



# Public Engagement in Public Budgeting and Execution in the Local Governments of Madhesh Province of Nepal

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**Received:** February 4, 2022; **Accepted:** June 8, 2022; **Published:** June 30, 2022.

**Citation:** Rai, D. R. (2022). Public Engagement in Public Budgeting and Execution in the Local Governments of Madhesh Province of Nepal. *International Journal of Business Innovation*. 1(2). e27427.

<https://doi.org/10.34624/ijbi.v1i2.27427>

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**Abstract:** In Madhesh Province of Nepal, 33.80 percent of municipalities have not passed the budget for the coming fiscal year 2021/22. For this to happen there may have some gaps and causes. To understand facts and suggest the way forward, this study was conducted. The study concluded that the local governments in Madhesh Province lack the provision of a participation mechanism. As practical implications, the lack of local participatory process has promoted very low outcomes than expected, access limits, and domination to motivate people who may produce conflict and instability. Therefore, this paper has suggested to each municipality for establishing a citizen engagement mechanism and build the capacity of citizens for stabilizing transparent and accountable governance.

**Keywords:** Public participation; citizens' engagement; budget formulation and implementation; local government

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## 1. Introduction

Budgets are the heart of the public financial management and planning process. Participatory budgeting is a collaborative effort of governments and citizens to allow citizens to play a straight role in deciding how and where resources should be spent (Wampler, 2007). According to Moynihan, developing countries need citizens' participation to foster good governance, promote transparency, increase social justice, and help

individuals with their issues (Moynihan, 2007). But failure to govern in a participative fashion obstructs economic development.

Article 59 (1) of The Constitution of Nepal (2015) has delegated the authority to all levels of government to formulate laws, prepare an annual budget, take decisions, formulate plans and policies, and implement them in matters related to their financial powers within their respective jurisdiction. Clause 24(1) of the Local Government Operation Act [LGOA], (2017) emphasizes that local government has to develop and implement periodic, annual, strategic, and thematic mid-term and long-plan development plans for the local development. The local government should follow the policy, goal, objectives, timeframe, and procedures while formulating the plan. In addition, the LGOA (2017) has provisioned the following major matters regarding the planning.

- Prepare a list of medium and long-term projects;
- Ensure the maximum level of participation of local intellectuals, professionals, and backward people;
- Consider estimation of resources, prioritization of projects, its implementation, monitoring, and evaluation;
- Follow the provision of the federal and provincial government;
- Establish coordination, facilitation, and cooperation;
- Conduct the study, research, and impact evaluation of projects

The local government has six months to determine priority, prepare guidelines, and search for scope in annual planning and budgeting (MoFAGA, 2018). The local government in Nepal has to complete a 5-steps process of annual budgeting and planning processes starting from January 14 to July 15 for the coming year that adopts the bottom-up approach (LGOA, 2017). The budgeting process set by the Nepal government reveals greater participation of citizens in Nepal for the development process. The annual budgeting and planning process of the local governments in Nepal is as Table 1.

The way of public engagement—first, inform by telling; then consult by asking; then engage by discussion; then collaborate/coproduce by dialogue and then empower by deliberation (Burall, 2019). International Budget Partnership [IBP] (2020) has expressed that the budget transparency is an important prerequisite to understanding how the government allocates public resources and assessing the performance of public spending (International Budget Partnership, 2020). But planning and budgeting in local governments lack participation, and the process is concluded upon the submission of the details to the sectoral ministries and the National Planning Commission (Devkota et al., 2021). As per the budget update of the Ministry of Federal Affairs and General Administration (MoFAGA), four municipalities out of 136 did not submit the budget after endorsement by the municipal assembly in FY 2020/21 from Madhesh Province. Fifty municipalities out of 136 delayed forwarding the budget to the municipal assembly for the endorsement in the stipulated time, i.e., June 25. 33.10% of municipalities have not submitted the budget to MoFAGA after endorsement from the municipal assembly for FY 2021/22 (MoFAGA, 2021).

**Table 1.** Annual budget and plan of rural municipality and urban municipality

Step 5	Endorsement from Municipal Assembly	July 15 (Ashadh End)
Step 4	Approval from Executive and Submission in Assembly	June 25 (10 Ashadh)
Step 3	Integrated Budget and Program Planning	June 8 (25 Jestha)
	Determination of Priority of Ward Level Plan	May 14 (Baisakh End)
	The selection of the plan from the community level <i>Guideline and Determination of Priority</i>	April 28 (15 Baisakh)
	Program and Budget Planning <i>(Selection of Plan from Community Level, Determine Priority, Thematic Sector Plan and Integrated Scope and Budget)</i>	April 23 (10 Baisakh)
Step 2	Estimating Source and Determination of Budget Ceiling <i>(Estimation and Projection of Total Source, Determination of Budget Ceiling, Basis and Methods of Priority Determination and Guidelines)</i>	Central: March 14 (Falgun End) Province: April 13 (Chaitra End)
Step 1	Pre-budget Preparation (Next FY) <i>(Projection of Revenue and Income and Expenditure, Receiving Ceiling and Guidelines of Financial Transfer, Determination Thematic Sector)</i>	January 14 (Poush End)

Source: (Local Level Annual Plan and Budget Preparation Guidelines (with Amendment), 2017)

The low level of budget transparency in planning and implementation causes low efficiency in collecting and spending budget revenues (Storonyanska & Belya, 2020). Also, participative planning budgeting is more aimed at bringing certain satisfactory conditions due to the appropriate sectoral funding (Malchykova, 2021). The more democratic innovation leads to outcomes citizens favor, the more likely they are to express support for it (Does & Kantorowicz, 2021). The failure of budget formulation and implementation can be a lack of transparency, and citizen and political engagement (Bronić, 2021). Also, a study conducted by The World Bank revealed several gaps between policy and practice in the budget formulation and execution processes, such as the predominance of top-down processes, lack of cost-benefit analyses, the release of allocations, and capture of user committees in subnational level (The World Bank, 2011).

Around these circumstances and hot issues regarding the local budgeting, this paper aims to dig up the facts behind the citizen engagement and political activities in municipalities of Madhesh Province.

### 1.1 Objectives of the Study

The objective of the study is to know how municipalities engage citizens in the budgeting process in Madhesh Province.

## 1.2 Significance of the Study

Without the completion of the legitimate budgeting process, the elected representatives cannot exercise the legitimized power, and the decisions made would not be the result of the intention of the people (Garaj & Bardovič, 2020). Key stakeholders have to be engaged in the decision-making process because the scarcity of resources is closely aligned with the lack of citizens' participation in the budgeting process (Pumkaew & Singkaneti, 2021). Moreover, the local government must be open to the public without limiting the amount of information that discloses the performance (Yuniarta & Purnamawati, 2020). In Nepal for FY 2021/22, the percentage of municipalities that have not submitted the budget in the MoFAGA in the stipulated time is 12.48. The portion of such municipalities of Madhesh Province is 33.80% for FY 2021/22. This result revealed by MoFAGA may indicate the lack of citizens' engagement in budgeting; therefore, the opposition political party may insist on holding to pass the budget.

