



# Public Participation in Fiscal Policy and the Budget Process –Establishing and/or Strengthening Mechanisms in PEMPAL Countries.

## Knowledge Product



Prepared by the Budget Community of Practice (BCOP) Working Group on Budget  
Literacy and Transparency

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## Acknowledgements

This product was prepared by the Budget Literacy and Transparency Working Group (BLTWG) under the Budget Community of Practice (BCOP) of the Public Expenditure Management Peer Assisted Learning (PEMPAL) network. Anna Belenchuk, former BLTWG Chair, led the product development. The following members contributed to the product:

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BLTWG and the resource team are grateful to Harika Masud, Social Development Specialist, World Bank, who conducted the survey and presented the results at PEMPAL meetings. Information from international organizations was also valuable from the Global Initiative for Fiscal Transparency (GIFT), International Budget Partnership (IBP), International Monetary Fund (IMF), Institute of Public Finance (IPF) of Croatia, Organization for Economic Cooperation and Development (OECD), Public Expenditure and Financial Accountability (PEFA) Secretariat, and the World Bank. We are also grateful to peer-reviewers Juan Pablo Guerrero , Network Director, GIFT; Alex Kreko, Program Officer of the Open Budget Survey, IBP; and Saki Kumagai, Governance Specialist, World Bank for their invaluable advice.





## Foreword



As the Chair of BCOP, I am pleased to present the results of collaboration of up to 17 Ministries of Finance (MOFs) across the Europe and Central Asia (ECA) region, who are members of the BLTWG of BCOP under the PEMPAL network.

The BLTWG, formed in 2015, aims to study international experience in improving budget literacy, transparency, and public participation. Its tasks include: reviewing advanced international practices in budget literacy and transparency and public participation; sharing experience between budget experts from BLTWG member countries for the purpose of designing standard approaches to implementation of similar initiatives/reforms; and creating new BCOP knowledge products on the basis of the results of the group's work, including specific recommendations on how to carry out initiatives/reforms in PEMPAL countries.

This group has worked in partnerships with: GIFT through joint thematic workshops on public participation; the World Bank on budget literacy and implemented initiatives of public participation; the IBP on success factors in its Open Budget Survey; and the OECD through providing inputs to the preliminary version of the Budget Transparency Toolkit and thematic discussions related to BLTWG topics within OECD's network meetings of Senior Budget Officers in the Central, Eastern, and South-Eastern European region.

I would like to take this opportunity to thank Ms Anna Belenchuk formerly of the MOF of the Russian Federation, who led the BLTWG from 2015 to early 2020 including providing direction and oversight during the knowledge product's development in collaboration with BLTWG members. I would like to thank our 17 member countries that actively participated in the BLTWG for their contributions, especially those countries who participated in the survey and who provided their comprehensive country case studies. I would also like to thank the international organizations, which have assisted us along the way including the World Bank, GIFT, IBP and OECD. We also circulated the knowledge product to some of these key international stakeholders, who provided key points and positive feedback, which have been provided throughout the document in text boxes. I am very proud to highlight that GIFT has acknowledged that PEMPAL is the first network of practitioners to engage systematically on public participation issues.<sup>1</sup>



The work of the BLTWG has been valuable and effective in providing guidance, methodologies, and peer learning between participating countries. This growing level of knowledge and its application should translate into improved public participation mechanisms and practices being established and strengthened in PEMPAL countries. This will facilitate increased trust of citizens in government and strengthened democratic outcomes.

I wish our member MoFs all the best in their ongoing reforms in improving public participation and I look forward to our future collaboration to build on this work.

Best regards,

Marina Tikhonovich, Ministry of Finance, Belarus  
Chair of PEMPAL BCOP

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<sup>1</sup> Juan Pablo Guerrero, GIFT Network Director in a presentation to PEMPAL in Vienna 2018.



