence in every province in Afghanistan. The Citizens' Charter provides basic services to villages while also facilitating the election of Community Development Councils (CDCs) which choose, coordinate, and oversee development projects in their communities. For more see www.ccnpp.org

incredibly insightful and valuable contributions to the discussions. Many of these women had travelled long distances in insecure, conservative provinces to make their voices heard. Creating an environment where views of women are heard, and most importantly, reflected in the budget improves its effectiveness and makes program outcomes more equitable.

Moreover, contrary to policymakers' beliefs, people understand the limitations and resource constraints within government.

A common misperception at the center of government is that the citizens do not understand complicated issues like the budget, nor resource limitations, and believe their demands and ideas will be mostly unrealistic and impractical. Therefore, central governments often believe there is limited added value in engaging the public in budget discussions. Discussions with the villagers in the provinces proved this perception wrong. The citizens not only understood the figures but were aware of the enormous development needs of the country and limited resources at the disposal of the government in a fiscal year. With this in mind, they had prioritized their needs and knew if more resources were available, what additional projects they would like the government to fund. This understanding of budget limitations, coupled with the active engagement and interest from participants, is a sign that not only is public participation in the national budget an important process, but should be seen by the governments as a tool and asset to make their budget (and therefore their policymaking) more effective. From the pilot experience in Afghanistan, the myths that citizens will not understand or be interested in the complexities of a national budget were dispelled, and the “burden” public participation puts on governments is far outweighed by the benefits of improved oversight, accountability, and citizen-state relationship building.

3. Better understanding of off-budget donor activity is crucial for a balanced and equitable national budget. Fragile and conflict-affected countries

heavily rely on donor financing for their development efforts. Ideally, aid should be channeled through government institutions, as this improves the cycle of accountability between the government and citizens, and usually results in lower unit costs of delivery. However, in practice a large portion of aid flows outside of government systems. This “off-budget” aid competes with government systems and is subject to poor reporting, and more importantly, often results in geographic and sectoral inequality in services. While due to this inadequate reporting the exact amount of this off-budget aid is unknown, the amount is likely far more than the total delivered directly to government institutions. For a meaningful and comprehensive dialogue with the citizens about the national budget, knowledge of off-budget activities is crucial, enabling a better allocation of resources in an equitable manner and giving citizens a better understanding of the full view of funding impacting the country. In this context, information on off-budget donor activity is as important as the generous aid provided itself.

4. Partnership with civil society helps improve outcomes. The Ministry of Finance engaged with Integrity Watch Afghanistan (IWA) to improve transparency of the budget in general and public participation in budgeting in particular. IWA is the local partner of the International Budget Partnership (IBP) in conducting Open Budget Surveys and have specialized expertise in this area. Besides conducting the Open Budget Survey in Afghanistan, IWA dedicates considerable resources for the oversight of the budget process and produces policy briefs⁶ that provide recommendation of areas of improvement. The Ministry of Finance leadership engaged with IWA in 2018 to discuss and address these issues, starting with improving public participation in the budget process. IWA experts provided support and expertise to the Ministry of Finance staff on understanding the reasons for Afghanistan’s low OBI score, the underlying reasons of their findings, and on the development of a strategy

References:

6. For the IWA policy brief on analysis of 2019 (and previous budgets) please see <https://iwaweb.org/wp-content/uploads/2018/12/National-Budget-SIA-English.pdf>

to improve scoring by targeting specific areas of budget transparency and openness. The initial idea of the townhall meetings emerged from interactions between the Ministry of Finance and IWA.

5. Decide on the exact purpose and scope of public engagement with the national budget and manage expectations.

It is important that the purpose of any townhall budget discussions is well-defined. For example, the purpose could be to improve performance by understanding what the public wants; to make changes to the level of services based on the public's preferences; or to understand priorities in light of limited resources at the disposal of the government to finance priorities. Whatever the identified purpose, it should be clear and well understood by all at the start of the process, as these parameters influence which ministries, organizations, and individuals to engage, what that engagement would look like, and what information is shared with citizens. Furthermore, defining the scope of citizen engagement with the budget also requires managing expectation. Making commitments that may be hard to fulfill are detrimental to the sustainability of such initiative, and the perception of the government facilitators of the townhalls as being honest brokers is key for citizens' honest, substantive feedback. From the experience of the townhalls in Afghanistan, participants are sympathetic to the constraints of government and setting clear limits at the outset of townhalls on what can and cannot change concerning the national budget leads to more productive public engagement.

