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Mainstreaming Public Participation into Climate Budgeting: Insights from Bangladesh, Indonesia, and Nepal

Authors: Sejal Patel, Delaine McCullough, Paul Steele, Tanjir Hossain, Iqbal Damanik, Widya Kartika, Gulfino Che Guevarrato, Krishna Sapkota

May 2022

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Abstract

Meaningful participation and systematic public engagement are essential for effective climate budgeting. Without robust participation, there is a strong risk that government financing will be misaligned with people’s needs and priorities for climate change. As climate change accelerates, the burden on households is increasing. In Bangladesh, for example, climate-related expenditures of rural households are more than double the government’s spending on climate and disaster risk reduction and more than 12 times higher than multilateral international financing for Bangladesh’s rural population. Using a case study approach, this paper explores the role of public participation in climate budgeting in Bangladesh, Indonesia, and Nepal through interviews, secondary data, and adherence to the Global Initiative for Fiscal Transparency’s Principles of Public Participation in Fiscal Policy. The analysis finds scope for improvement in all three countries and identifies additional research needed to fill the gap in the literature on public participation in the context of climate budgeting.

This paper is a product of the PEFA Research Competition 2020: The Interplay of Climate Change and Public Financial Management. The PEFA Research Paper Series provides open access to PEFA-sponsored research to disseminate quickly knowledge that contributes to ongoing PFM discussions around the world. The broader objectives of the PEFA Research Competition are to contribute to addressing gaps in knowledge on fiscal management, how to improve PFM systems, and the practical implementation of PFM reform. The papers carry the names of the authors and should be cited accordingly. The findings, interpretations, and conclusions expressed in the papers are entirely those of the authors. They do not necessarily represent the views of the PEFA Program or those of the PEFA partners.

Acknowledgments

The study is a joint effort of the International Budget Partnership (IBP) and the International Institute for Environment and Development and is supported by the Public Expenditure and Financial Accountability (PEFA) Secretariat.

The authors would like to express gratitude to Richard Sutherland and Tia Raappana from the PEFA Secretariat and peer reviewers from the World Bank for their valuable insights and guidance on the paper.

They also would like to thank the country teams in Bangladesh, Indonesia, and Nepal that supported the research process, especially the community members and other local and national actors who agreed to share their insights on the participatory budget process at the local level.

The authors would like to acknowledge Brendan Halloran and Jason Lakin of IBP for their significant contribution to the overview, drawing on their research and analysis of public participation in policy making in general and public deliberation in public financial management more specifically.

Finally, they would like to acknowledge Annette McGill and Anna Brown for their editorial support throughout production of the paper and Zac Mills for editing the report for publication.

Abbreviations

CCC	Citizen Common Concern
CCFF	climate change fiscal framework
CPEIR	climate public expenditure and institutional review
CSO	civil society organization
FY	fiscal year
GIFT	Global Initiative for Fiscal Transparency
IBP	International Budget Partnership
IIED	International Institute for Environment and Development
PEFA	Public Expenditure and Financial Accountability
PFM	public financial management
SAI	supreme audit institution
UNDP	United Nations Development Programme
UP	Union Parishad

1. Introduction

Responding to climate change is a top global priority. Through the 2015 Paris Agreement, countries have ratified their commitments to reducing greenhouse gas emissions (mitigation) and protecting and building the resilience of communities who are vulnerable to the impacts of climate breakdown (adaptation).¹ According to the Climate Policy Initiative, upward of US\$500 billion per year are being mobilized in response to the climate crisis—a massive flow of resources for countries to address specific climate impacts and invest in sustainable and resilient futures (Buchner et al. 2019).

However, preliminary evidence suggests that poor households spend more on climate change than governments and multilateral institutions combined. This finding requires further research, but nonetheless gives impetus to evaluations of whether government spending on climate change is aligned to the needs and priorities of citizens.

Public participation in the budgeting process is widely considered to be an important component of good governance. At its best, participation can transform “citizenship” from an idea into practice. Lister (1998, 228) captures this phenomenon well: “Citizenship as participation can be seen as representing an expression of human agency in the political arena, broadly defined.” This engagement can allow individuals and communities to make decisions and solve problems and lead government institutions to be more responsive.

Unfortunately, a noticeable gap exists in the literature on public participation in climate budgeting. Public participation in climate budgeting is useful because it serves to (a) inform governments so that local priorities drive national and international spending decisions and (b) hold governments accountable for their promises and actions. Citizens, civil society organizations (CSOs), media, and formal oversight institutions can play a role in ensuring that public funds for climate action are used to create sustainable futures, especially for poor and marginalized people.

This paper attempts to fill this gap. A case study approach is used to assess the extent to which governments are providing opportunities for meaningful public participation and systematic public engagement in climate budgeting. While further analysis and consultation are needed, the preliminary analysis suggests that there is scope for (a) improving the formal mechanisms for systemic public engagement, (b) strengthening climate budget data, and (c) designing and testing the assessment framework used in this study.

The paper is organized as follows. Section 2 provides a brief review of the literature. Section 3 describes the methodology, including the countries selected as well as the data collection and assessment strategies. Section 4 presents the results. Section 5 provides a brief conclusion, with proposals to motivate additional research on public participation in climate budgeting.

¹ Paris Agreement—Status of Ratification, <https://unfccc.int/process/the-paris-agreement/status-of-ratification>.

2. Climate finance and public participation

Transparency, accountability, and public participation are critical to ensure that the public resources invested in climate-related activities are spent effectively and reach the intended beneficiaries—the people and communities most vulnerable to the impacts of climate change. At its core, strong and accountable climate-related public financial management (PFM) is built on the same three pillars of accountability identified by the International Budget Partnership (IBP) for all PFM systems: transparency, public participation, and strong public oversight institutions.² This three-pillar framework emphasizes that public accountability results from the institutions (rules, processes, and systems) of the state and from the engagement of the state by nonstate actors, including civil society organizations (CSOs), the media, communities, and citizens.

This accountability is especially important because climate change funds are administered largely through national and subnational government budgeting systems. While these funds originate from a variety of public and private sources, both domestic and international, they are mostly channeled through a government’s annual budget, special “off-budget” funds, and direct project funding. In addition, some funds are managed by private companies or nongovernmental organizations, especially at the project level.