## Abbreviations

**BCOP** – Budget Community of Practice  
**BCS** – Bosnian-Croatian-Serbian languages  
**BLTWG** – BCOP’s Budget Literacy and Transparency Working Group  
**CESEE SBO** –Senior Budget Officials’ regional network for Central, Eastern, and South-Eastern European Countries (OECD)  
**COP** – Community of Practice  
**CSO** – Civil Society Organization  
**EC** – Executive Committee  
**ECA** – Europe and Central Asia  
**FTC** – Fiscal Transparency Code (IMF)  
**FTE** – Fiscal Transparency Evaluation (IMF)  
**FY** – fiscal year  
**GIFT** – Global Initiative for Fiscal Transparency  
**IACOP** – Internal Audit Community of Practice  
**IAP2** – International Association for Public Participation  
**IBP** – International Budget Partnership  
**ICT** – Information and Communication Technologies  
**IDS** – Institute of Development Studies  
**IFIs** - Independent Fiscal Institutions  
**IMF** – International Monetary Fund  
**IPF** – Institute of Public Finance (Croatia)  
**KPIs** – Key Performance Information  
**KR** – Kyrgyz Republic  
**LISP** – World Bank Local Initiatives Support Project  
**MOF** – Ministry of Finance  
**MOU** – Memorandum of Understanding  
**NGO** – Non-Government Organization  
**NZ** – New Zealand  
**OBS** – Open Budget Survey (IBP)  
**OBI** – Open Budget Index (IBP)  
**OECD** – Organization for Economic Cooperation and Development  
**OFDP** - Open Fiscal Data Package (GIFT)  
**OGP** – Open Government Partnership  
**PEFA** – Public Expenditure and Financial Accountability  
**PEMPAL** – Public Expenditure Management Peer Assisted Learning network  
**PPBWG** – BCOP’s Program and Performance Budgeting Working Group  
**PFM** – Public Finance Management  
**SAI** – Supreme Audit Institution  
**SDG** – Sustainable Development Goals  
**SECO** – the Swiss State Secretariat of Economic Affairs  
**TCOP** – Treasury Community of Practice  
**UNDP** – United Nations Development Program  
**USA** – United States of America  
**VC** – Videoconference  
**WB** – World Bank  
**WG** – Working group



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## EXECUTIVE SUMMARY

**This knowledge product presents the work of 17 countries, which are members of the BLTWG under the public finance network of PEMPAL.** These countries have been examining public participation issues closely for the last two years, following from their work in addressing challenges of developing Citizen Budgets.

**The BLTWG has sought advice and reviewed tools from experts** from the World Bank, GIFT, IBP, IMF, IPF Croatia, OECD, and the PEFA Secretariat.

**They have also examined best practice country case studies** from Croatia, New Zealand, Portugal, and Russia amongst others. From this work, they have identified good practices, lessons learnt, and success stories which have assisted them in their efforts to establish and/or strengthen public participation mechanisms in budget and fiscal policy processes.

**To support their ongoing reforms, the BLTWG commissioned the development of this knowledge product to provide technical information in the network's official languages** of English, Russian and Bosnian-Croatian-Serbian on the following topics:

- Global definitions of public participation
- Benefits of public participation that could be used as justification for investments
- International frameworks and assessment tools to identify what is considered best practice globally
- Types of mechanisms of public participation available on both the demand and supply sides including those currently being adopted by BLTWG members, and
- Lessons learnt from international experiences including risk factors and how they can be managed.

**BLTWG members also collaborated together on designing potential mechanisms and reforms for the future.** These are provided under *7. Conclusions and Recommendations*.

**A suggested road map for PEMPAL countries considering establishing and/or strengthening public participation mechanisms has also been drawn from regional and international practices and advice,** and is reproduced from Section 7 below:

- Document what mechanisms are currently in place by completing the PEMPAL survey (for those countries that did not participate);
  - Compare these practices with what is considered good and best practice in international assessment tools such as the Open Budget Survey, PEFA, and others as presented in *Section 4. International Framework and Assessment Tools*.
  - Identify gaps and areas of potential improvement.
- Determine the objectives of why the Government wants to consult on budget and fiscal policy processes, and categorize the desired impact (i.e. using IAP2's spectrum ranging from 'Inform' to 'Empower' as outlined in *Attachment B: International Association for Public Participation (IAP2) Public Participation Spectrum*).
- Ensure the annual budget process calendar is clearly documented, and identifies key stages where citizens can get involved (e.g. during formulation, approval, execution and audit stages). This should form part of an overall communication strategy for the budget that is supported by a legal framework that allows for, and supports, systematic and transparent public participation of citizens.
- In terms of sequencing, as a key supply side mechanism, ensure all 8 key budget documents are publically available on a website or fiscal portal.<sup>2</sup> Prepare simplified versions of these documents that can be easily understood by all citizens, including a Citizens Budget.
- Ensure budget information is in readable format that can be reused (e.g. in EXCEL and word format not only in PDF).
- Consider placing a draft of the Citizens Budget on the MoF website/Facebook page and ask for input from citizens on its content and scope. Ensure citizens receive timely feedback about the input received, and how it was used. Consider holding competitions with schools and/or universities on the best design and coverage.

