JANAAGRAHA

UPDATES FROM THE WOMEN'S FELLOWSHIP IN PUBLIC FINANCE FOR CITIES

APR-JUN '24

About the Women's Fellowship in Public Finance for Cities

The Women's Fellowship in Public Finance for Cities is an immersive, two-year programme that provides a platform for young women professionals to carve out a niche for themselves in the domain of public finance. By nurturing women professionals to emerge as leaders in PFM, the Fellowship aims to drive better gender outcomes in the future and catalyse reforms for better quality of life in India's cities and towns.

The first cohort, comprising of 11 Fellows, was launched in January 2024. The Fellows are working on live projects with either the Finance Department or Urban Development Department in 6 states.

Programme Milestones: Fellows' Journey in Progress

From Theory to Field: Fellows' Immersive Learning

The PFM Fellows embarked on a transformative journey through field immersion in their respective states, aided by a series of thoughtfully-designed foundation sessions and expert webinars. These sessions aimed to equip the Fellows with essential knowledge and skills in various aspects of Public Finance Management (PFM), ensuring they are well-prepared to understand and address challenges in their projects.

> **"Insightful and transformative, the fellowship journey so far has offered something new to learn every day."**

Ipshika Ghosh, PFM Fellow, Uttar Pradesh

Building a Strong Foundation: Mastering PFM Essentials

The Fellows were introduced to urban local governance and Janaagraha's city-systems framework, key PFM concepts such as fiscal decentralisation, budget management, expenditure management, transparency and accountability, revenue optimisation, and digital PFM, providing them with a strong foundation in the initial months of their Fellowship.

Practical sessions conducted by Janaagraha's PFM team helped familiarise Fellows with municipal and state budgets. These sessions taught Fellows how to analyse budgets, identify spending priorities, and appreciate the utility of budget documents, as well as recognise gaps in their preparation and formats. Fellows also learned about key accounting concepts and different types of financial reports.

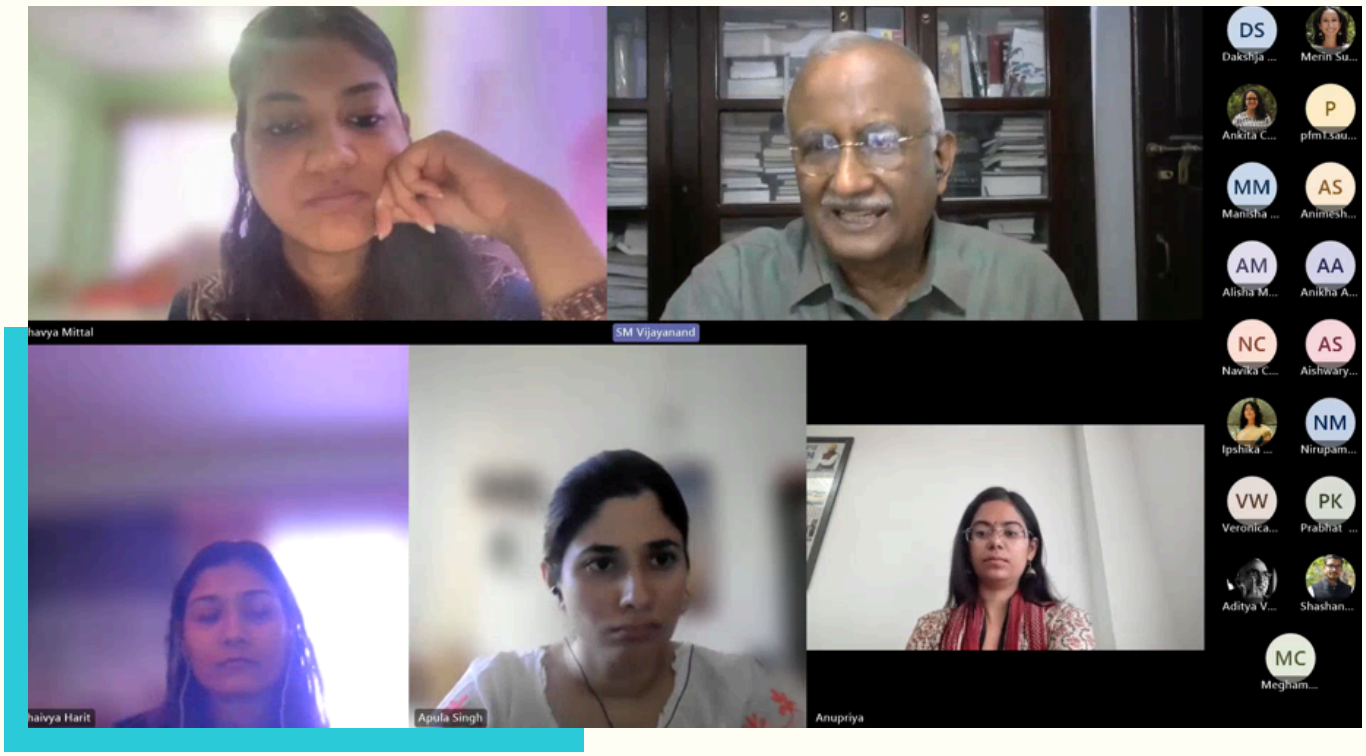
Insights from the Field: Expert Perspectives on PFM