According to findings from IBP’s Open Budget Survey,³ several countries that manage substantial amounts of climate finance have the least open and accountable budgeting practices in the world (IBP 2020). In these cases, there is a high risk that investments in climate change mitigation and adaptation will be inadequate, poorly designed, or poorly implemented. Given the interaction between climate catastrophe and poverty (Nishio 2021), failure to improve these systems threatens to undermine efforts made under both the Paris Agreement and the 2030 Sustainable Development Agenda to realize equitable, just, and sustainable societies. Thus, it is imperative to strengthen domestic climate finance accountability, particularly at the local level, where policies and projects are most likely to be developed and implemented.

² For a more in-depth discussion of IBP’s model of public finance accountability, which incorporates widely accepted international standards from the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Public Expenditure and Financial Accountability (PEFA) Program, and IBP and its latest assessment of how countries around the world perform against this standard, see IBP (2017).

³ The Open Budget Survey looks at overall budget transparency, public participation, and strength of oversight institutions for highly climate-vulnerable countries. For access to Open Budget Survey data, visit <https://www.internationalbudget.org/open-budget-survey/>.

Box 1: Women's role in climate-related public budgeting and oversight

Women and girls are affected disproportionately by climate-related weather hazards because they are more likely to live in inadequately constructed homes in high-risk areas, to rely heavily on natural resources for food, fuel, and income, and to have limited economic options. Women also have limited capacity to respond to climate hazards because of structural inequalities, including discrimination; unequal access to financial services such as credit and insurance; insufficient provision of public services such as education, health care, and disaster recovery support; and little or no opportunity to participate in the decision-making processes that might allow them to challenge these structural issues.

Women may be more vulnerable to climate risks than men, but they also are change agents who have experience and knowledge that can inform solutions to climate-related issues. As stewards of forests and other ecosystems, key food producers, and leaders for disaster preparedness, women are already playing critical roles in minimizing risks and adapting to the impacts of climate change. Drawing on women's knowledge of climate-sensitive sectors, such as agriculture, water, and sanitation, provides a tangible opportunity for governments to address both gender inequality and climate change. Through a "dual mainstreaming" approach that recognizes, engages, and supports women as active and informed agents in crafting and executing policy responses, governments are more likely to identify actions with multiple benefits, including addressing climate change and gender inequality.

Source: Patel et al. 2021.

Climate change has characteristics that make public participation (particularly by marginalized women and men) in climate budgeting processes especially important. Climate change involves issues that affect many sectors and stakeholders, so an effective government climate mitigation and adaptation policy requires gathering information from as many actors as possible. More specifically:

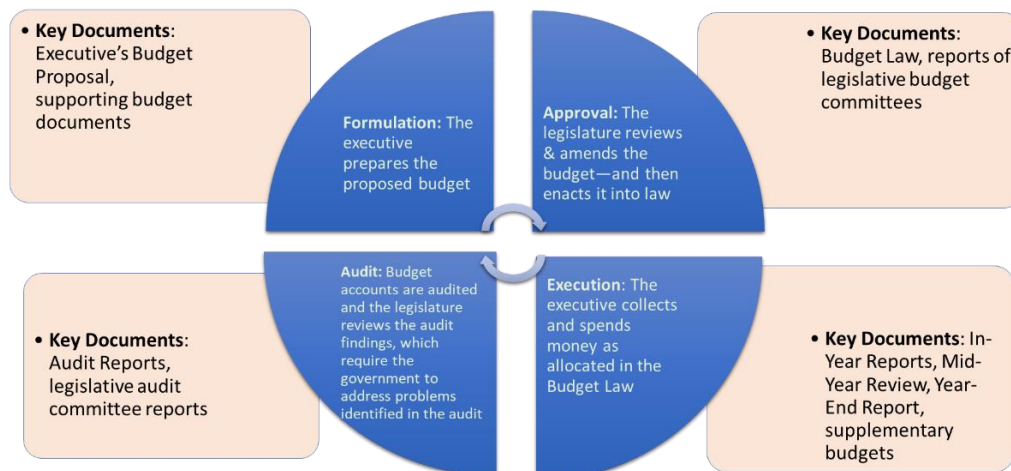
- Climate change poses the greatest threats to people who are marginalized and have limited economic and political rights, such as women (see box 1) and people who are poor, indigenous, disabled, living in remote rural areas, or facing multidimensional forms of discrimination. Accordingly, while these individuals may have critical information for effective climate-related actions, their voices are unlikely to be heard in budget processes without intentional engagement by the government or civil society.
- The climate change response has aspects of both a public good (for example, research and development to foster climate-smart agriculture) and a private good (for example, family spending to rebuild dwellings damaged by climate disasters). The best outcomes are achieved when household spending on climate change is combined effectively with public finance through the budget process.
- The physical impacts of climate change, such as drought, shifting rainfall, and changes in access to water and other resources, are generally very localized. Therefore, inviting specific households to share their insights on how these impacts are playing out in economic, social, and political terms is essential to identifying and investing in activities best suited to local conditions and contexts.

- Climate change solutions require innovations that depend on comprehensive knowledge of the problem to be solved and the context in which actions will be implemented. The best solutions can be generated by engaging with a broad range of people with direct experience and information.
- Climate change involves issues and impacts across many sectors (for example, agriculture, infrastructure, social welfare, energy) and many stakeholders from state, private, and civil society. Government policies need to account for these different voices, perspectives, and interests.
- Climate change has multigenerational impacts. Addressing the needs of current and future generations is most likely to occur with active participation from civil society and other stakeholders who can forcefully advocate for policies that extend beyond the current political cycle.

It is critical to ensure that public participation amounts to more than the illusion of a meaningful impact on decision making. According to Cornwall and Coelho (2007), engagement opportunities are subject to the constraints of existing power structures and political culture, and many formal participatory spaces lack “teeth” (institutional backing for the decisions made). In such instances, public participation is hollow, lacks trust, and undermines the agency of those involved.

Participation can take place at all four stages of the budget cycle: budget formulation (including planning), budget approval, budget execution (or implementation), and budget oversight (see figure 1). This participation includes consultation in budget preparation that is meaningful, budget approval that engages the public on needs and priorities, budget implementation that includes public monitoring, and budget oversight that provides for climate budget audits with public participation.

Figure 1: The budget process



Source: Based on IBP 2011.