6. Institutionalize the process by mandating public participation as part of budget formulation. While the townhalls on public engagement in budgeting were initially inspired by improving Afghanistan's standing in the Open Budget Index, these meetings demonstrated that there is enormous value in engaging citizens in the budgeting process. To ensure the expansion and sustainability of this initiative, it is recommended public engagement on the budget should inform and feed directly into the standard budget cycle. While it may be a significant undertaking

for the Ministry of Finance alone to conduct townhall meetings annually in all 34 provinces, working alongside local authorities and civil society groups makes the process easier. It could also be more feasible to instead conduct medium-term public engagement with the budget (such as once several years) to align with medium-term changes in fiscal and development strategies. Furthermore, limiting the consultation to key services that the government provides to its population such as healthcare, education, agriculture, and rural development would make the workload more manageable. The participation in public consultations of officials from ministries working on these key issues would also increase the "realism" of the ministry and sectoral budget plans and show how they are (or are not) directly reflecting citizens' priorities.

7. An adequate level of government participation is important to gain people's trust.

It is not just about the substance of the engagement with people on budgetary issues but who engages with people. Relatively high-level participation from the central government is important. During the pilot townhall meetings, citizens welcomed the fact that a deputy minister had travelled to their province to listen to their suggestions and concerns. Such meetings will lose their importance if they become routine and are delegated to lower ranking officials.

8. Expand public participation throughout the entire budget cycle.

The pilot townhall meetings focused on suggestions and input at the start of the budget cycle. However, there is ample opportunity to expand this participation to all stages of the budget cycle. This could include open budget hearings in parliament, as they debate approval of the budget or further oversight of implementation, such as through social audits to ensure the efficient use of public funds. All these interventions improve transparency and equity in allocation, bridging the gap between the government and its citizens.

9. Improve engagement and understanding of the budget within government institutions, not just with citizens. The multitude of government agencies and local authorities does not always result in better services, with coordination and messaging often confused or misaligned. For example, the provincial development plan that the directorate of the Ministry of Economy in Herat province had prepared under the guidance of the governor required the allocation of 114 times more funding and resources that were assigned to the province through the fiscal year – leading to disappointment amongst both local authorities and citizens slated to receive services. Better coordination on budgetary issues, including available fiscal space, is crucial for governments to harness the budget as their primary tool for policymaking and implementation.

10. Citizens can play an effective role in oversight.

Some villagers brought up specific examples of public projects and challenged their costs, given the quality of implementation. Greater public awareness of what the national budget contains and what projects and priorities are part of the budget mean that people can play an effective role in oversight of the actual work in their communities. Citizens can help keep local officials and contractors honest about completing their work on time, on budget, and at a proper quality. The National Solidarity Program (NSP) and its successor, the Citizens' Charter have demonstrated the value of citizens' involvement in setting their own priorities and overseeing project implementation in their communities. Moreover, utilizing citizens' interest in oversight by establishing formal mechanisms for the public to assist the supreme audit institution in formulating its audit program (such as through social audits, which are used in India⁷) and to participate in investigations could prove impactful.

CONCLUSION

The budget is an elected government's most important tool to express its values and implement its commitments made to the public. For a budget to fulfill this role it must provide opportunities for public participation, as budget decisions not only have significant impact on people's lives, but their input also gives policymakers direct feedback and plays an important oversight role in the budget process. From experience in Afghanistan, the hesitancy and fear of many authorities of opening the budget to public scrutiny are not grounded in reality, as public feedback has proved to be a valuable asset if managed correctly. Discussions on and disclosures of public finances not only help make budgeting more realistic but also provide an opportunity for the government to communicate its financial limitations with the public and help curb unrealistic expectations. In developing countries where the resource constraints are especially binding, public participation helps improve budget outcomes with better allocation of the resources to address the most important needs of citizens.

References:

7. Social audits, where government officials share public works and employment information in-person with communities, have proven effective at fighting corruption in India. For more see: <https://www.theguardian.com/global-development/poverty-matters/2012/jan/13/india-social-audits-fight-corruption>