## 1.3 Limitations of the Study

Without the full information from research participants (RPs) regarding the budget formulation and implementation, this study was not possible. However, 72 among 1500 RPs responded to the questionnaire even though this study was conducted during the 2<sup>nd</sup> wave of COVID-19. On the other hand, the public is not capable and aware of their participation in planning, budgeting, and execution in Nepal since the new structure was recently established according to the new constitution. People still need to learn more about deliberation and participation to support the actions of the government. A new structure and new model (i.e. participative budgeting) is the limitation of this study. The people need to practice and experience for further support to the concerned people. I hope that people will be more interested in this kind of study in the future.

## 2. Literatures Review

After federalism, the Government of Nepal (GoN) has adopted the concept of participatory budgeting. According to MoFAGA (2018), rural/urban municipalities should consult, discuss and make an understanding with stakeholders regarding planning and budgeting, resource management, participation, and work schedule to ensure productivity and get speedy outcomes; to increase living standards, income, and employment of rural populations; to get direct benefits to the people and to contribute to poverty alleviation. However, some matters may go wrong viz. difficulty in making all agreed in prioritization of work; bureaucrats thought citizens' participation as unnecessary intervention; difficulty for consensus of people and lack of understanding about participatory budgeting process (Khadka & Bhattarai, 2012) unlikely the active participation of citizens in the governmental decision-making process is discarded (Androniceanu, 2021). Local governments lack a step-wise bottom-up planning process that involves all stakeholders from the bottom to the top level of the provinces (Devkota, 2021). As per Devkota et al. (2021), public disclosure regarding budgeting and implementation system is weak which means the financial

statement is also not publicly available. But an informed society is essential for a viable democracy since participation is social consultation.

Some authors have expressed that the lack of citizens' participation in public budgeting and execution lacks the ownership, legitimacy, and trust in the program and budget of local government. Androniceanu (2021) has confirmed in the study that administrative transparency in public entities is essential for increasing the quality of governance. Also, meaningful and direct involvement of citizens in public affairs activates the people towards real changes (Moynihan, 2007). Additionally, nowadays, participatory budgeting has been accepted as a new tool of political participation (Garaj & Bardovič, 2020). Therefore, it is more relevant to say that public engagement in budgeting and execution is a new way of organizing power these days (Rachwał, 2021).

The participatory budget is used in four out of eight self-governing regions in the Slovak Republic. In Thailand, people are barred from budgeting procedures (Pumkaew & Singkaneti, 2021). Pumkaew & Singkaneti (2021) further recommends increasing public participation in budgetary decisions to create strong mechanisms for public participation. Participatory budgeting is power-sharing and expression of self-government (Augustyniak, 2021). Augustyniak adds that French citizens have an opportunity to suggest to the government by submitting ideas via proposal. Types of participatory budgets are district budgets, municipality budgets, and budgets in schools in France. Augustyniak (2021) further writes that:

*"Anyone living in a given local community may participate in the participatory budget. The voters select a certain number of projects from a list on the municipal or district level, depending on the type of the participatory budget. In the case of district projects, each resident may vote in only one district, based on their place of residence or work."* (pp. 44)

The deliberative mechanism integrates all local actors and engages society in collaborative local development (Sobol, 2021). Therefore, the budget process should be deliberative or participative (Ljungman, 2009) because deliberation reduces social polarization. Furthermore, Sobol (2021) expresses that deliberation and participation encourage people to come together for diagnosing and solving social problems. According to Sobol, participative budgeting improved the quality of work and general outcomes were better because it balanced the interests of local members.

Inclusive public participation is crucial for realizing the positive outcomes associated with greater budget transparency (IBP, 2019b). According to IBP, Nepal has a public participation score of 22 (out of 100). As per the survey by IBP in 2019, the public participation score of Nepal is 20(out of 100) in the budget formulation; 11 (out of 100) in approval (legislature); 25 (out of 100) in implementation; 33 (out of 100) in auditing. In all stages of budgeting, IPB has noted that there is little public participation in Nepal as the rating scale defines few for the score from 0-40; limited for the score 41- 60, and adequate for the score 61 – 100.

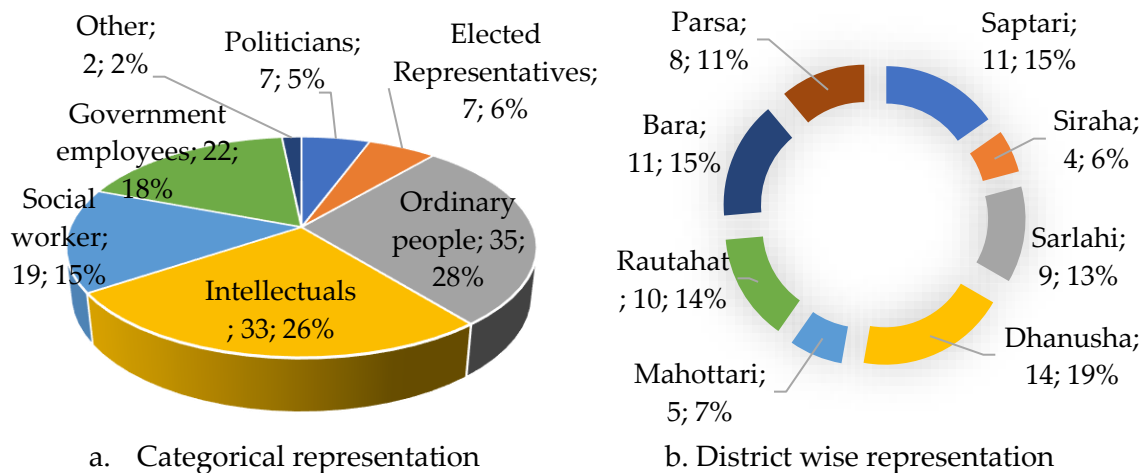
To have reform in the current condition, more public engagement in the governance process is felt. The deliberation and participation can improve the political culture and binds the society.

### 3. Methodology

This study has used a descriptive with a qualitative approach. Questionnaires designed in Google form based on “Guide to the open budget questionnaire: An explanation of the questions and the response options (IBP, 2019a)” were sent to 1500 research participants of Madhesh Province via email. Research participants were requested to answer from August to October 2021. Among them, 72 research participants including government employees, intellectuals, social workers, politicians, elected representatives, and ordinary people replied to the questions. In addition, two group discussions of some key informants were conducted after summarizing RPs responses. The data collected were analyzed using qualitative analysis techniques, then the results of the analysis were presented in narrative form.

#### 3.1 Characteristics of research participants (RPs)

Characteristics of research participants have been presented in the figures and table below.



**Figure 1.** Representation of research participants

Qualities of research participants of the study were as follows.