When public participation in the budgeting process is insufficient, the burden of financing the response to climate change falls on households. Data on climate-related spending in Bangladesh are astonishing: the spending of rural households on climate-related expenditures is more than double the spending of government on climate and disaster risk reduction and more than 12 times more than the financing of multilateral institutions for Bangladesh’s rural population.⁴ While it is unknown whether this finding is consistent across countries,⁵ public participation in shaping the government’s climate response clearly is warranted.

3. Methodology

The study is based on a conceptual framework that combines the Global Initiative for Fiscal Transparency (GIFT) Principles of Public Participation in Fiscal Policy⁶ and the United Nations Development Programme (UNDP) IBP Framework for Accountability in Climate Budgeting.⁷ Public accountability encompasses public access to information on climate finance, willingness of government to engage with accountability actors, and formal opportunities for public participation in the budget process. The objective is to understand the *capability* of state and nonstate actors (CSOs, citizens, and media) to ensure that climate funds are managed effectively and with full accountability. The concept of “capability” encompasses both the *capacity* of accountability actors to play an effective role in budgetary decision making and oversight and whether the *policy and political enabling environment* facilitates accountability of climate resources (Fölscher, McCullough, and Nicholson 2018).

Three countries were selected as case studies: Bangladesh, Indonesia, and Nepal. The combination of climate risk, climate-responsive budgeting systems, and local research capacity drove the selection of these countries. Nepal, Bangladesh, and Indonesia rank as the 12, 13, and 14 most climate-affected countries in the world, respectively, on the Climate Risk Index 2019 (Eckstein, Kuenzel, and Schaefer 2021). They are among the countries that have suffered the most adverse impacts of climate change, including floods, forest fires, droughts, and other climate-induced disasters. In addition, they are already channeling significant volumes of climate finance and have developed legal and institutional frameworks to support effective planning, budgeting, and public participation for climate change mitigation and adaptation. COVID-19 travel restrictions were a critical factor in the final selection of

⁴ Research by the International Institute for Environment and Development demonstrates that rural households in Bangladesh spend almost US\$2 billion a year on disaster preparedness and response. When household spending is measured as a share of income, women spend three times more than men on climate and disaster preparedness and response (Eskander and Steele 2019).

⁵ Unfortunately, no data are available on household climate-related expenditures. For this reason, it was not possible to analyze household climate expenditures in Indonesia and Nepal.

⁶ GIFT is a global network of governments, CSOs, international financial institutions, and other stakeholders that seek to improve fiscal transparency, participation, and accountability through dialogue, peer learning, research, advocacy, and other efforts. To promote norms and standards for fiscal transparency and accountability, GIFT established 10 high-level principles that were endorsed by the United Nations General Assembly in 2012 (UNGA Resolution 67/218).

⁷ Fölscher, McCullough, and Nicholson (2018). The assessment sought to understand the climate finance accountability landscape. In particular, it focused on how climate resources are managed through the budgeting process and what is the role of various state and nonstate actors. A case study approach was piloted in four countries: Bangladesh, India, Nepal, and the Philippines.

countries for the study. Since researchers from IBP and the International Institute for Environment and Development (IIED) could not conduct the case studies due to travel restrictions, the study focused on countries with local research teams that already had experience in this field.

In-depth, semistructured interviews were developed, tested, and administered with a variety of stakeholder representatives in each of the three countries. A snowball sampling technique⁸ was used to identify respondents from targeted stakeholder groups, which included the supreme audit institutions (SAIs), the legislature (for example, climate change, budget, and public accounts committees), CSO representatives, media actors, key climate change actors based in-country, and the finance ministry. Overall, inputs were gathered from approximately 50 respondents: interviews were conducted with 31 respondents, and validation workshops were held with stakeholders from government, civil society, and the media in each country. Interviews were administered face-to-face or via telephone call. When allowed, interviews were recorded and transcribed.

The interviews were complemented with data obtained from secondary document reviews. The documents included country climate policies, strategies, and laws; development policies and plans; budget data and reports, including climate budget reports where available; reports from public audits or other oversight institutions; national public participation policies and laws; and CSO and civil society reports and publications. Field visits were not possible due to COVID-19 pandemic restrictions during the study.

The analysis followed a four-step process. First, the components of the climate change budgeting and accountability systems were described in each country. To this end, each country case study included the following:

- Detailed descriptions of climate change–responsive fiscal governance arrangements
- Expenditure management institutions at the national and subnational levels
- Extent to which national and subnational formal oversight institutions are engaged in climate change budgeting and accountability
- Legal and administrative requirements for public participation in climate-related PFM and oversight.

Second, the enabling environment for public climate finance accountability was assessed in each country. This review evaluated the formal mechanisms for public participation and the informal spaces used by state and nonstate actors for public participation.

Third, the degree of public participation in the budget process was evaluated against the GIFT Principles of Public Participation in Fiscal Policies (see appendix B). GIFT defines public participation as “the variety of ways in which the general public, including civil society organizations and other nonstate actors, are invited or have generated space to interact directly with public authorities by means of face-to-face communication, deliberation, or decision making or by written forms of communication using electronic or paper media” (GIFT 2016). In particular, the analysis assessed the following:

⁸ Snowball sampling is a nonprobability sampling method where participants help to identify additional participants for the study.

- The characteristics of the mechanisms for participation (*openness, depth, proportionality, timeliness, and reciprocity*)
- The adequacy and timeliness of climate-related budget information made available for use in participation spaces (*accessibility*)
- The sustainability of public participation in climate PFM (*sustainability*)
- How existing public participation mechanisms support or reinforce climate-related PFM processes and systems (*complementarity*)
- Whether climate PFM systems facilitate the participation and meet the needs of poor and marginalized groups, particularly women, that are especially vulnerable to the impacts of climate change (*inclusiveness*)
- The degree to which individuals and communities are encouraged to provide inputs and choose the means of engagement that they prefer (*self-expression*).

Fourth, the role of political economy factors in climate finance participation and accountability were assessed, with a focus on the following questions:

- What is the role, if any, of external actors?
- Does civil society or other nonstate actors facilitate the engagement of more marginalized climate-vulnerable people?
- What are norms for the participation of civil society, media, and the legislature relative to the executive in practice?
- What incentives and interests drive accountability, or lack of accountability, for climate change financing in the country?

4. Results

Overall, while the case studies find that governments have established laws, policies, frameworks, and institutional arrangements for climate change budgeting and accountability, they are not yet providing for meaningful public engagement. The results of the comparative analysis are presented in appendix A. This section summarizes each of the four main questions of interest.