Sessions with domain experts were conducted to allow Fellows to learn from the experts' rich, practical experiences and gain deeper insights into PFM frameworks. The session on municipal budgeting by Dr Ravikant Joshi, Urban Finance and Management Specialist and former Chief Accounts Officer, Vadodara Municipal Corporation offered an in-depth exploration of the budgeting process at the municipal level.

> **"The webinar sessions have been particularly impactful, not just for their knowledge transfer but for helping me develop a unique perspective on urban issues."**

Merin Sunny, PFM Fellow, Karnataka

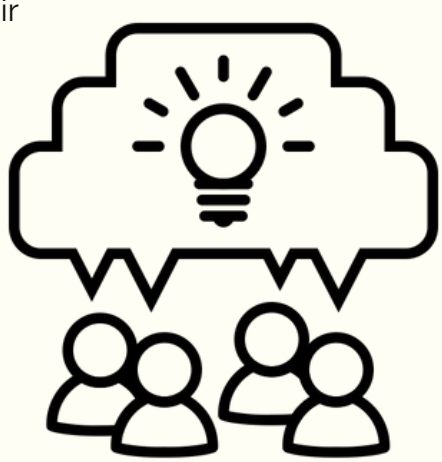
In a webinar, Mr S M Vijayanand, Former Chief Secretary of Kerala and Chairman, 6th State Finance Commission of Kerala, explored the principles of decentralisation, with a focus on lessons from Kerala, a state renowned for its successful decentralisation model.



Webinar with Mr SM Vijayanand on the fundamentals of decentralisation

Synthesising Knowledge: Fellows' State-wise PFM Analysis

The Fellows applied their learnings from the webinars in their Quarterly Knowledge Sharing Sessions, where each Fellow presented a state's profile, focusing on key aspects of urbanisation and PFM. The sessions covered the following themes:



- State Urbanisation Trends: Key Drivers and Challenges
- Budget Trends with a focus on Urban Development
- Urban Governance Structure
- The Municipal Finance Legal Landscape.

Transformative Learning: Cultivating the PFM Leaders of Tomorrow

These sessions collectively built a robust foundation for our Fellows, empowering them with the knowledge needed to drive systemic governance and financial management reforms in their respective urban contexts. The learnings from this foundational series, along with experiential learning from state engagements, were paired with a comprehensive leadership development programme in partnership with Harappa Education (now upGrad). This programme will run for the entire course of the fellowship, as we aim to cultivate future leaders in the PFM domain who can drive improved gender outcomes.

> **The Women's Fellowship for Public Finance and Cities has been transformative. The experience has empowered me to contribute effectively to the field and address real-world challenges."**

Meghamala C, PFM Fellow, Karnataka

> **Valuable insights on the intersection of urban development and municipal finance through webinars, PFM discussions, and an IMF course have proven extremely useful, especially as I work on public revenue augmentation."**

Aishwarya Shekhar, PFM Fellow, Tamil Nadu

Voices from the Field

Navigating State Finances: Personal Insights from Odisha's PFM

Bhavya Mittal
PFM Fellow
Odisha

Public Finance as a common fault line across sectors

Living-room conversations and discussions in professional circles alike on issues in state governance usually identify poor management of public finance as a common fault line across sectors. When broken down, this extends to the following: underutilisation (funds are not spent at all and are parked), misutilisation (funds are spent but not towards the intended purpose), inefficiency (more funds are spent per unit of service delivered) or ineffectiveness (delayed spending), amongst other concerns like disproportionate inter-sectoral budgetary allocations and weak budget review. My current work with the Directorate of Treasuries and Inspection in Odisha gives me an opportunity to delve into the systems and issues of public finance, particularly budget execution.