**Table 2.** Characteristics of research participants

Characteristic	Category	Number	Percentage
Understanding the importance of public participation to formulate and implement the budget	Yes	72	100%
	No	0	0%
	I don't know	0	0%
	Total	72	100%



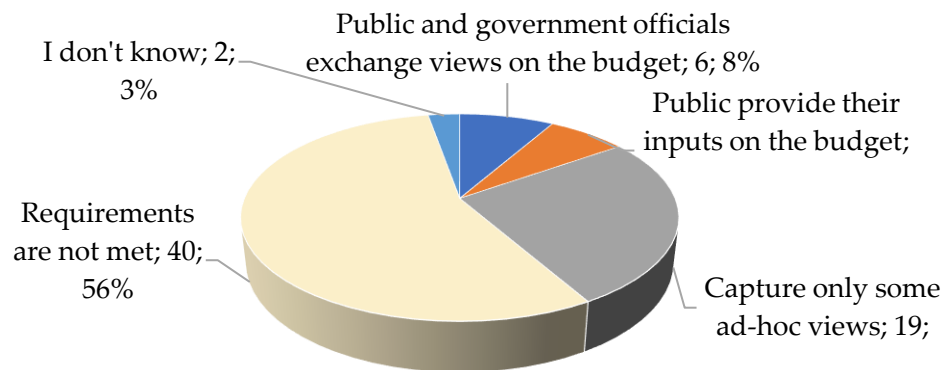
Characteristic	Category	Number	Percentage
Research participants from the municipality in which the budget was approved or not	Passed for the fiscal year 2020/21 only	38	53%
	Passed for the fiscal year 2020/21 and 2021/22 both	24	33%
	Not passed for both fiscal years	9	13%
	I don't know	1	1%
	Total	72	100%
Research participants of the municipalities in which the budget was whether approved in the timeline or not	Passed within time provisioned by law	19	26%
	Not passed within time provisioned by law	49	68%
	I don't know	4	6%
	Total	72	100%
Understanding the preparatory time to formulate the budget for the coming year	December of this year	5	7%
	January of this year	35	49%
	February of this year	10	14%
	March of this year	8	11%
	I don't know	13	18%
	Total	71	100%
Understanding the completion time to formulate the budget for the coming year from the grassroots level	March 3rd week of this year	14	20%
	April 3rd week of this year	34	48%
	May 2nd week of this year	4	6%
	May 4th week of this year	9	13%
	I don't know	10	14%
	Total	71	100%

#### 4. Results and Discussions

Lienert (2010) expresses that wide discussion on budgetary matters enhances wide ownership of budget strategies and policies. Public engagement facilitates localizing development based on the community issues and preferences, seeking creative and cost-effective solutions, gaining legitimacy from the people, and making the right decision for the welfare of citizens (Creamer, 2012). However, it has some challenges like feedback from the same people every time, difficulties to ensure the presence of general people, receiving negative comments such as criticism and complaints, cost over benefits suggested planned activities, and time limitation to include all people. The answers received from research participants have been presented as follows.

#### 4.1 Public participation input during the formulation of the annual budget (before the budget is tabled in municipal assembly)

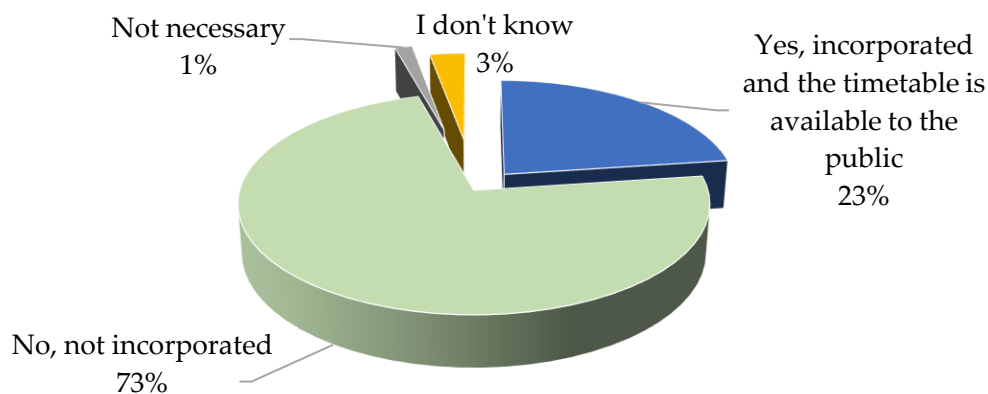
The budget for running the fiscal year 2020/21 was not passed till 2 November 2021 by 19.1% of local governments (LGs) in Madhesh Province (MoFAGA, 2021). Not passing the budget forcibly delays the execution of programs and projects, which are set for achieving development goals (Sigdel, 2014). Figure 2 demonstrates that the participation mechanisms are less used or views from some special people are collected for annual budget formulation for the coming year by LGs.



**Figure 2.** Use of participation mechanisms by the municipalities for input during the annual budget formulation

The reason for lacking participation may be due to the trust of people in Ward Chairperson-83.8%, Mayor/Rural Municipality Chairperson-81.3%, and Municipality/Rural Municipality Assembly-80.9% (The Asia Foundation, 2018).

The timeliness of budget formulation with the input of people is revealed by 3 below because time management can improve productivity and the quality of life as said by (Jackson, 2009). The delays decrease efficiency. But the municipality doesn't functionalize participation mechanisms as per time table as per the views of about three fourth of RPs from Madhesh Province.



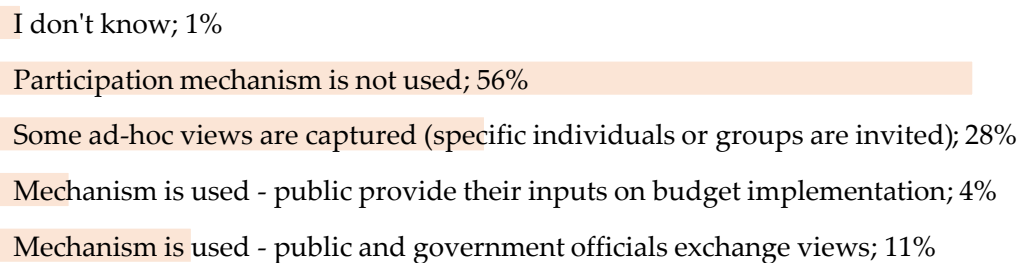
**Figure 3.** Participation mechanisms those incorporated into the timetable for the annual budget proposal



