

# Strengthening the Cooperation between MoF and Line Ministries for Budget Openness

*February 2026 BCOP Plenary Meeting*

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# Session Structure

- I. Scene-setting presentation (30 min)
  - Key concepts & trends, initial “food for thought”, and instructions for group discussions
- II. Group discussions (90 min)
  - Three f2f language groups and one group for online participants
  - Country presentations prepared before the event (5-6 minutes per country), followed by discussions
- III. Groups’ plenary sharing (45 min, after the break)
- IV. Concluding remarks (15 min)



AI-generated illustration

# BCOP's Budget Innovations and Openness WG (BIOWG)



Global trends of digitalization, greater citizen demand for accountability, and rapid development of modern IT solutions are fundamentally transforming PFM. Governments face increasing expectations to provide comprehensive, clear, and accessible budget information that serves diverse stakeholders, including citizens, parliamentarians, academia, civil society, and media.

## Technological Evolution

Emerging analytical tools, including AI, enable dynamic and evidence-based budget planning through scenario simulations, integrated budget and performance data, predictive analytics, and process automation.

## Challenges

Despite notable transparency progress, countries struggle with complex documentation, insufficient stakeholder engagement, limited interactive approaches, weak feedback mechanisms, and underutilized modern IT tools.

BIOWG will support PEMPAL countries in modernizing budget documentation, deepening open budgeting practices, and harnessing new IT tools for more agile and transparent budgeting:



### Documentation Modernization

Improve clarity, comprehensiveness, and accessibility of budget documentation, including enhanced communication of distributional and social impacts of budget measures on different population groups.



### Proactive Open Budgeting

Implement practices that actively involve key external stakeholders and strengthen accountability through upgraded interactive open budget portals enabling real-time tracking and citizen inputs.



### Modern IT Tools Application

Deploy cutting-edge technologies for budget planning, including process automation, advanced expenditure projections, policy scenario simulations, and predictive budgeting capabilities.

# Why This Topic Matters:

## True Budget Openness Is a Whole-of-Government Shared Responsibility



### The Traditional Model

**MoF-led transparency** focused on aggregate fiscal data, consolidated reports, and compliance with disclosure requirements. MoF as the sole gatekeeper of budget information.

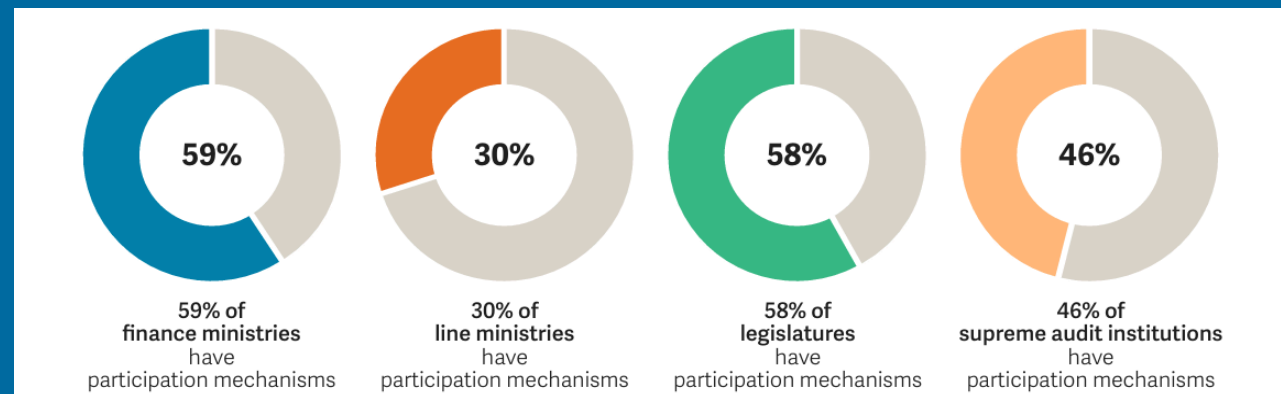
- Centralized data publication
- Focus on macro-level accountability
- Limited sector-specific context
- One-way information flow

### The Emerging Reality

**Whole-of-government budget openness** - citizens care about sector policies, service delivery, and tangible results, not just aggregates.