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<sup>2</sup> These 8 key documents are a Pre-Budget statement; Executive's Budget Proposal; Enacted Budget; Citizens Budget; In-Year Report; Mid-Year Review; Year-End Report; and Audit Report as defined by the IBP.



- Maximize use of Information and Communication Technology (ICT) tools such as online voting platforms, to gain feedback from a wider range of citizens. Ensure additional efforts are made to reach vulnerable or insufficiently represented groups by approaching Civil Society Organizations (CSOs) that represent them, or conducting targeted consultations aimed at getting these groups involved.
- Other mechanisms outside the budget process could also be used to develop capacity and skills in designing public participation mechanisms such as tax reviews (based on New Zealand and Belarus experiences).
- As a possible demand side mechanism, consider holding specific meetings to discuss the draft budget with journalists and CSO groups, to gain their input and to communicate the government's key priorities (using the Citizens Budget as a starting point). Use the opportunity to ask them what types and format of budget information they would prefer. A listing of budget related CSOs can be sourced from the IBP (for those countries who participate in the Open Budget Survey, which is the majority of BCOP members).
  - If capacity of the CSO and/or media sector is still developing, offer training to journalists and/or target CSO groups on how to analyze and report on budget information (in consultation with universities, CSO think tanks, training institutes etc).
  - To improve budget literacy in schools, introduce materials in the curriculum. Materials from Russia can be used as a guide.

**To build on the learnings and knowledge exchanged over the last few years, BLTWG members have decided to focus more on the design of participatory budgeting mechanisms**, which globally has the strongest evidence of improving trust in government and living standards of citizens.

*This Knowledge Product has been developed by PEMPAL and is available in English, Russian and Bosnian-Croatian-Serbian languages. Permission to use, reproduce, or translate this product can be sought by the project's Team Leader Arman Vatyan at [avatyan@worldbank.org](mailto:avatyan@worldbank.org). For more information on PEMPAL, see the program's website at [www.pempal.org](http://www.pempal.org).*



## 1. BACKGROUND AND CONTEXT

**This knowledge product provides a technical resource to assist PEMPAL member countries to establish and/or strengthen reforms in public participation.** PEMPAL provides a public finance network platform to connect member governments in ECA countries. The network is organized in three COPs of budget (BCOP), treasury (TCOP) and internal audit (IACOP). The latest international standards and approaches are examined and experiences in reform implementation shared in the official network languages of English, Russian and Bosnian Croatian-Serbian (BCS). The key donors to the program are the MoF of the Russian Federation, the Swiss State Secretariat for Economic Affairs (SECO), and the World Bank.<sup>3</sup>

**The Working Group on Budget Literacy and Transparency (BLTWG) comprises 17 of BCOP's 21 member countries.**<sup>4</sup> During the development of this knowledge product, the BLTWG was led by Ms. Anna Belenchuk formerly from the MOF of the Russian Federation. The BLTWG aims to learn from international experience with raising budget literacy, transparency and public participation. From these learnings, the Working Group develops recommendations for PEMPAL countries incorporating them into “knowledge products” to enable dissemination across the ECA region.<sup>5</sup>

**This knowledge product builds on the working group's previous knowledge product completed in 2016-17, *Overcoming Barriers in Citizen Budget Preparation in PEMPAL Member Countries*.**<sup>6</sup> This work led to significant improvements in the availability of Citizens' Budgets in the region, as evidenced by the results of the International Budget Partnership (IBP) 2017 Open Budget Survey.