## 4.2 Public participation input during the implementation of the annual budget

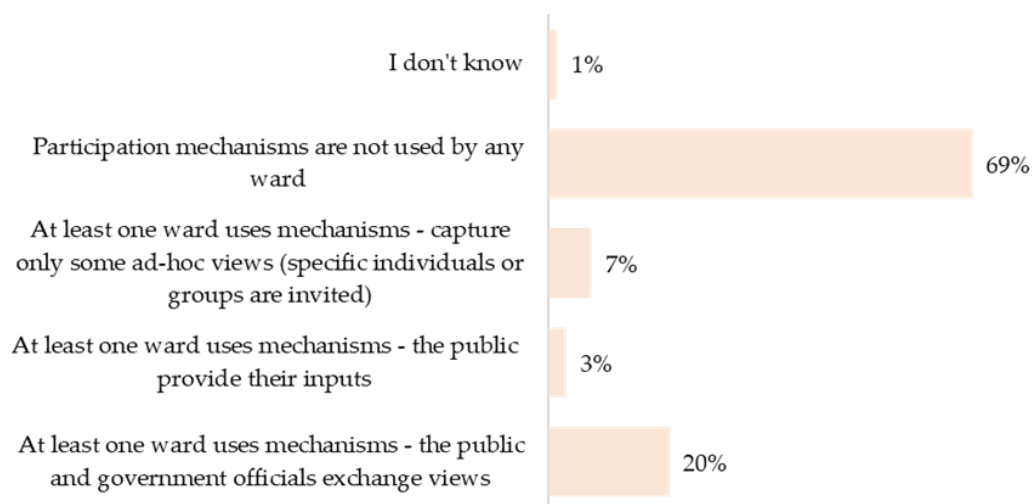
Budget implementation is a critical management function for local governments. Therefore, it should be understood as an instrument to ensure the democratic accountability of LGs (Thurmaier, 2007). The stakeholders must know how well the LGs achieved the objectives.

Figure 4 has presented opinions received from RPs on the annual budget implementation and monitoring. The opinion of the intellectuals and general people demonstrates that LGs don't allow people to participate in annual budget monitoring. However, government officials opine that LGs provide the opportunities to exchange views and inputs for annual budget implementation and monitoring.



**Figure 4.** Use of participation mechanisms to collect public input in annual budget implementation and monitoring

The ward is an organ of the municipality. It is an electoral area within a municipality established by the demarcation vote. It is a direct service delivery unit at the grassroots level. Ward committee represents a wide variety of community interests. As per the survey of The Asia Foundation (2018), over three-fourths of Nepalese i.e. 77.5% are unaware of any development projects, planning, budgeting, and execution by their respective LGs. Only 11.1% of research participants of Madhesh Province are less likely to have any information on development projects from LGs.

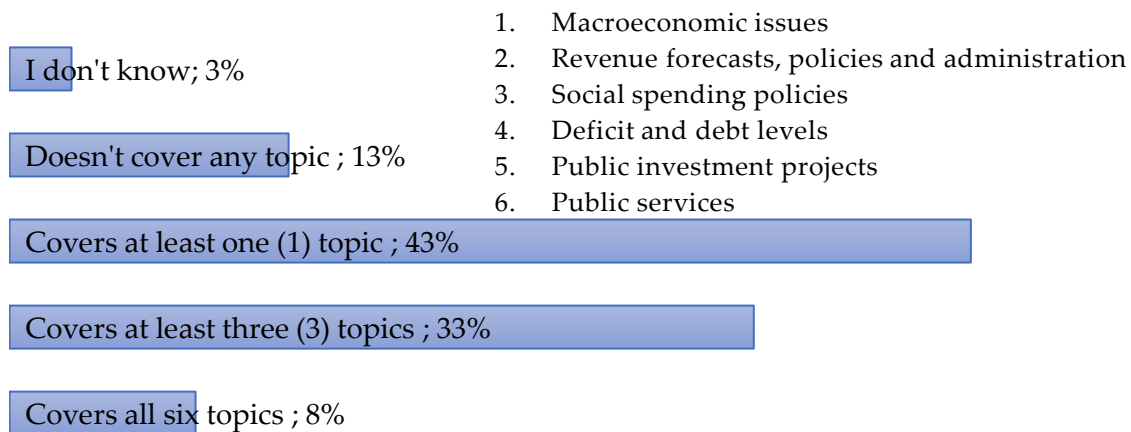


**Figure 5.** Use of participation mechanisms to collect public input in annual budget formulation or implementation by wards

Clause 12 of the Local Government Operation Act 2017 has explained that formulation and implementation of plan and budget on the participatory basis is one of the major functions of ward committee out of four major functions. Figure 5 demonstrates that participation mechanisms are not used by the wards. Only one-fifth RPs replied that ward within the municipality uses the mechanism in which people and government officials can exchange their views. It means that there is a very low level of citizen engagement in the annual budget formulation or implementation.

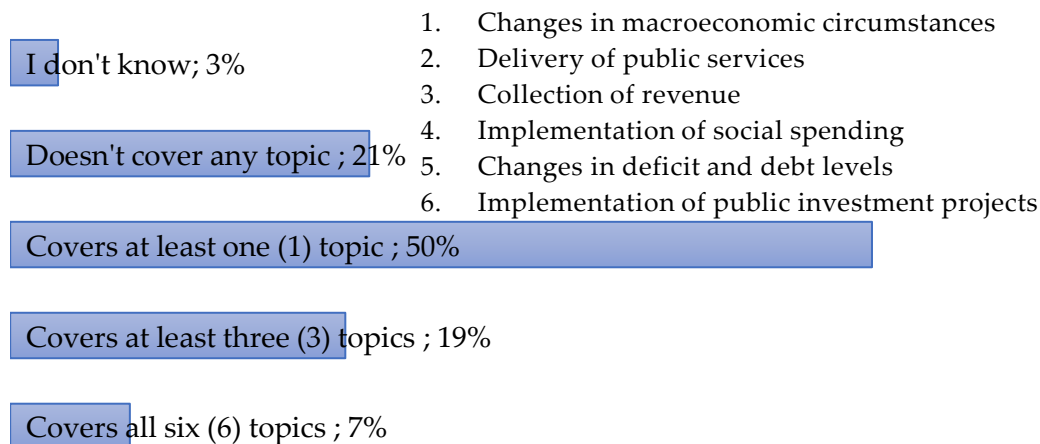
### 4.3 Discussion on key topics during the formulation and implementation of the annual budget

Among 6 key topics (i.e. macroeconomic issues; revenue forecasts, policies and administration; social spending policies; deficit and debt levels; public investment projects; public services), 43% of RPs have answered that only one topic is covered i.e. public spending. Among all, 33% of RPs opine that at least three topics out of revenue forecasts, policies and administration, public investment projects, and public services are covered. By seeing this result, it can be concluded that more efforts for raising the awareness of people and capacity building to elected representatives, government officials, and concerned people are needed.