4.1. Which components of a climate change budgeting and accountability system are in place?

All three countries have developed a climate change fiscal framework (CCFF) that supports greater transparency of climate-related budget information. The CCFFs are used (a) to map out reforms in the planning, execution, and reporting of climate finance and (b) to engage with CSOs and parliamentary committees to improve the accountability of climate finance. Bangladesh and Indonesia have had a CCFF since 2012 and Nepal since 2017.

Climate public expenditure and institutional reviews (CPEIRs) provide key recommendations for mainstreaming climate change into planning and budgeting processes, informing the development of the CCFFs in the three countries. Nepal conducted the first review at the national level in 2011 (CPEIRs were conducted at the district level in 2017), followed by Bangladesh in 2012. In Indonesia, CPEIRs were undertaken in selected provinces in 2015/16 to support strengthening of the CCFF.

As part of reforms under the CCFFs, Indonesia and Nepal established climate budget tagging systems that are used to identify and tag expenditures intended for mitigation or adaptation activities. These coding systems produce useful, though highly aggregated, information on the government's climate-related expenditure, which can be used to track trends over time and across sectors and ministries. However, more detailed and accessible data are needed at the program and project levels (for example, publication in machine-readable formats) to support citizen and civil society engagement in monitoring expenditure on the ground.⁹

In all three countries, the ministry of finance is the lead expenditure management institution. This role is usually in consultation with parliament and supported by relevant subnational authorities (such as the Budget User Authority at the regional level in Indonesia). Planning authorities support the integration of climate policies and strategies with the budget and provide budgeting guidelines for all levels. In Indonesia, provincial governments are mandated to produce action plans aligned with the national action plan, which are then reflected in local government work plans and budgets. The roles and responsibilities of local governments in the budget setting and expenditure management process are less clear in Bangladesh and Nepal.

The role of supreme audit institutions in carrying out financial, performance, and compliance auditing of climate public expenditure varies across countries. The SAI in Nepal has a policy of Citizen Participation in Audit, which supports national and subnational performance audits, including on climate expenditures. In Indonesia, the SAI has offices in every province, and provincial and district inspectorates provide additional climate finance scrutiny at the local level by provincial and district inspectorates. In Bangladesh, several parliamentary standing committees are engaged with climate

⁹ In Bangladesh, for example, the government has produced climate budget reports since FY2016/17. These reports provide data on allocations for climate-related activities subsumed in the total budget of 25 key ministries and divisions. While these reports have helped to improve transparency, CSOs have called for the reports to include data on actual expenditures and to break expenditures down by programs or projects and for the government to track the effectiveness of expenditures to improve the usefulness of the information.

policy, such as the All-Party Parliamentary Group, which has a subgroup on climate change and the environment.

In each country, the constitution establishes fundamental rights for public participation in climate-related PFM and oversight. In Bangladesh, the constitution states that citizens should have direct pathways for participating in local government. However, provisions for participation in national budget processes are more limited. In Indonesia, the constitution establishes public participation as a constitutional right that is captured in the National Development Planning System Law (2004) at the national level and in regulations such as Law no. 23 on Regional Government at the regional level. In Nepal, the constitution guarantees the fundamental right of every citizen to live in a clean and healthy environment. This right is embodied in Nepal's Environmental Protection Act (2019), which specifies provisions for engaging the public in climate-responsive and environmental protection activities. Furthermore, the Environment Protection Rules (2020) stipulate the process and timeline for conducting public hearings and reporting.

4.2. To what extent is an enabling environment for public climate finance accountability supported?

All three countries provide some space for state and nonstate actors to support public climate finance accountability. In Bangladesh, the Union Parishad (UP), the lowest administrative tier of government, facilitates at least two annual ward-level consultations to ensure representation from the communities in the ward's jurisdiction. Under Indonesia's National Development Planning System Law, development planning should be carried out with the participation of the public at central and regional levels through a *musyarahab* (consensus decision-making) process. The participation space in this process is known as the development planning discussion (*musrenbang*). The *musrenbang* is a formal space that begins in villages and goes up to the district and city level. In Nepal, few opportunities exist at the federal level (the Ministry of Finance has limited e-consultations during budget implementation), and there is no separate mechanism for participation at the provincial level. At the local level, however, the Local Government Operation Act 2018 establishes civic mechanisms such as users' committees, and the 2018 local-level planning and budget formulation guidelines include provisions making the formulation of local-level annual plans and budget allocations participatory.

All three countries also have several CSOs that disseminate budget information, gather and coordinate input to submit to formal spaces for engagement, and support accountability processes. These actions encourage public engagement on climate-related activities and provide a channel for citizen inputs into government decision making.

4.3. To what extent does participation in a budget process align with GIFT principles?

None of the participation mechanisms focuses exclusively on planning and budgeting for climate change, which should not be viewed negatively. Rather, governments in the case studies, along with other governments in the region, have established integrated whole-of-government approaches to planning and budgeting for climate responses. Since climate responses are typically integrated into regular development activities, a separate parallel process for climate budgeting (or a separate parallel process for each sector) could undermine the efficient and effective use of public resources.

While some elements are common across countries, there are some key differences (see table 1). All three countries were assessed at the local level and during the planning and budget formulation process. Key differences were identified in the lead actor of the participation mechanism (that is, government is legally mandated to be the lead in Bangladesh and Indonesia, while civil society is the lead in Nepal), the extent to which citizens can actively participate, and the level of engagement (levels of participation are more limited in both Bangladesh and Indonesia than in Nepal).

Table 1: Characteristics of public participation in Bangladesh, Indonesia, and Nepal

Country	Stage of policy cycle	Frequency	Lead actor(s)
Bangladesh	Planning and budget formulation	Annual	Union Parishad (smallest rural local government units)
Indonesia	Planning and budget formulation	Annual	Village and district or municipal government
Nepal	Planning and budget formulation	Quarterly	Nagarik Sajha Sabal (Citizens Common Concerns) Initiative to collaborate with local government

In Bangladesh, the case study explored the planning and budget process at the Union Parishad. The UP is legally mandated to facilitate at least two ward-level consultations to ensure representation from communities within the ward. Known as the “open budget” process, the UP engages ward communities at a preliminary budget meeting to propose, discuss, and select a list of priorities; presents the approved budget to standing committees and explains the final budget policy choices; and holds a mandatory mid-year meeting with at least 5 percent of voters to report on budget implementation.