From supporting budget planning in a line department to supporting budget execution in the Finance Department

I first forayed into the realm of public finance wearing a sectoral lens when I was working with school education sector budgets in the states of UP, Bihar, and Jharkhand. I was primarily involved in budget planning and preparation with the Education Department. At that time, the gap between the planned budget and the state of schools on the ground left me appalled, with little clue about which lever to move. However, in my current role with the the State Treasury, the scope of work is sector-agnostic and begins right after budget preparation, looking at the effective implementation of budget plans. The aim is to ensure that state funds reach the right person (ultimate beneficiary) at the right time (minimising advances and delays in release/disbursement of funds) in the right way (transparent flow) for the intended purpose (as reflected in the budget). The work with the State Treasury is equipping me with clarity on the role and limitations of different institutions (line department, finance department, state implementing agencies like PSUs, etc.), processes (budget preparation, execution, accounting, and monitoring) and instruments (fiscal policy, budget document, financial statements, etc.) in PFM.

Understanding the Digital in PFM: From technocracy to transformation

Another key element of my fellowship experience will be building understanding of the digital systems in PFM. Firstly, I have realised that what may seem to some as largely technocratic concerns have significant normative implications such as who should have control over funds, where they should reside, points of accountability, etc. Second, the state is graduating from 'digitisation thinking,' which involves simply replicating manual processes on a digital platform (from manual data entry to digital data entry), to 'digital transformation thinking,' allowing digital technology to enable new functions and capabilities which were otherwise difficult to achieve. While the state-level PFM systems are fairly mature in Odisha, the municipal finance system is still at a very nascent stage. The fellowship is an opportunity for me to learn the context-invariant principles of digital PFM transformation which can be applied across tiers of government.

Workshop organised by the Finance Department, Government of Odisha on JIT-FS in April 2024

Several entrepreneurial innovations are in the pipeline in Odisha, such as the Commitment Management System and Just-in-Time Funding System. For a cynic like myself who has closely seen the excesses of digital technology in the education sector and is critical of its ability to affect human tendencies and sensibilities in adverse ways, I am keen to learn from the optimistic and innovative approach of the state, laced with adequate caution towards the digital transformation of the PFM process.

Exploring PFM bytes and culinary bites in Odisha

As I reflect on my learning expectations, I aim to understand the normative and practical boundaries of the institutions, systems, and technologies I am working with. For example, what should/does come under the scope of a State Treasury and what should/does not, and likewise for IFMS, digital transformation in PFM at large. By doing so, I hope to locate my work within the larger PFM landscape. I look forward to continuing working with one of the most proficient states in PFM in the country, with my experience getting pleasantly seasoned with the delicious culinary culture of the region.

Unraveling the Complexities of PFM for Sustainable Urban Development

Veronica Quikiumaliu Wijunamai
PFM Fellow
Assam

Where does the money come from?

For the past four years, I have been deeply engaged in the urban sector, particularly focusing on universal design and inclusion. My experiences have taught me two critical lessons: firstly, advocating for the inclusion of vulnerable communities in urban development is challenging, and secondly, the ultimate hurdle often boils down to, "Great concept/thought, but where will the money come from?"

Thus, the snippets I share here reflect the journey of a woman who has seen urban problems firsthand and is now keen on solving them. My journey with Janaagraha as a PFM Fellow began with a fundamental question: "Why Public Finance?" with me wanting to understand where money comes from, where does it go, and how can it be utilised better.

From questioning poor service delivery in cities as a citizen to understanding the complexities of city finance

Being relatively new to the public finance domain, the orientation workshop by Janaagraha was instrumental in setting the context and helping me grasp the PFM cycle. However, moving to Assam has provided me with a deeper understanding of what PFM means on the ground for urban local bodies.