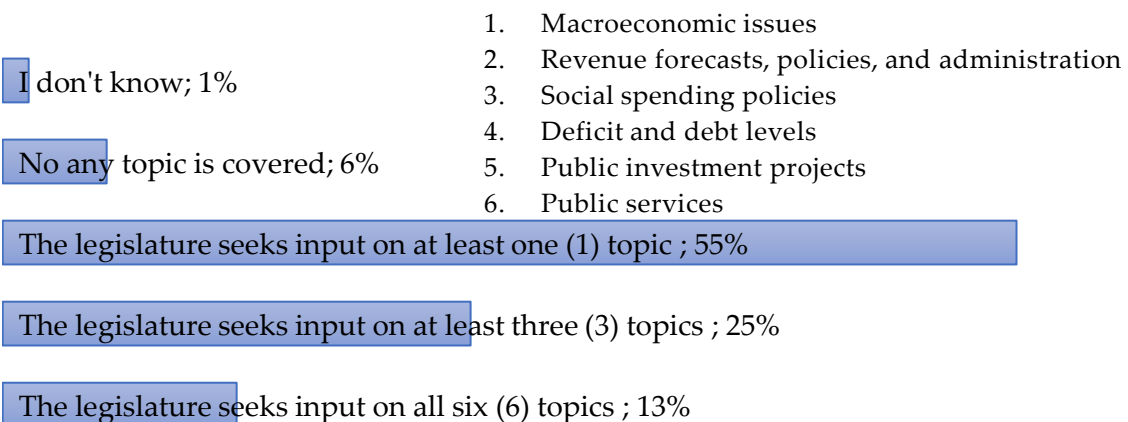
**Figure 6.** Coverage of key topics in the executive's engagement with citizens in the budget formulation stage

Key topics such as changes in macroeconomic condition, public service delivery, revenue collection, social spending, changes in deficit and debt levels, and implementation of public investment projects have to be comprehensively discussed to ensure public participation during the implementation of the annual budget. Half of the RPs have answered that only one topic, most public services delivery or public investment in the projects, is discussed. One-fifth of RPs expressed that no topic is discussed during the implementation of the budget. Some representatives have argued that at least three topics are discussed for citizen engagement. The result has pointed out to strengthen the participation mechanism if there is any.



**Figure 7.** Coverage of key topics in the executive's engagement with citizens in annual budget implementation

During the legislative deliberations, the municipal assembly seeks the revenue forecasts, policies, and administration most among all six key topics. Social spending policies, public service delivery, and public investment projects are the second major topic, which is discussed more in the assembly meeting. The remaining three topics are discussed rarely in the meeting.

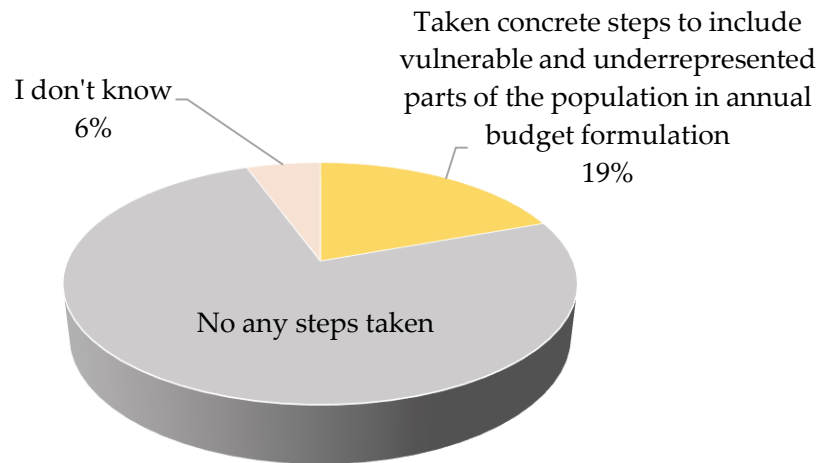


**Figure 8.** Coverage of topics for citizens' engagement during legislative deliberations on pre-annual budget formulation and approval stages

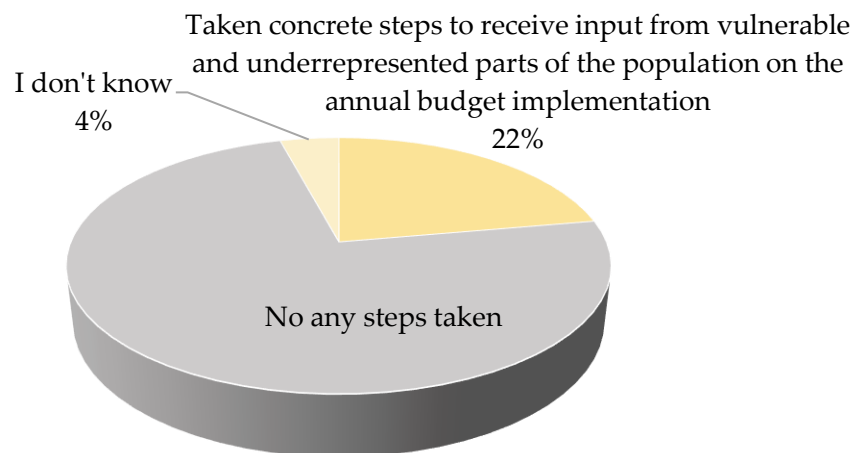
#### 4.4 Steps of local government to include vulnerable and under-represented parts of the population

Participation of every individual in social and economic processes enhances the quality of life (Barnat et al., 2019). But Mullins (2007) expresses that participation must be inclusive and properly structured. As cited by Campbell and Marshall 2000 in Mullins (2007), it is a complex matter to achieve participatory outcomes while formulating policies, planning, and budgeting. However, municipalities have not taken concrete steps to include

vulnerable and underrepresented populations in both formulating and implementing the budget since three fourth of RPs claimed this quotation.



**Figure 9.** Steps were taken to include vulnerable and under-represented parts of the population in the annual budget formulation

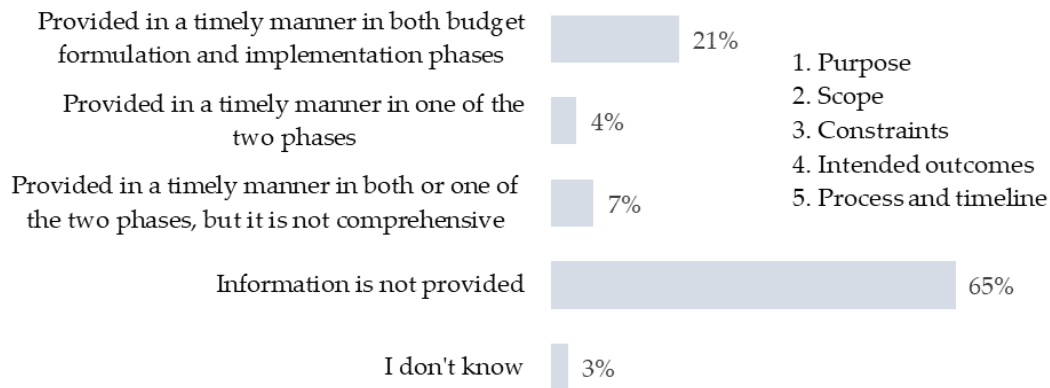


**Figure 10.** Steps were taken to include vulnerable and under-represented parts of the population in the annual budget implementation