**To develop this new knowledge product, discussions on public participation were held together with IBP and GIFT,** and country case studies from Brazil, Croatia, Kyrgyz Republic, New Zealand, Portugal, Russia, and Uzbekistan were reviewed. Lessons learnt in Russia were also reviewed from a pilot project in implementing budget literacy and initiatives implemented under the World Bank's Local Initiatives Support Project (LISP). A technical background paper was also developed to facilitate discussions on next steps including identifying PEMPAL country cases to be collected, and what future reforms would be feasible for member countries.<sup>7</sup> The results of this work, reflected in this knowledge product, will also be shared more widely with BCOP's 21 member countries at BCOP's annual meeting in 2020.

## 2. DEFINITIONS, OBJECTIVES AND SCOPE

**There is no definitive, agreed definition of public participation,** so the related concepts and definitions from international organizations working in this area are presented below. The objectives and scope of the knowledge product were decided by BLTWG members and will also be presented in this section.

**Public participation refers to the variety of ways in which the public interacts directly with public authorities on policy design and implementation, according to GIFT.** The public includes citizens, civil society organizations (CSOs), academics and other non-state actors. Participation may be through face-to-face communication, deliberation or input to decision-making, or by written forms of communication including the Internet. According to GIFT, participation ranges from one-off consultation to on-going and institutionalized relationships, such as regular public surveys, administrative review mechanisms, standing advisory bodies, or citizen representation on governing bodies.<sup>8</sup>

**GIFT defines the scope of ‘public participation’ to cover all fiscal policy and budget making activities including:**

<sup>3</sup> Source of materials is provided in the References section, and BLTWG survey results and country cases were sourced from presentations and BCOP event reports available at <https://www.pempal.org/event/budget>.

<sup>4</sup> Albania, Armenia, Belarus, Bosnia and Herzegovina, Croatia, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, North Macedonia, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine, and Uzbekistan.

<sup>5</sup> Anna Belenchuk, 2015, page 1.

<sup>6</sup> A copy of the knowledge product can be found at <https://www.pempal.org/events/budget-literacy-and-transparency-working-group>

<sup>7</sup> The technical background paper, and meeting materials are available in English, Russian and BCS languages at <https://www.pempal.org/events/budget-literacy-working-group>.

<sup>8</sup> Murray Petrie, 2019 GIFT presentation available at <https://www.pempal.org/events/2019-annual-bcop-plenary-meeting>