In Indonesia, the case study focused on the *musrenbang* process through which local governments encourage public participation in drafting the general budget policy for regional revenue and expenditure and the provisional budget priorities and ceiling (PPAS). The *musrenbang* discussion begins at the village, subdistrict, district, and regency levels. To support public participation, an announcement is issued seven days before the day of the discussion. Formal community participation begins in January and continues through June at the *musrenbang desa* (the village development planning discussion). During these discussions, the village consultative body (*badan pemusyawaratan desa*), the village government, and segments of the community agree on the priority needs and problems that should be addressed in programs and activities for the coming year. The results are then proposed to

the *musrenbang kecamatan* (the subdistrict development planning discussion). The outcome of this discussion informs the regional unit's strategic plan, the general budget policy, and the PPAS.

In Nepal, the analysis focused on the civil society and local government collaboration in the Ghorkha District in the Gandaki Province. In this district, CSOs formed the *Nagarik Sajha Sabal* (Citizens Common Concerns) Initiative to elevate citizens' needs and priorities. Local governments said that they welcome this civic mechanism and are ready to collaborate in planning and budgeting. Every three to four months, local governments hold meetings with CSOs to review their collaborative work and receive feedback for improvements in performance.

The analysis revealed shortcomings in inclusiveness, challenges with timeliness, and concerns about whether the participation is simply a formality without any significant impact on policy decisions (see the detailed analysis of each country in appendix B). The findings are not surprising since the Open Budget Survey typically finds that few countries provide meaningful opportunities for the public to participate in the budget process.¹⁰ While the analysis was restricted to short descriptive summaries, it used the GIFT principles as a broad framework for analyzing participation in climate budgeting. There is further potential to develop and test a robust comparative assessment tool that could be incorporated into a GIFT assessment framework.

4.4. What factors of the political economy context support or undermine public participation in climate-related budgeting and accountability?

The informal spaces supported by CSOs have fostered greater engagement and calls for more transparency and accountability. In Nepal, the formation of the network of CSOs, journalists, lawyers, teachers, civic groups, and citizens significantly increased the negotiating power and participation of citizens in planning and budgeting and bridged the capacity and technical gap of local government in climate planning and budgeting. In Bangladesh, several CSOs, including ActionAid Bangladesh, International Centre on Climate Change and Development, and Democratic Budget Movement, are active in budget monitoring and support and facilitate civil society engagement.

However, several broad factors inhibit community engagement and participation:

- Lack of responsiveness from the authorities in relation to public inputs, which discourages further inputs
- Lack of awareness about the process of formal consultations and participatory spaces, which suggests that communication could be strengthened
- Public perceptions that the discussions are only formalities
- Poor facilities and infrastructure to support public participation.

¹⁰ In the Open Budget Survey 2019 assessment of public participation, few of the 117 countries surveyed provide opportunities for public participation in the budget, and even fewer do so in ways that align with the GIFT principles. See IBP (2020, 48).

5. Conclusion and policy recommendations

With climate change accelerating, it is vital to have a platform for citizens, CSOs, and others to engage in climate budgeting and oversight. This preliminary analysis has demonstrated cases where citizens and CSOs are active partners in their country's responses to the climate crisis. In general, however, there is scope for improvement in budget participation and oversight in all three countries. Without adequate public participation to inform governments about household priorities for climate change, households adapt to climate change without the benefit of public financing.

To facilitate the alignment of climate priorities between governments and their citizens, there is a need to design and test climate-related household spending survey instruments. Once available, these data will (a) provide decision makers with valuable information on the needs of citizens who face the greatest threats from climate change and (b) help to align government and donor spending on climate with household priorities. Another option is to undertake regular CPEIRs, which assess national climate planning and budgeting frameworks, identify gaps and opportunities to improve public participation and accountability, and increase transparency. Making these data publicly available, along with comprehensive and timely climate-related budget information, would contribute to effective climate-related PFM and robust public accountability.

Further analysis and consultation, led by citizens and CSOs, are also needed to understand the impediments to public participation in climate budgeting and financing. This effort could include the following:

- Design and test a GIFT assessment framework that scores governments on their adherence to the GIFT principles
- Analyze the barriers to public participation for marginalized groups because of sex, gender, ethnicity, economic status, work, or other forms of discrimination
- Conduct “action research” in select countries on public participation and oversight in climate budgeting, which would document the process and results and draw lessons.

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Appendix A: Public accountability for climate-related PFM

Question	Bangladesh	Indonesia	Nepal
1. Which components of a climate change budgeting and accountability system are in place?	Frameworks: CPEIR (2012), CCFF (2014), climate budget reports (annually, starting from FY2016/17)	Frameworks: CCFF (2012), CPEIR (selected provinces, FY2015/16), climate budget tagging (2016)	Frameworks: CPEIR (national) (2011), climate budget code (national and provincial level) (FY2012/13), CCFF (2017)
	Expenditure management is led by the Ministry of Finance, with partial consultation with parliament.	Expenditure management is led by the Ministry of Finance at the central level and by the Budget User Authority at the regional level. The Indonesia Climate Change Trust Fund, set up in 2009, collects and coordinates various sources of climate finance.	Expenditure management is led by the Ministry of Finance and supported by the Financial Comptroller General Office.
	The SAI does not have a specific division or desk charged with overseeing climate programs. The Implementation Monitoring and Evaluation Division provides very little scrutiny to climate-related projects. The All-Party Parliamentary Group has a subgroup on climate.	The SAI provides some climate finance scrutiny, with offices in every province. Additional scrutiny is provided from provincial and district inspectorates at the local level.	The SAI carries out some financial, performance, and compliance auditing of public expenditures on climate and has a policy of citizen participation in audit. The House of Representatives does not have a committee specifically for climate or the environment.
	The constitution of Bangladesh (2016) states that its citizens should have direct pathways for participation in and management of local government.	The constitution of Indonesia establishes public participation as a constitutional right. The National Development Planning System Law (2004) stipulates that any development planning related to the public interest must provide spaces for the public to be involved.	The constitution of Nepal (2015) guarantees the fundamental right of every citizen to live in a clean and healthy environment. The Environmental Protection Act (2019) specifies provisions for engaging the public in climate-responsive and environmental protection activities. The Environment Protection Rules (2020) stipulate the process and timeline for conducting public hearings and reporting.