#### 4.5 Information on the process of the public engagement

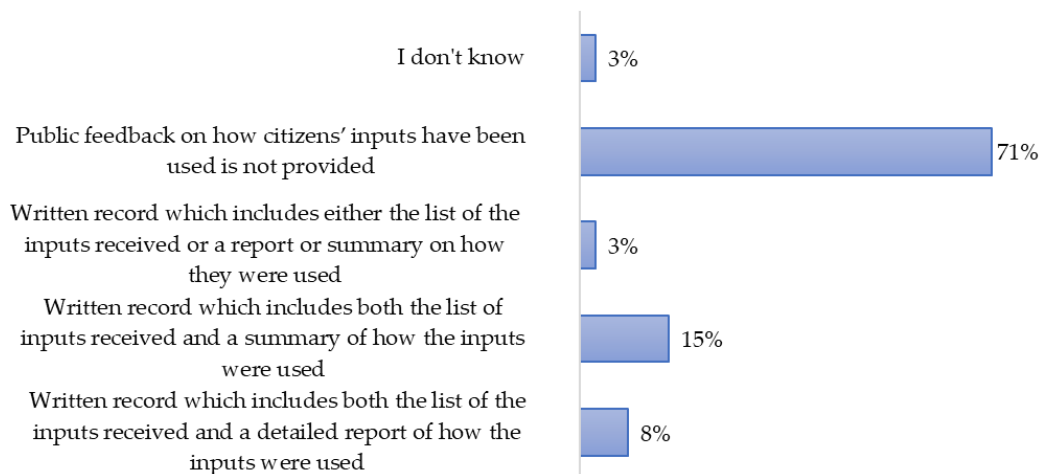
OECD (2014) emphasizes that budgetary information should also be presented to citizens providing enough details and time for effective discussion and debate before the final budget is adopted. Because Thurmaier (2007) expresses that local budgets meet the purpose of government treasury applications for the welfare of people. But according to Torbert (2019), the execution of the budget, linking expenditure to performance targets, and reporting are lagging in many countries. Municipalities of Madhesh Province are not providing the information on purpose, scope, constraints, targets, process, and timeline to the citizens properly as replied by RPs. About one-fifth of RPs—mostly government

employees and elected representatives—have agreed that municipalities provide comprehensive prior information to the citizens.

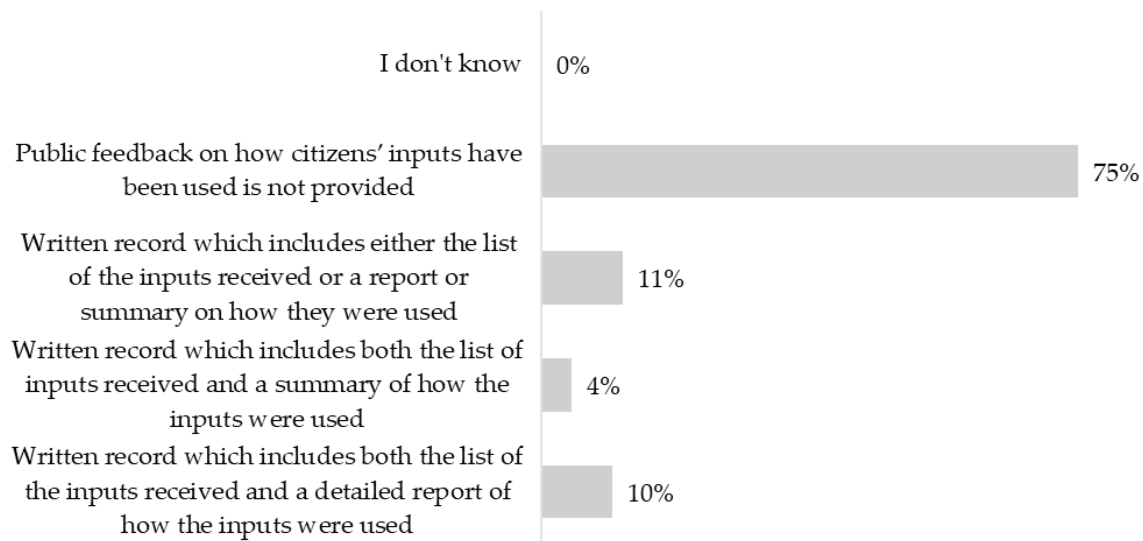


**Figure 11.** Does the municipality provide comprehensive prior information to citizens for participation in annual budget formulation and implementation?

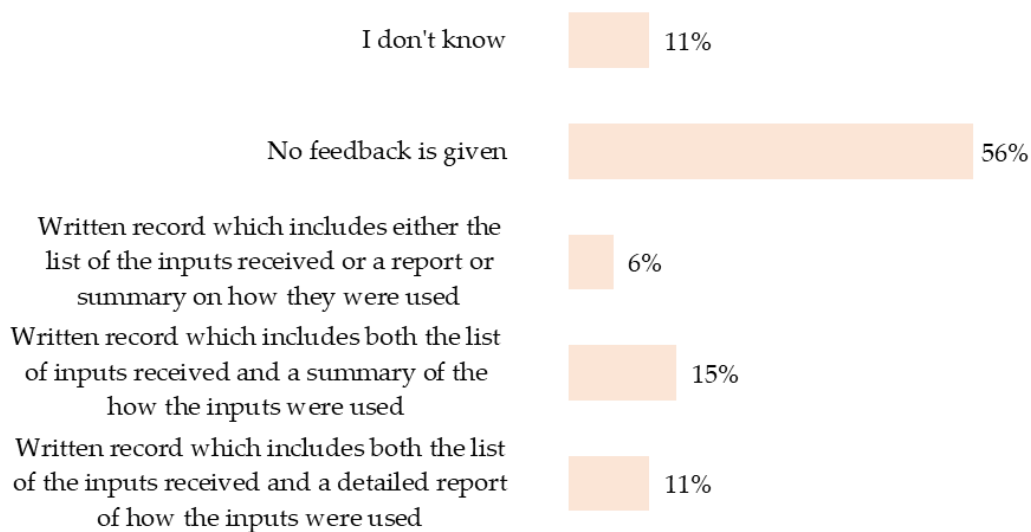
Public entities must publish all budget reports fully, promptly, and routinely, and they must be accessible to the citizens in open data formats, i.e., they can be readily downloaded, analyzed, used, and re-used (OECD, 2014). Therefore, each municipality must provide written feedback to the citizens about the inputs they have provided for the formulation and execution of the annual budget. About three-fourth RPs have given feedback regarding this subject that the municipality does not provide any written information on how citizens' inputs have been used for the developmental and operational activities through the budgeting method. The municipality provides written records that include a summary of the use of inputs to the citizens. Some people i.e. 8% to 11% have an opportunity to read the detailed written records regarding the use of inputs provided by them. Therefore, the municipality needs to be accountable and transparent more for the inclusion of public feedback for the formulation and execution of the annual budget.



**Figure 12.** Does the municipality provide the public with feedback on how citizens' inputs have been used in the budget annual formulation?



