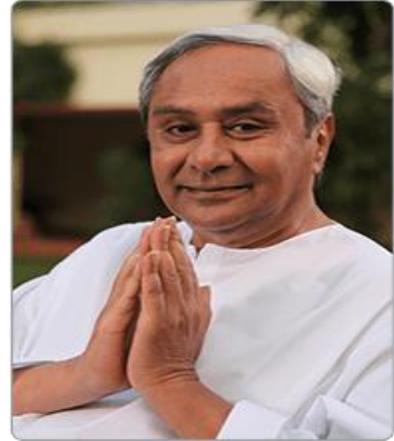


## **PARTICIPATORY BUDGET INITIATIVE**



“The objective of the Participatory Budget Initiative is to involve the people of Odisha, who are the principal stakeholders of the governance system, in making decisions on the spending priorities of the Government in the State Budget. Participatory Budget Initiative is a democratic process which engages the citizens of Odisha in formulation of State Budget for ensuring good governance in our state. The Participatory Budget Initiative confers the right to the citizens of our state to participate in the decision making process of the government. This further strengthens the endeavors of our Government in empowering the people of our state towards participating budget consultation process in terms of spending priorities, resource generation which enables them to work with the government towards making the budget decisions that affect their lives as well as giving each citizen of our state a role in the scrutiny and monitoring of the process”

**(Naveen Patnaik)**  
**Chief Minister of Odisha**

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## **1. BACKDROP**

The Budget Consultation Process through Participatory Budget Initiative (PBI) in Odisha is a democratic process that aims at budget transparency, participation, and accountability. This process aims at capturing the opinions & suggestions of the people of Odisha on resource mobilization and financing public expenditure for the preparation of our State Budget for financial year 2016-17. The engagement of the citizens in formulation of State Budget is one of the most important tenets of good governance. Participatory Budgeting Initiative is a process which enables the citizens to work with the government towards making the budget decisions that affect their lives. The PBI provides opportunities for the public to participate in order to make budget systems more efficient. The participatory budgeting ensures that decision making process is based upon consistent and transparent principles, leading to greater accountability.

## **2. CONCEPTUAL FRAMEWORK**

Participatory Budgeting is a democratic process of deliberation by the people of Odisha on the issues that need to be addressed for arriving at collective decisions, which would provide vital inputs for the preparation of the state budget. The PBI provides a unique platform for the people of Odisha to voice their opinions and decide how to allocate public expenditure for the development of Odisha. PBI empowers the people of our state to present their demands and priorities for improvement, and to influence the budget allocation process of the government through discussions and negotiations. This will help the government to further improve the quality and accountability of public expenditures. PBI is an opportunity wherein the common people can decide about the allocation and distribution of public expenditure in their respective areas. The PBI reinforces the political will of the state government for empowerment of the common people through participation in budget formulation of the state. Increased participation in budget consultation process will lead to prioritization of pro-poor policies in government expenditure for eliminating regional disparities, greater societal consensus, and support for difficult policy reforms. PBI helps in prioritizing the allocation of public funds, improves program planning, monitoring and evaluation, enhances the transparency and accountability, as a result, quality of public services delivery is improved. Experience with budget consultation process has established positive link between public participation, sound socio-economic policies, and more effective government.

### **3. EVIDENCES FROM INTERNATIONAL EXPERIENCE**

The concept of Participatory Budgeting stands 26 years old today. **Porto Alegre** in **Brazil** is the place where Participatory budget started in 1989. In the same year, Ghana also introduced the concept of civic engagement in its constitution and implemented it through its legislature. In both Brazil and Ghana, issues relating to Sanitation, Education and Infant Mortality have been significantly addressed through the Participatory Budget Initiative. Thereafter, following the footsteps of Brazil and Ghana, many other cities in different countries have implemented the concept of participatory budgeting in their respective local & urban bodies. Participatory Budgeting has been successful, albeit with different magnitude, in a number of urban & local places in France, Italy, Germany, and Spain. Countries in Asia Pacific region that have adopted the concept of Participatory budget are Australia, Bangladesh, India, Indonesia, Sri Lanka, Philippines and Tiwi Islands.