<p>2. To what extent is an enabling environment for public climate finance accountability supported?</p>	<p>The UP, the lowest administrative tier of government, facilitates at least two annual ward-level consultations to ensure representation from communities within the ward’s jurisdiction. This part of the open budget process includes a preliminary budget meeting in February, a presentation of the proposed budget in April, and a mid-year progress meeting in November/December.</p>	<p>Under the National Development Planning System Law (2004), development planning should be carried out with the participation of the public at central and regional levels through a <i>musyarahab</i> (consensus decision-making) process. This space is known as the development planning discussion (<i>musrenbang</i>). The musrenbang is a formal space that begins in villages and goes up to district and city levels.</p> <p>In local development budgeting, public participation is carried out through public consultations, discussions, and deliberations for the drafting of the general budget policy for regional revenues and expenditures as well as the provisional budget priorities and ceiling.</p>	<p>At the federal level, the Ministry of Finance has a preliminary budget submission and holds (limited) e-consultations during budget implementation. However, there is no focused discussions or engagement. At the provincial level, there is no separate mechanism.</p> <p>At the local level, the Local Government Operation Act 2018 establishes civic mechanisms such as users’ committees, and the 2018 local-level planning and budget formulation guidelines include provisions making the formulation of local-level annual plans and budget allocations participatory.</p> <p>There are several social accountability tools for budget monitoring, including Follow the Money and public expenditure tracking surveys. Technological tools, platforms, and systems enable citizens to engage in the climate budget.</p>
	<p>CSO actors have developed several informal spaces for public participation:</p> <ul style="list-style-type: none"> • Postbudget analysis by CSOs • Climate Finance Governance Network (2010–18) to track international climate finance • Democratic Budget Movement, a platform of CSOs and nongovernmental organizations working to create an enabling environment for citizens, taxpayers, and 	<p>Informal spaces commonly used at the community level include village consultations (<i>rembuk</i> and <i>musyawarah desa</i>), community forums, and other local formats such as village meetings.</p>	<p>CSO spaces include the following:</p> <ul style="list-style-type: none"> • An alliance consisting of 35 CSOs coordinate to submit inputs to the government ahead of high-level global and national climate change events. • <i>Kachahari</i> (townhall meetings), social media (Facebook, Twitter), mothers’ groups, youth groups, senior citizens forums, buffer zone committees around national parks and wildlife reserves, disaster response committees,

	<p>professionals in different regions of the country to engage in the national budget process</p> <ul style="list-style-type: none"> • “Kemon Budget Chai” (“The Budget We Want”) (2017–18), a television show by the International Television Channel Limited, which focused on an exchange of views from different actors during the preliminary budget phase • Climate Finance Accountability Initiative, a CSO-led process to analyze the climate budget, including supporting social audits to ensure public participation in the climate budget process. 		<p>flood-displaced struggle committees, small farmers’ groups or cooperatives, and climate school of farmers.</p>
<p>3. To what extent are the GIFT Principles of Public Participation in Fiscal Policy adhered to?</p>	<p>The open budget process is timed to provide inputs into budget preparation, budget approval, and budget implementation and oversight processes (<i>timeliness</i>). However, in practice, the inputs allow for a limited level of <i>openness</i>, <i>depth</i>, <i>inclusiveness</i>, and <i>reciprocity</i>. The process seems to fulfill procedural requirements as a formality rather than to ensure meaningful participation.</p> <p>The information provided by the government generally lacks the detail needed for the public to build a clear picture of how the budget will be invested or to engage in decision making or oversight processes (<i>accessibility</i>).</p> <p>Although the strong legislation embedded in the decentralization process supports an element of sustainability, activities are not necessarily carried out</p>	<p>The musrenbang process starts at the village level, where participants agree on priorities for the next year, which are then brought forward in forums as the process moves to higher tiers of administration (<i>depth</i>). This direct integration into the policy development process supports <i>sustainability</i> and <i>complementarity</i>.</p> <p>The activities are intended to run from January to June; however, these schedules are sometimes delayed due to organizing issues or incomplete preparation of documents (<i>timeliness</i>). Disclosure of engagements is limited, and meetings are not held to support wide attendance at discussion forms (<i>openness</i>). Forums tend not to be representative of the population (<i>inclusiveness</i>). The meetings tend to have limited scope for public inputs (<i>respect for self-</i></p>	<p>No civic structure or mechanism represents marginalized people and climate change survivors in advancing their participation and voice for climate justice (<i>inclusiveness</i>). The federal system is opening up opportunities for institutionalizing and sustaining public engagement at the three tiers, but mechanisms and levels of engagement currently vary across the districts.</p> <p>There are good examples of CSOs supporting transparent disclosure of information, which has enabled proactive public participation (<i>accessibility</i>), including working with the authorities to support users’ committees that facilitate the leaders of marginalized communities, including women and vulnerable groups, to include their priorities in the process (<i>inclusiveness</i>).</p>