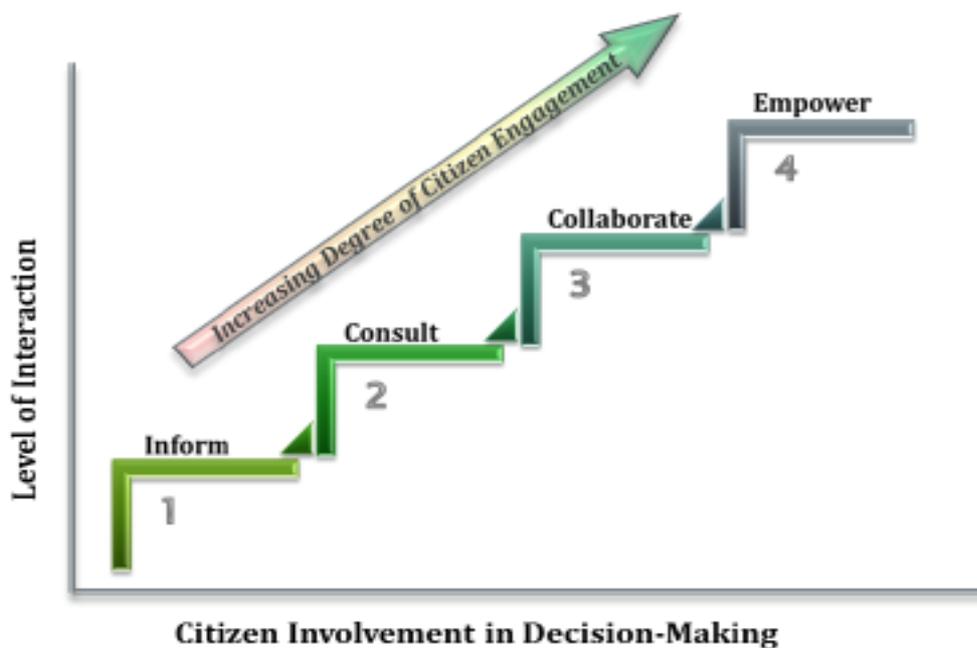


- **the annual budget cycle** (8 documents)<sup>9</sup>;
- **fiscal policy reviews** that may extend over a longer period than the window for preparation of the annual budget cycle (on revenues, expenditures, tax, finances, assets, liability management);
- **the design, production and delivery of public goods and services** (including feedback and independent mechanisms); and
- **the design and delivery of public investment projects** (planning, appraisal, selection, implementation and audit).<sup>10</sup>

**The World Bank Group defines public participation within the scope of World Bank Group interventions as a “Two-way interaction between citizens and governments — policy dialogue, programs, projects, and advisory services and analytics—that gives citizens a stake in decision-making with the objective of improving the intermediate and final development outcomes of the intervention”**(2013, p.8).

**A spectrum of ‘citizen engagement’ can be identified ranging from inform to empower** (see *Figure 1* below). Access to information is necessary but typically involves a one-way interaction only. Thus, awareness-raising activities and information sharing alone, fall under the first step ‘Inform’ and do not meet the definition of citizen engagement. If governments consult under the second step, but do not provide responses to how citizen feedback has been considered or used, this also does not meet the definition. Closing the feedback loop (i.e., a two-way interaction providing a tangible response to citizen feedback) is required to meet citizens’ expectations for change created by their engagement, and to use their input to facilitate improved development outcomes, and justify the cost of engaging with them. <sup>11</sup> (2013, p.8).

**Figure 1: World Bank Group’s Dimensions of Citizen Engagement**



- 1 Inform – Providing citizens with balanced and objective information to assist them in understanding the problem, alternatives, opportunities, solutions
- 2 Consult – Obtaining citizen feedback on analyses, alternatives, decisions
- 3 Collaborate – Partnering with citizens in parts or all of decision-making
- 4 Empower – Final decision-making in the hands of citizens

Source: Adapted from “International Association for Public Participation (IAP2) Spectrum of Public Participation,” World Bank Group, 2014, Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations available at [http://www.worldbank.org/eng/operations/citizenengagement/](#)

<sup>9</sup> These 8 key documents are a Pre-Budget statement; Executive’s Budget Proposal; Enacted Budget; Citizens Budget; In-Year Report; Mid-Year Review; Year-End Report; and Audit Report as defined by the IBP.

<sup>10</sup> GIFT, 2015, presentation by Paolo de Renzio.

<sup>11</sup> World Bank, 2013, p.8 and presented to PEMPAL by Harika Masud, on October 2018 to set context for PEMPAL Survey results.



<http://documents.worldbank.org/curated/en/266371468124780089/Strategic-framework-for-mainstreaming-citizen-engagement-in-World-Bank-Group-operations-engaging-with-citizens-for-improved-results>

Refer to **Attachment B** for the full IAP2 Spectrum. More details on this spectrum and how to apply it are included under *Section 5*.

**‘Public participation’ differs from ‘participatory budgeting’, with the latter generally referring to direct participation of citizens at the local government level.** Participatory budgeting is a policymaking tool where citizens are given the responsibility to allocate, spend, and monitor funds. It was first used in Porto Alegre, Brazil in 1989 and is largely applied to the local government level.<sup>12</sup>

**However, the World Bank notes while there is no one clear definition of participatory budgeting, it can be broadly considered as engaging the public in distribution of budgetary funds** through mechanisms related to discussing, proposing, or selecting specific projects/initiatives. There are many forms, options, and modalities of participatory budgeting. Participatory budgeting exists in many different environments across the world, showing that these mechanisms are applicable in different systems, such as in the USA, China, Portugal, Indonesia, South Korea, and Russia.<sup>13</sup>

**The objective and scope of this knowledge product is to assist PEMPAL MoFs to establish or strengthen mechanisms in ‘public participation’ to be applied to fiscal policy and budget processes at the national government level.** The document presents research on the current international framework and assessment mechanisms in public participation, including international good practices, trends and available research on the benefits of public participation. Advice from international stakeholders such as the IBP, GIFT, World Bank, International Monetary Fund (IMF), OECD, the Public Expenditure and Financial Accountability (PEFA) Secretariat, and the Institute of Public Finance in Croatia (IPF), were reviewed with source references and links provided. Key lessons for PEMPAL countries have also been provided by some of these organizations, and have been included in the text boxes throughout the document. The results of a survey of the status of public participation mechanisms in BLTWG member countries who are establishing or strengthening such mechanisms has also been included, with recommendations for future reforms provided.