### **4. INDIAN EXPERIENCE**

Although 26 years have passed since the inception of the concept of Participatory budgeting in the world, its appeal has been limited in India. Only a few cities in India namely Bangalore, Mysore and Pune have experimented with participatory budgeting. Bangalore was the first city to adopt participatory budgeting in India in 2001 followed by Pune. Pune has successfully allocated its expenditure towards six major heads such as roads, electricity, buildings, slum-improvement, water supply and drainage and has also brought common people to the mainstream of the governance. However, Participatory Budgeting remains an alien concept to most cities in India. At state level, Delhi is the first state to introduce participatory budgeting process to formulate the State Budget in FY 2015-16. The State budget of Delhi in FY 2015-16 was formulated taking the suggestions from citizens of Delhi, academicians, domain experts, trade organizations, civil society, corporate sectors, NGOs etc. across eleven assembly constituencies . Implementing PBI in Odisha will be an important step of the government of Odisha towards bringing our common people to the mainstream of the budget allocation process in general and to address their actual problems in particular. It will ultimately reduce the regional disparity and will be helpful in creating a robust budget accountability ecosystem.

## **5. PROCESS FLOW OF PARTICIPATORY BUDGET INITIATIVE**

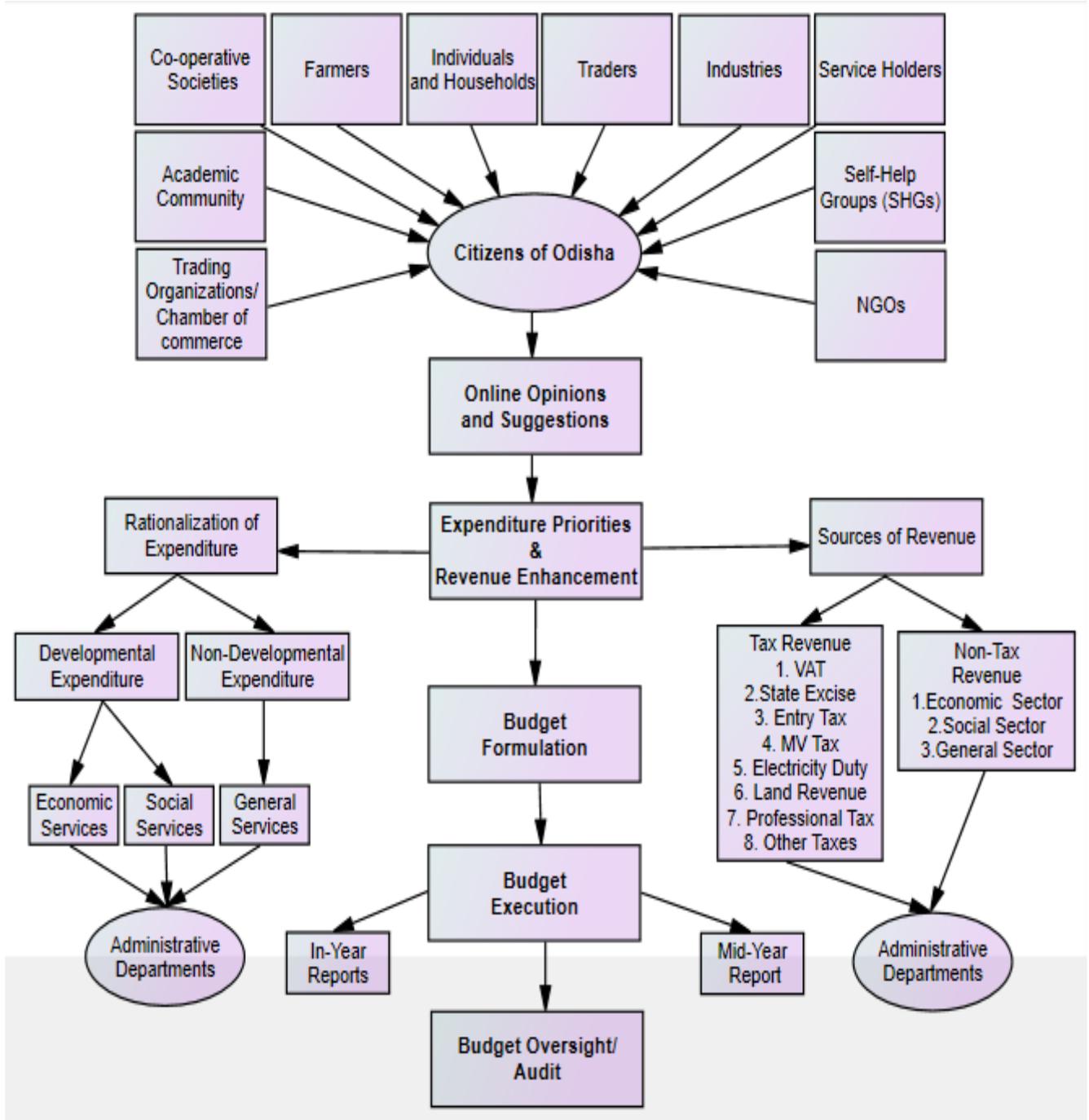
An online platform will be provided for the people of our state, to express their views, opinions and suggestions on sector wise public expenditure and taxation related issues for revenue augmentation for the budget formulation for FY 2016-17. All online responses will be promptly acknowledged through short message services and electronic mails. A proficient research team will be exclusively dedicated towards assessing these online feedbacks. Basing on assessment results, a sound and balanced budget will be formulated which will ultimately reflect the needs and priorities of the people of our state. To assess the reach and impact of PBI, timely Mid-year and In-year reports will be published. The allocation of resources in the budget will be evaluated through regular audits.