**Figure 13.** Does the municipality provide the public with information on how citizens' inputs have been used in the budget annual implementation?



**Figure 14.** Does the municipality legislature provide feedback to the public on how citizens' inputs have been used in the annual budget?

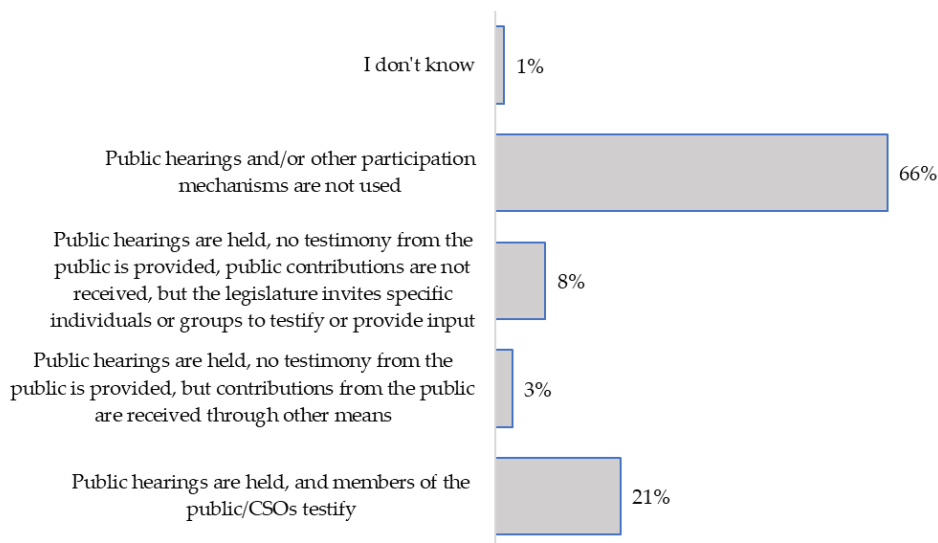
#### 4.6 Legislative deliberations on the annual budget

Most executives dominate the budget process because of a lack of awareness (Centre for Budget and Governance Accountability, 2012). In Nepal, the municipal assembly members now can get involved in the budgetary process in legislative debates on the budget. Civil society has to be invited to participate in the pre-budget formulation in an informed manner by prevailing laws. As per the laws, people can demand accountability for such information as a matter of right. All levels of government have to provide

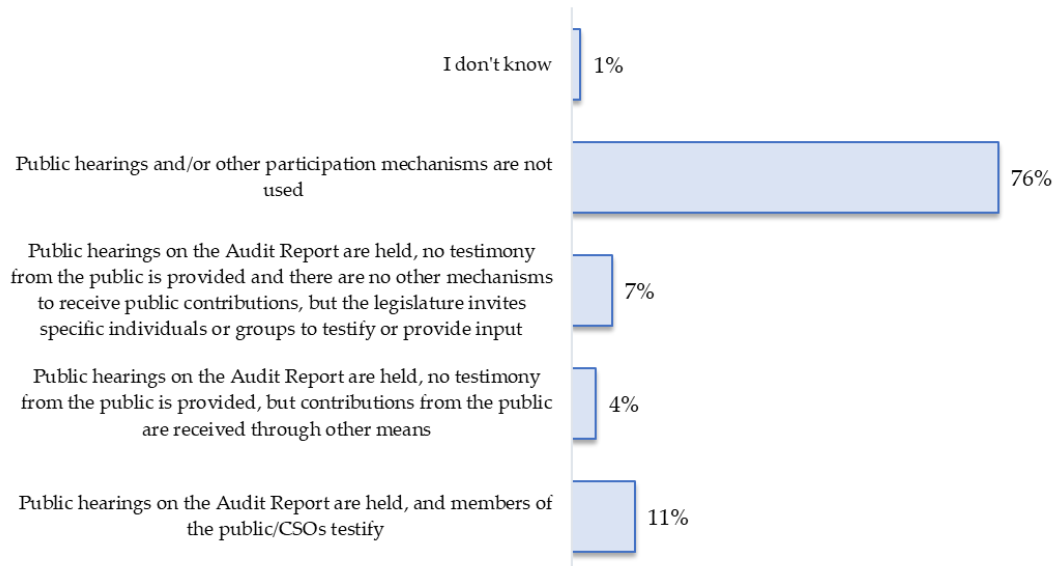


information and records in a transparent and accountable manner because greater transparency reduces clientelistic practices and elite domination.

As per clause 30(1) of Good Governance (Management and Operation) Act (2008), and clause 78(5) of LGOA (2017), all levels of government has to conduct a public hearing (PH) for fairness, transparency, and address the lawful concerns of general people and stakeholders. Khadka & Bhattarai (2012) express that the citizens can put forward both individual and community-related grievances and problems to the service-providing officials in PH. Therefore, PH is an important tool for holding public positions and making service-providing officials accountable. The PH can be conducted to know the actual condition of budget formulation and implementation.



**Figure 15.** Public hearing and/or use of participation mechanisms to collect public input in annual budget formulation or implementation (pre-budget and/or approval stages)



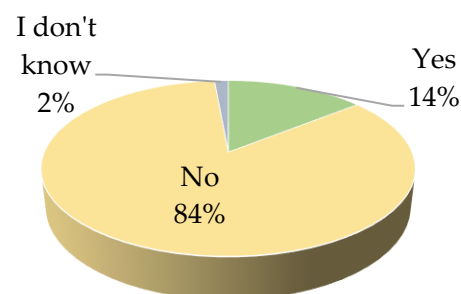
**Figure 16.** Public hearing and/or use of participation mechanisms to collect public input during public deliberation on Audit Report.

Figure 15 and 16 demonstrate that PH is not conducted during the public deliberation, on collecting inputs for budget formulation, implementation, and audit report. Government officials (about 8% to 21%) only claim that the PH is conducted, and people can testify about the documents and the acts of the municipality. So, it reflects that municipalities are less accountable and transparent to the public in Madhesh Province. It has also been noted by The Asia Foundation (2018) that about 77.5% of Nepalese do not have any information on the local government budgets, and about 81.4% of Nepalese have not been a part of the PH.