	<p>consistently, and the process would benefit from a monitoring and reporting mechanism that provides consequences for noncompliance (<i>sustainability</i>). The participatory mechanism is also very limited in engaging women or other marginalized or vulnerable groups (<i>inclusiveness</i>), and it does not provide <i>proportionality</i> through broader spaces that provide <i>respect for self-expression</i>.</p>	<p><i>expression, proportionality</i>) and instead request approval of preformed policies (<i>reciprocity</i>).</p> <p>Policy and preparation documents are supposed to be provided ahead of the discussion meetings; however, in practice, these documents are not sufficiently accessible to the community (<i>accessibility</i>).</p> <p>The process does engage various civil society groups in deliberations, including women’s groups, children’s forums, and others, but it lacks broad engagement, particularly of persons who are marginalized or the most vulnerable.</p>	<p>There are also good examples of the use of social accountability tools (<i>openness, respect for self-expression</i>), <i>depth</i> through the reliable allocation of budget, open forums, and joint monitoring and evaluation of government and CSOs, and <i>sustainability</i> through regular engagement and <i>reciprocity</i> of actors.</p> <p>However, there are also many areas for improvement. For some mechanisms, engagement is seen as a formality, and public inputs are ignored in policy decisions (<i>reciprocity</i>). Elite and political capture is also evident, which impedes genuine participation (<i>openness</i>). In general, asymmetry of information compromises the ability of underrepresented communities and individuals to engage in policy and oversight (<i>proportionality, inclusiveness, accessibility</i>). Authorities have not issued any information on how the public inputs are used (<i>depth</i>), and there is no evidence that engagement is aligned to ensure effective inputs into the budget cycle (<i>timeliness</i>).</p>
<p>4. What factors in the political economy context support or undermine public participation in climate-related budgeting and accountability? How do these factors affect the identified gaps and the likelihood of the gaps being filled?</p>	<p>Several CSOs in Bangladesh are active in budget monitoring and engagement, including ActionAid Bangladesh, International Centre on Climate Change and Development, and Democratic Budget Movement. They support and facilitate civil society engagement.</p> <p>Spaces for civil society participation have been increasing in the last few</p>	<p>Public participation spaces have been co-opted by political actors, such as legislators and community leaders who are close with those in positions of power or officials who are relevant to the implementation of formal or informal spaces for participation. Several factors inhibit participation of the community:</p>	<p>Informal committees and mechanisms are powerful in informally lobbying and shaping discussions with authorities. However, these mechanisms are generally male-dominated and influenced by higher-caste people, so they do not capture the views of marginalized groups.</p> <p>The formation of the network of CSOs, journalists, lawyers, teachers,</p>

	<p>years, as provisions like the climate budget report have increased information and improved accessibility. There has been some media participation, such as the budget television program, but in general, media participation has not been notable.</p> <p>The provisions in the development project perform the government encourage public participation in project development, but in practice, openness to participation and information sharing is lacking.</p> <p>The government’s annual climate budget report supports greater transparency on allocations, revisions, and expenditure, but still lacks some aspects of accessibility and openness. Parliamentary input is limited, as mid-year revisions are made but not sent to Parliament for approval.</p>	<ul style="list-style-type: none"> • Public perceptions that the musrenbang is only a formality • Lack of information and responsiveness of the authorities in relation to public inputs • Lack of awareness of the implementation of the musrenbang discussions or other participation spaces • Lack of transparency and accountability in the implementation of development and budgeting at all levels • Poor facilities and infrastructure that support public participation in development. <p>Other political factors that can affect participation relate to actors, power status, social capital, and level of interest.</p>	<p>civic groups, and citizens significantly increased the negotiating power of citizens to participate in planning and budgeting, as well as to bridge the capacity and technical gap of local government in climate planning and budgeting.</p> <p>CSOs and the media are important accountability actors in Nepal and have implemented several media campaigns and dialogue programs. Nepal is making efforts to put into place constitutional, legal, and policy frameworks as well as institutional mechanisms to address emerging issues of climate financing and accountability. Many challenges remain in relation to the institutional arrangements, technical capacities, and resource availability of local governments.</p>
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Note: CCFF = climate change fiscal framework. CPEIR = climate public expenditure and institutional review. CSO = civil society organization. FY = fiscal year. GIFT = Global Initiative for Fiscal Transparency. SAI = supreme audit institution. UP = Union Parishad.

Appendix B: Assessing the application of the GIFT principles

GIFT principles	Bangladesh	Indonesia	Nepal
<p>1. Accessibility: facilitate public participation in general by disseminating complete fiscal information and all other relevant data in formats that are easy for all to access, understand, and use, reuse, and transform—namely, in open data formats</p>	<p>Weak capacity and lack of financial resources for information dissemination are factors in limited accessibility. One of the reasons cited for finalizing the UP budget in April is so that it can inform the national budget process. However, the lack of disaggregated information makes it unclear whether this process happens in practice.</p>	<p>Public access to local government processes and information is established in law, but it is limited in practice. The Local Budget Index, a study from the Indonesian Forum for Budget Transparency, reported a transparency score for the 70 districts and cities assessed of 0.58 out of 1, falling short of the measure's benchmark for adequate information for meaningful participation.</p>	<p>The absence of routine disclosure of climate-related performance information, including spending data, undermines the timely and informed engagement of citizens and CSOs in climate change affairs.</p>
<p>2. Openness: provide full information on and be responsive to the purpose of each engagement, its scope, constraints, intended outcomes, process, and timelines as well as the expected and actual results of public participation</p>	<p>The legal framework (UP Act 2021, sec. 4) provides some clarity on the process, timeline, relevant bodies and committees, functions, rules for who attends, and requirements for a quorum, but the UP process is weakened because actual practice does not necessarily follow the law.</p>	<p>Not all elements of society are aware of the agenda because the outreach to communities and groups on <i>musrenbang</i> activities or other public participation forums is not adequate, which lowers participation.</p>	<p>Every three to four months, the local government holds meetings with CCC (representatives from different associations, federations of community-based organizations, the media, lawyers, and teachers as well as informal groups) to review their collaborative work. The local government relies on the CCC to relay information to citizens on the types of feedback the government seeks, gathers this information in community meetings, and presents it to the government.</p> <p>While this symbiotic relationship fills a gap in local government capacity, it falls short of ensuring that citizens have the information they need to participate fully and directly. Many of the communication mediums</p>

GIFT principles	Bangladesh	Indonesia	Nepal
			for public outreach, particularly online digital platforms, are not accessible by people who are poor and marginalized.
<p>3. Inclusiveness: use multiple mechanisms proactively to engage citizens and nonstate actors, including traditionally excluded and vulnerable groups, individuals, and voices that are seldom heard, without discrimination on any basis, including nationality, race, ethnicity, religion, gender, sexual orientation, disability, age, or caste; consider public inputs on an objective basis irrespective of their source</p>	<p>The UP open budget process aims to be inclusive of all groups by inviting all local CSOs and representatives of other sectors to participate in the meeting. It is mandated that the ward councilor announces the date, time, and place of consultation and invites women and men to join the consultation.</p> <p>However, document reviews and interviews found no evidence of substantial government-led efforts to engage people in climate-related budgeting, particularly persons who are most affected by climate change and are often shut out of policy making and accountability processes. A concerted effort is needed to make spaces nondiscriminatory and to facilitate the participation of women, the poor, and persons otherwise marginalized.</p>	<p>The musrenbang mechanism is intended to engage citizens and nonstate actors directly in planning and budgeting, including religious and community leaders as well as farmers, fishermen, women, and student groups.</p> <p>However, in practice, it has not exhibited broad engagement, particularly of those who face various forms of marginalization and are at greatest risk of suffering the impacts of climate change.</p>	<p>The range of representatives from different segments of society within the CCC, coupled with the engagement of local media, has helped to channel information between government and citizens. However, no civic structure or mechanism represents marginalized people and those at risk, or surviving from, the impacts of climate change or advances their participation and voice for climate justice.</p> <p>Recently, with mounting pressure and collaboration between CSOs and local government, good practice has been initiated for allocating budget for climate-vulnerable populations.</p>
<p>4. Respect for self-expression: allow and support individuals and communities, including those directly affected, to articulate their interests in their own way and to choose their preferred means of engagement, while recognizing that some groups may have standing to speak on behalf of others</p>	<p>The UP budget process intends to create an enabling environment for communities and individuals to express their interests in their own way based on their needs, but no examples of an enabling environment were found in practice.</p>	<p>Lack of inclusion is evident.</p>	<p>Asymmetry of the accessibility of information has compromised the ability of underrepresented communities and people to engage in policy making and oversight mechanisms.</p>
<p>5. Timeliness: allow sufficient time in the</p>	<p>The timing of the preliminary budget</p>	<p>Some variation is evident across regions in the</p>	<p>The meetings of CCC and local government take</p>