The design and structure of the online platform for budget consultation will be prepared to capture the suggestions of the citizens objectively in order to ensure efficient, effective and accountable budget formulation. Though, transparency is a necessary condition for participation of citizens in budget preparation as well as appropriate budget monitoring, however, it is not sufficient. Developing a system and process wherein, the government will be consistently accountable for effective and efficient management of public funds requires mid-year review, in year reports and strong formal oversight from the legislature. This in turn, will further strengthen the existing good governance system in our state.

The online budget participation framework will be made to capture the suggestions which will enable the government to allocate the limited resources among the competing priorities. As the need always exceeds available funds, funds allocated to one department (sector) must be denied to another department (sector). In view of this, the suggestions captured in the online platform will be analysed by a dedicated research team to measure the value of resources spent not only by the benefits gained, but also by what is given up.

On line Platform for budget consultation will be an effective communicating tool wherein the citizens of our state will communicate the priorities with rationale for their suggestions. The process flow chart of the on line budget consultation process is depicted below.

## PROCESS FLOW CHART



## **6. OUTPUT, OUTCOME AND IMPACT**

Participatory Budget Initiative could bring the following changes in the mainstream services:

- Enhancement of Tax Revenue by removing the tax distortion, facilitating trade & commerce, effective regulatory oversight, preventing tax evasion and voluntary tax compliance
- Bring in efficiency by rationalization of Non-Tax Revenue for augmentation of State Revenue
- Rationalisation of Expenditure and Allocation of funds to deprived areas by providing an effective means of redistributing resources
- Improves the level and quality of information available to service providers, thereby enabling them to meet local needs more effectively.
- Greater inter-departmental co-operation, in order to meet the needs of the citizens more effectively; as implementation of suggestions in PBI often cannot be solved by one department acting alone.
- Enhances the ability of mainstream providers to address local service needs amongst hard-to-reach groups by opening up new channels of engagement.
- Improves individuals' and private organizations' self-confidence in tackling neighborhood issues and in negotiating with government organizations.
- Bringing together people from different backgrounds who might not normally meet, enabling them to pool knowledge, views and experience, in order to tackle local issues.
- Develops inter-generational understanding, as young and old come together to discuss their own needs and common issues.
- PBI can have a significant impact in regions with high disparities in income. Through a platform such as PBI, the poor can put forth their needs and obtain access to facilities or services that the other groups already have. The participation and involvement of the poor can help to focus public welfare works on less developed areas.