- Line ministries own sector content; they determine which programs to prioritize, allocate resources across different beneficiary groups and propose new policies or services
- Direct interface with service users and stakeholders
- Two-way engagement and feedback loops

According to the Open Budget Survey, public opportunities to engage with a sectoral ministry (when prioritizing sectoral policies and preparing sector budget requests to be submitted to the MoF) lag behind other institutions (*International Budget Partnership, 2023*):



Without line ministry engagement, citizens can only comment on the consolidated budget prepared by the MoF, when it's too late to influence the substantive sectoral decisions.

# The Transparency Gap We Need to Close



Many countries demonstrate good aggregate fiscal transparency at the central level, publishing comprehensive budget documents and fiscal reports through MoF channels. However, a persistent gap exists: weak sector-level clarity and engagement.

## What Citizens See

Complex budget tables with line items and codes, aggregate expenditure totals by administrative classification, limited explanation of performance, policy priorities, and trade-offs.

## What Citizens Need

Clear narratives about how resources connect to services, understandable explanations of sector strategies and expected outcomes, **opportunities to provide input before decisions are finalized.**

## How to Bridge This

Line ministries possess the sector expertise, policy context, and direct relationships with service users needed to make budget information meaningful and actionable.

**Effective budget openness requires both fiscal transparency and aggregate highest level performance outcomes at the central level and meaningful sectoral engagement by line ministries.**



AI-generated illustration

# Redefining MoF-Line Ministry Cooperation: From Compliance to Collaboration



True collaboration between MoF and line ministries creates a foundation for meaningful citizen engagement and improved resource allocation. Level of cooperation intensity will depend on institutional capacity, political context, and reform ambitions.

## The Cooperation Spectrum



### Transactional

Line ministries submit data and reports to MoF according to standard formats and deadlines. Minimal interaction beyond compliance requirements.

### Coordinated

Regular communication channels, aligned publication schedules, standardized templates with sector flexibility, and shared guidance on engagement practices.

### Collaborative

Co-designed engagement strategies, integrated platforms for citizen feedback, and shared accountability for openness outcomes.

## Dimensions of Effective Cooperation

### Joint Planning

Collaboratively designing openness products, citizen budgets, and engagement strategies that reflect both fiscal discipline and sector priorities.

### Shared Ownership

Line ministries taking responsibility for sector narratives, policy explanations, and performance communication alongside MoF's oversight role.

### Coordinated Engagement

Synchronized consultation processes, unified messaging platforms, and integrated feedback mechanisms that connect citizens to both fiscal and sector policy decisions.

# Some Key Challenges



## Fragmented Responsibilities and Lack of Coordination Mechanisms

Unclear division of roles between MoF budget departments, transparency units, communication teams, and line ministry planning divisions. No one owns the full engagement process.



## Uneven Capacity

Some line ministries have strong policy analysis and communication capacity; others lack staff, skills, or systems to engage effectively with external stakeholders or explain priorities.



## Weak Incentives

Leaders see little political or administrative benefit from investing in transparency efforts beyond compliance.



## Risk-Averse Political and/or Administrative Culture

Fear of public criticism, political sensitivity around resource allocation, and preference for centralized message limit willingness to engage proactively with citizens and civil society.



## Broken Feedback Loops

Consultations occur but input is not visibly incorporated. No adequate explanation on how feedback influenced decisions, eroding trust and participation over time.

**What we observe on the surface** (e.g., citizens' budgets prepared centrally by MoF with little sector-specific content, performance data published in tables but not explained or connected to budget allocation decisions, public consultations held late and as a box-ticking exercise, inconsistent information quality across sectors, and limited use of digital platforms and modern engagement tools by line ministries) **often reflects deeper structural and institutional issues.** Addressing symptoms without tackling root causes leads to superficial compliance rather than meaningful change.