GIFT principles	Bangladesh	Indonesia	Nepal
<p>budget and policy cycles for the public to provide inputs in each phase; engage early while there is still a range of options to consider; and, where desirable, allow for more than one round of engagement</p>	<p>consultations allows sufficient time for citizens to influence the UP's budget.</p>	<p>musrenbang, with some regions delaying the schedule. Factors leading to delays include issues in organizing the musrenbang and preparing documents.</p>	<p>place in a timely manner throughout the entire cycle, although questions were raised about the flow of relevant and disaggregated information regarding climate policy before consultation.</p>
<p>6. Depth: support each public engagement by providing all relevant information, highlighting and informing key policy objectives, options, choices, and trade-offs, identifying potential social, economic, and environmental impacts, and incorporating diverse perspectives; provide timely and specific feedback on public inputs and how they have been incorporated or not in official policy or advice</p>	<p>The UP process provides an opportunity for government to provide relevant information about where choices and trade-offs in the prepared budget differ from the prioritization determined in the public consultation, but the limited engagement of marginalized groups and poor reporting back on final budget decisions undermine public trust in the process.</p>	<p>The level of depth is sufficient to support public involvement, but it fails to make this information broadly accessible for all community members (for example, using simpler language and more graphics or delivering information through radio or television broadcasts).</p> <p>Reporting back to citizens is suboptimal. While the government is required to gather and consider citizens' priorities and, when not acted on, to explain why not, it does not do this consistently. Respondents expressed views that the public is only asked to hear and agree to the final policies to be carried out by the government.</p>	<p>The CCC civic mechanism for engaging local government in policy and budget processes shares information with community members to gather their views, although the information is not accessible by all. Local governments do not issue statements on how public inputs are used in the final policy choices, including those related to climate change.</p>
<p>7. Proportionality: use a mix of engagement mechanisms proportionate to the scale and impact of the issue or policy concerned</p>	<p>The formal process is not sufficient in that the UP is only required to hold consultations in two of the nine wards, and only 5% of the population must be involved. The limited scope is exacerbated by the lack of inclusion.</p>	<p>The musrenbang process is central to determining policies, including budget policies, that meet public needs and priorities, so substantial effort is needed to maximize engagement. However, the outreach to communities and groups on musrenbang activities or other public participation forums is suboptimal, which limits broad participation.</p>	<p>The civil society-led participation in climate-related planning and budgeting is beneficial but insufficient to the scale and impact of failing to invest public funds appropriately in effective climate responses. However, with mounting pressure and collaboration between CSOs and local government, good practice has been initiated for allocating budget for climate-vulnerable populations. Local level representatives have</p>

GIFT principles	Bangladesh	Indonesia	Nepal
			developed greater awareness of the need for green and inclusive development.
<p>8. Sustainability: ensure that all state and nonstate entities conduct ongoing and regular engagement to increase knowledge sharing and mutual trust over time; institutionalize public participation where appropriate and effective, ensuring that the feedback provided leads to a review of fiscal policy decisions; and regularly review and evaluate experience to improve future engagement</p>	<p>Some UPs engage in more substantive consultations, although this is not consistent over time or across UPs, leading to calls for stronger accountability measures to ensure compliance with the law.</p>	<p>The perceptions of elite capture threaten to undermine citizen trust and engagement and, thus, sustainability.</p>	<p>The CCC mechanism in Ghorka benefits from the willingness of the local government to engage, but without some effort to institutionalize the public consultations, sustainability is not guaranteed.</p>
<p>9. Complementarity: ensure that mechanisms for public participation and citizen engagement complement and improve the effectiveness of existing governance and accountability systems</p>	<p>The UP open budget process provides for direct citizen input, but leaves the final decisions on budget preparation to the UPs.</p>	<p>The results of the musrenbang become the material for preparing the regional development plan, and this document becomes a guide in formulating the general budget policy and provisional budget priorities and ceiling documents.</p>	
<p>10. Reciprocity: ensure that all state and nonstate entities taking part in public engagement activities are open about their mission, the interests they seek to advance, and whom they represent; commit to and observe all agreed rules for engagement; and cooperate to achieve the objectives of the engagement</p>		<p>The musrenbang has not generated the level of public engagement intended, but alternative spaces for participation can be—and have been—created through commonly used spaces for informal participation, including village consultations (<i>rembuk</i> or <i>musyawarah desa</i>), community forums, and other formats. If such informal participation is institutionalized, as has happened through the Regional Regulation (Perda) no.1 of 2016 on Village Consultations to resolve conflicts in Lampung District or Perda</p>	<p>While there is evidence that nonstate actors are open about their positions and agendas in the CCC mechanism, there is a concern that the formal government process impedes the genuine participation of people from diverse communities in formulating budget policies, which risks diverting funds intended for climate response to activities with limited climate relevance.</p>

GIFT principles	Bangladesh	Indonesia	Nepal
		no. 3 of 2019 on Guidelines for Drafting Village Regulations in Bantul District, the transparency of citizens and CSOs can be assessed more readily.	

Note: CCC= Citizen Common Concern. CSO = civil society organization. UP = Union Parishad.