As a citizen, I often wondered why the roads were in such poor condition or why there were inadequate drainage systems or why our cities are not built better. Now, witnessing the other side, I see the issues of fund shortages, salary delays, and lack of revenues, which all seem to perpetuate a vicious cycle. This, layered with the socio-political context of the region, and the complexities instituted by the Sixth Schedule in the state of Assam, unveils a whole new set of challenges that require innovative, unconventional approaches.

Field visit to ULBs of Assam for the revision of the Assam Municipal Accounting Manual (AMAM)

Opportune time to build city finance systems in Assam

Currently, my work with the Department of Housing and Urban Affairs, Assam (DoHUA), and the Directorate of Municipal Administration (DMA) focuses on introducing fundamental PFM systems for cities. In our meetings with the Commissioner Secretary of DoHUA, she often remarks, "In Assam, we have a long way to go because we are still at the nascent stage of strengthening our finance system. While this is a challenge, it also presents a unique opportunity to build cleaner and sustainable systems from scratch." Embracing this fresh start, we are ensuring that accounting and budgeting practices are set up correctly, transitioning from cash-based, manual accounting to a digital, accrual accounting system.

Going beyond technicalities

The lessons we've learned about collaboration, stakeholder engagement, and understanding ground realities are helping us build a solid foundation. While PFM is a technical topic, my social sciences background has taught me that it needs to move beyond technicalities and embrace more feedback and collaboration, from public and private sectors and from professionals across various fields. While the to-do list may seem daunting, it calls for a collective effort to create a robust financial management system that supports sustainable urban development and reduces administrative redundancies.

Looking ahead, I am excited about the potential for innovation and improvement in Assam's PFM practices. This journey has expanded my understanding and reinforced the importance of inclusivity and adaptability in PFM. I am eager to continue learning and progressing beyond merely doing the bare minimum to measuring financial outcomes against critical indicators of urban development.

From Big Cities to Small Municipalities: Navigating the Challenges of Urbanising Uttar Pradesh

Anikha Ashraf
PFM Fellow
Uttar Pradesh

Traversing from the central government to ULBs in Uttar Pradesh

I have been working with the Directorate of Urban Local Bodies under the state's Urban Development Department and additionally with a few Urban Local Bodies (ULBs) near Lucknow for the last four months. Much of my work so far has been towards improving the budgeting processes and estimation techniques followed by ULBs. In my previous experiences, my interactions were predominantly with the union government in different capacities, and while they were insightful in their own way, getting to work so closely with subnational governments brought me closer to the ground realities of policymaking and implementation in more ways than one.

Public Finance as the gateway to understand service delivery in a city

Firstly, getting to specialise in public finance is a gateway to understanding almost every crucial aspect of urban policy. It positions you at such a vantage point that you are able to take a look at the extensive number of things that go into providing for a city, across the spectrum. You cover all the basics from public health, roads and transport, streetlights, housing, waste management and water supply.

You also get to dig deeper — if the roads are getting built, are they being maintained? Does the ULB have the capacity to afford this maintenance along with new capital projects? Or is the ULB self-sufficient and tapping into its own sources of revenue? What are the push-and-pull factors governing their dependence on transfers and grants from the state and central government? Sometimes I think PFM might be the most generalist-leaning specialisation, considering all the lenses you need to keep open.

Stakeholders' consultation on modernised practices of finance and accounting

Secondly, working in PFM is a bigger test of one's ability to separate politics from policy. In many ways, this is impossible, but it forces you to navigate different options and to work around political obstacles that are outside of your control. The key is to stay focused on one's role, which is to help improve the processes and machinery that execute political decisions.

Thirdly, the number of stakeholders at these tiers of government is naturally higher, and it helps develop your stakeholder management skills which are always useful in the policy world.

Navigating complexities, embracing the journey

With its expansive geographical area, political complexities, and socio-economic conditions, UP is considered by some as one of the more challenging states to work with when it comes to policy. These past few months have taught me how and why.

But working in any unit of the government machinery is a complex task and results are often fragmented rather than absolute. It is also a slow journey (I think I have seen some policy interventions at the union level take far less time to see the light of day), and it takes you back several steps before making any progress. But there's lots to learn and absorb, and reflect on, no matter the degree of success. And that's why you keep coming back every day to do it all over again.

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Got feedback?
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