# Reframing Budget Openness



## Timing Matters Most

Budget openness is not just about publishing documents—it's about engaging stakeholders when decisions are still open. That means during policy formulation, not budget approval.



## Line Ministries Are the Critical Actors

While MoF plays an essential coordination role, line ministries have the sector expertise, stakeholder relationships, and decision-making power that make engagement meaningful.



## Policy Comes Before Budget

The most important resource allocation decisions happen when policies and laws are designed, not when budgets are approved. Engage early or engage ineffectively.



## Technology Is an Enabler, Not a Solution

AI and digital tools can dramatically improve transparency and engagement, but they require good data, technical capacity, and political will.



## Collaboration Is Essential

Effective budget openness requires partnership between MoF (setting standards, providing tools) and line ministries (leading sector engagement). Neither can succeed alone.

Move from viewing budget transparency as an MoF responsibility to recognizing it as a whole-of-government commitment, with line ministries at the center of meaningful citizen engagement.

# Potential Cooperation and Participation Points Across Policy and Budget Cycles



Line ministry involvement is critical in both policy development and budget processes. MoF plays a crucial role in budget embedment, providing standardization/templates while allowing flexibility for sectoral differences, and challenging line ministries to use evidence systematically. **Once policies and budgets reach the approval stage, opportunities for meaningful changes are limited. Line ministries, not MoF alone, hold the key to unlocking this**

## Policy Formulation

**Line ministry role is critical; MoF provides framework for costing and embedding in program and performance budgeting structure.** This is when sectoral policy priorities are set (using performance evidence where available), trade-offs are debated, and laws/regulations are developed. **Early engagement of line ministries with stakeholders ensures policies reflect citizen needs.** Line ministries lead sector consultations, draft policy proposals, and explain policy choices.

## Legislative Approval (Budget & Policy)

**Shared responsibility** with evidence-based justification. Line ministries support parliamentary committees in reviewing both sectoral legislation and budget proposals (justifying resource requests based on performance data and service delivery plans). For budget approval, MoF provides aggregate fiscal context and aggregate highest outcome priorities, coordinates messaging on budget matters, and ensures consistency in performance reporting frameworks. **Legislature should hold public hearings or use other public participation mechanisms through which the public can provide input during its public deliberations.**

## Performance Reporting & Policy Evaluation

**Line ministries own the narrative; MoF consolidates and challenges.** Results, service delivery outcomes, performance data, and policy impacts must be explained in context by those responsible for implementation. This includes both budget execution reports and policy evaluation findings. MoF standardizes reporting formats, consolidates fiscal and performance reports, and challenges line ministries on performance claims. Supreme Audit Institutions provide independent verification and evaluation. **Public participation mechanisms can be used in evaluation stage as well.**

1

2

3

4

5

## Budget Formulation

**MoF sets and coordinates, line ministry ownership.** MoF sets and coordinates the process, with standardized proposal templates (including financial and performance data requirements), performs the challenge role, and drafts resource allocations for Government's decisions, based line ministries' proposals taking into account the Government's communicated strategic priorities and fiscal stance. Line ministry own their proposals, justify resource requests with evidence, explain how allocations support policy objectives, and demonstrate expected results. Line ministries must link budget requests to strategic plans and performance targets. **Line ministries should use participation mechanisms through which the public can provide input during the preparation of sectoral budget request submitted to MoF, while MoF should use participation mechanisms through which the public can provide input during the formulation of the aggregate budget submitted to the Government/Parliament.**

## Budget Execution & Policy Implementation

**Line ministry ownership with MoF standardizing reporting formats and consolidating and monitoring data.** Line ministries implement approved policies and execute budgets, collecting performance data throughout implementation. When reallocations occur or spending deviates from plans, they must explain changes with evidence, provide in-year updates on both financial and performance indicators, and maintain stakeholder confidence. MoF monitors aggregate execution, ensures consistency in reporting, and challenges deviations from plans. **Participation mechanisms through which the public can provide input in monitoring the budget and policy implementations by both MoF and line ministries.**