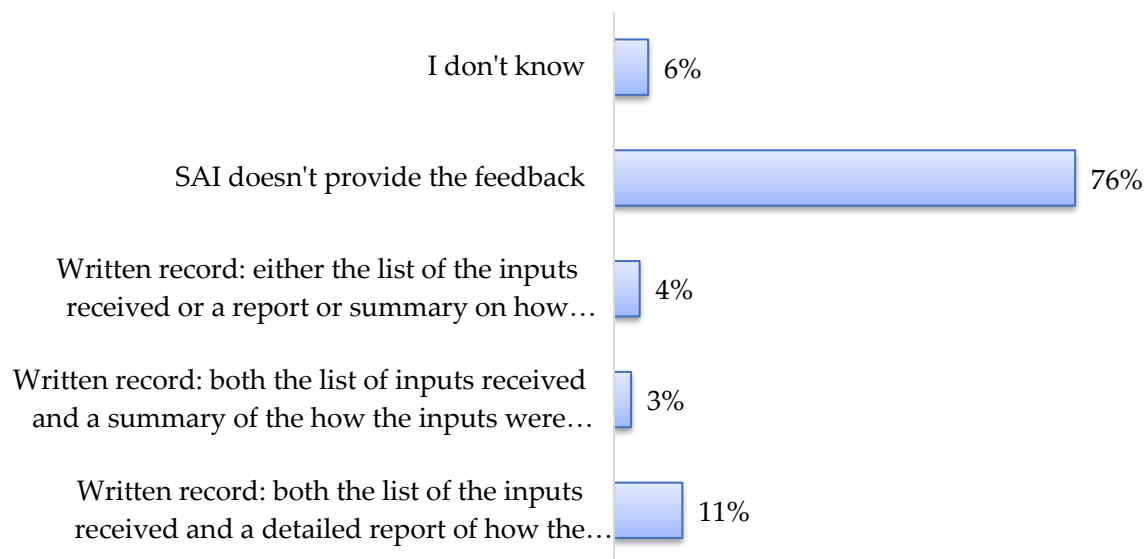
#### 4.7 Supreme Audit Institution (SAI)

Office of the Auditor General (OAG) is the supreme audit institution (SAI) of Nepal according to article 241 of the constitution of Nepal (The Constitution of Nepal, 2015). Moreover, clause 20 of (The Audit Act, 2075, 2019) clarifies that the accounts of municipalities are audited by OAG. The annual audit report submitted by OAG must be brought into discussion by each concerned municipality in the municipal assembly. Except for this provision, there are no other provisions of a formal mechanism to collect public opinion for the suggestion to municipalities on SAI's audit programs. However, the information provided by RPs has been summarized in this study regarding the SAI's audit program. Figure 17, 18, and 19 have detailed that the majority of RPs have no information regarding the SAI's audit program, no mechanism to provide feedback on audit work and investigations. Those who answered "yes or written record is provided" are government officials.

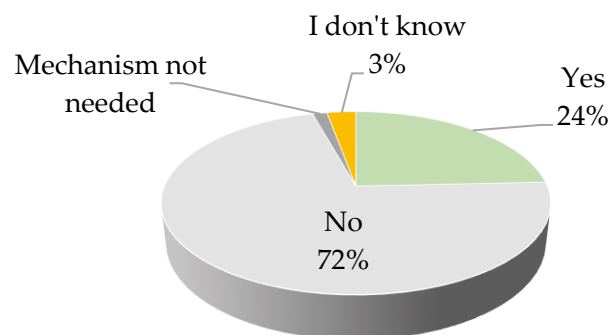
Literature has pointed out barriers to the partnership between SAI and citizens. These are low-level public awareness, citizens' biases, narrow public interests, cultural differences, limited know-how. However, the collaboration between SAIs and citizens is very important for the quality of governance which includes a) citizens' put inquiries and SAI can provide requested information, b) SAI can collect information from citizens during auditing, and c) joint decision-making by SAI and citizens at one or all stages of auditing (Köse & Baimyrzaeva, 2014).



**Figure 17.** Does the SAI maintain formal mechanisms through which the public can suggest issues/topics include in the SAI's audit program?



**Figure 18.** Does the SAI provide the public with feedback on how citizens' inputs have been used to determine its audit program?



**Figure 19.** Does the SAI maintain formal mechanisms through which the public can contribute to audit investigations?

## 5. Conclusion

For socio-economic development, public participation is a key condition in the budget process (Shkolnyk et al., 2019). The citizens can communicate their needs, interests, and concerns to elected local representatives and government officials in planning, budgeting, and execution through public engagement in the budget process (Rijal, 2020). Public engagement is only a platform for the people to make the budget citizen-friendly. A survey by The Asia Foundation (2018) explored that public engagement is weak on accountability platforms in Nepal. Similarly, Democracy Resource Center Nepal has noted that elected representatives formulate a program and budget non-transparently which are found prioritized for personal gains (Democracy Resource Center Nepal, 2019).

Public engagement in the budget process may produce the best results for contribution to the society for collective well-being, and promotion of open dialogue for developmental works shared solutions, and new knowledge. Municipalities in Madhesh

Province have found fewer local participatory processes followed that have promoted a few outcomes, access limits, and domination to the motivation of people who may produce conflict and instability. Due to the following reasons, 33.80% of municipalities of this province could not pass the budget for FY 2021/22.

- Conflicts and misunderstandings among the elected representatives
- Frequent transfer of government officials
- Lack of public participation and ignorance of people
- Lack of capability of budgeting of authorities
- Beginning budgeting lately, therefore, the workload to authorities at the time of the end of the fiscal year
- Political pressure, conflict, misunderstandings, and dispute

It was expected that the budget formulation and execution through local governments would be more effective under the federal structure than in the previous unitary structure. However, LGs are in the learning stages. Therefore, this paper recommends the following points to the concerned stakeholders and government.

1. As Mikesell said, attention is an important contributor to accountability (Mikesell, 2007). Municipalities should develop the public engagement mechanism and build the capacity of elected representatives and officials as well for the meaningful participation of citizens.
2. Prioritized projects with the reasons at the municipal and ward levels should be published at the ward and municipal offices for discussion. During the budget deliberation, formulation, and implementation public hearing and public auditing must be conducted for the consultation. The absence of consultations can lead to instability and insecurity (Androniceanu, 2021).
3. Planning and budgeting at the discretion of elected representatives and individuals may not fulfil the citizens' needs. Therefore, municipalities need to apply a power balancing strategy.
4. Municipalities need to influence locally well-connected and powerful individuals in project prioritization and implementation to have citizens' trust in their local governments.
5. A public engagement process has to be established to foster the overall development of the municipalities to concur with existing challenges in the community. To implement public engagement, municipalities need to run various capacity-building activities.
6. Federal and provincial governments should formulate the policy and law for those municipalities, which cannot pass the budget within the timeline provisioned by law soon to give a way out.

There are still so many topics to be researched and discussed in local level budgeting and execution. These can be pointed out as follows.

1. Whether the model of public budgeting which is provisioned by the Nepal Government is suitable in the context of Nepal or not is a hot issue to be researched. If there are some things to be modified or changed to make public budgeting implementable, what can be possible modification is very important for the Nepal Government.
2. This research has traced the gap between elected representatives and citizens. What can be the possible actions to bring them together in common understanding for overall local development is another area of research.
3. This study has recommended to the Nepal Government for building the capacity of citizens, elected representatives, and bureaucrats. How to capacitate them is another area of study to be carried out to make capacity-building activities more contextual.
4. The local level government which cannot pass the program and budget in the stipulated timeline should be streamlined as per the law of the nation. But how and what the actions to be taken in the win-win situation is very contextual research in the current situation.

## Acknowledgment

I would like to thank all the research participants for this research.

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