# Practical Engagement Mechanisms for Line Ministries



## Public Consultations

- Open meetings on draft policies and laws
- Online consultation platforms for written submissions
- Targeted consultations with affected groups

*Example: Ministry of Health holds regional consultations on healthcare reform before drafting legislation*



## Stakeholder Advisory Committees

- Standing committees with civil society, private sector, academia
- Regular meetings throughout policy development
- Advisory role with transparent feedback loops

*Example: Ministry of Education advisory committee with teachers' unions, parent associations, education NGOs*



## Participatory Policy Design Workshops

- Co-creation sessions with stakeholders
- Design thinking approaches to problem-solving
- Builds ownership and legitimacy

*Example: Ministry of Environment co-designs climate adaptation policies with affected communities*



## Citizen Surveys

- Survey citizens on spending priorities before budget formulation
- Disaggregate by demographics to understand different needs
- Results inform ministry's budget proposals

*Example: Ministry of Infrastructure surveys citizens on transport priorities*



## Digital Engagement Platforms

- Online portals for policy discussions
- Social media engagement
- Mobile apps for feedback

*Example: Ministry of Agriculture uses mobile app for farmers to report needs and challenges*

# Building Effective MoF-Line Ministry Partnerships: Potential Reform Directions

**1**

## Clear Governance Framework

- Defined roles and responsibilities (and timing and format) assigned for stakeholder consultation during policy and budget formulation for line ministries and MoF
- Regular coordination meetings
- Joint working groups on specific initiatives

**2**

## Shared Standards and Tools

- Common templates, checklists and quality standards and formats for public engagement procedures and general budget openness (*"sector transparency and public participation template"*)
- Integrated digital platforms for budget data and public engagement - using technology to streamline cooperation and public engagement.

**3**

## Capacity Building

- MoF provides technical assistance to line ministries on engagement methods
- Line ministries share sector expertise with MoF
- Peer learning between line ministries
- External expert support when needed

**4**

## Incentives and Accountability

- Performance indicators for transparency and engagement
- Recognition of good practices
- Budget for engagement activities
- Public reporting on progress

**5**

## Political Support

- High-level commitment from both MoF and line ministry leadership
- Clear policy directives supporting openness

# Instructions for Group Discussions



Participants will be separated in four groups – three language-based groups for f2f participants and one group (with translation) for all of the online participants. Countries were asked to prepare a short presentation (up to 5 slides) on:



## Current Practices

- How are responsibilities for budget openness currently divided between MoF and line ministries?
- At what stages do MoF and line ministries engage external stakeholders, and through which mechanisms?
- Is engagement happening early enough to influence policy decisions, or only after budgets are finalized?



## Challenges & Constraints

- What are the key barriers to meaningful public engagement?
- What challenges exist regarding information quality and consistency across ministries?
- What prevents line ministries from engaging stakeholders during policy formulation?



## Looking Ahead

- Are there plans to strengthen public engagement in your country?
- Are there plans to improve MoF–line ministry cooperation on engagement?
- Would a BCOP knowledge product on this topic be helpful, and what should it focus on?

There will be several country presentations in each group. **Following the country presentations, groups to gather the following:**

- 1. The key most common current practices in most countries in your group**
- 2. The key common challenges for most countries**
- 3. Proposed measures/reforms directions that could potentially work in most countries**
- 4. What specific aspects would be useful to examine/provide in a potential future BCOP KP?**

**One group rapporteur to present group discussion outcomes after coffee break (max 10 minutes per group)**

GROUP DISCUSSION OUTCOMES WILL INFORM BCOP EXCOM'S FORMULATION OF FY27 BCOP ACTION PLAN

# THANK YOU!

More information: [PEMPAL website](#), [BCOP Factsheet](#), and [knowledge products](#)

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