**According to the IBP, public participation reforms will take much longer than making key budget documentation available and accessible, as it requires working at two levels: government and the public/civil society.** This not only involves introducing mechanisms for citizens to participate ([supply initiatives](#)), but also mechanisms to increase the demand for budget information ([demand initiatives](#)), especially in countries where the civil society sector is not as vibrant or active. The two streams may also feed into each other: i.e. the government can provide mechanisms to encourage people to get interested so they participate more; but as people become more interested in the topic, they start demanding more opportunities to participate so more mechanisms are created and used. Thus, it takes time for those mechanisms to become fully functioning and useful. In this respect, IBP also advised it would be useful to connect this stream of work with that which was completed on Citizens’ Budget, so that they are used, and citizens are consulted on what it is that they would like to see in the Citizens’ Budget and in the budget, more generally.

**Despite the lack of definitive definitions, the explanations provided by the international community present valuable information about the concepts, and the possible approaches that could be adopted** by national Governments. However, to support such investments in these approaches, Governments will need to demonstrate the potential benefits, so that the costs of such investments can be justified. Thus, an overview of the benefits of public participation is provided in the following section.

### 3. BENEFITS OF PUBLIC PARTICIPATION

**GIFT believes that the same benefits from mechanisms applied at sub-national levels can also apply to national levels** given such mechanisms increase contestability of fiscal policy design and implementation, reduce the influence of the political elite, and facilitate more effective accountability. However, GIFT notes that the

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<sup>12</sup> Various online tools are available to help local governments support citizens through education, participation, and monitoring such as <https://www.citizenlab.co/blog/> and the Canada/USA platform provided by <https://www.participatorybudgeting.org>. For more information see Anwar Shar (editor), 2007, World Bank study on Participatory Budgeting with broad and narrow definitions sourced from the chapter by Alta Fölscher.

<sup>13</sup> Ivan Shulga, World Bank Senior Social Protection Specialist from presentation to PEMPAL, March 2019, Tashkent, Uzbekistan.



challenge for the future is to conduct research at the national levels to test the effectiveness of different types of participation mechanisms implemented in different ways.<sup>14</sup>

**According to GIFT,<sup>15</sup> it is important for national governments to engage directly with citizens for several reasons:**

- To ensure accountability given publishing information has proved insufficient for accountability (e.g. the Global Financial Crisis).
- To gain information and insights from citizens, business, and experts.
- To improve the design and implementation of tax and spending policies.
- To improve the efficiency and effectiveness of line ministries.
- To increase legitimacy, trust in government, and willingness to pay taxes.
- To support the Sustainable Development Goals, specifically 1-poverty, 5-gender equality, 10-reduce inequality, and 16-peace, justice and inclusive institutions.
- To support transparency and accessibility of Government data through big data, open data, and information technologies.

**Important lessons identified by GIFT:**

- *Public Participation is mainly to benefit the people and to improve impact of use of public resources*
- *Public Participation seeks feedback for improvements and needs to include relevant and diverse inputs (inclusiveness)*
- *Public Participation complements existing agencies/institutions - Key words: partnerships, alliances, collaboration, cooperation, engagements*
- *Game changer: Information Technologies*

*(Director of GIFT, presentation at PEMPAL Vienna meeting, 2018)*

**From the perspective of national MoFs, public participation mechanisms can help to get the support of Non-Government Organizations (NGOs), academics, experts, and overall citizens to put more pressure on line ministries and agencies to get better value for money and achieve results.** The international community also advocates that strengthening the involvement and participation of citizens and civil society can increase responsiveness, efficiency, impact and trust, according to the 2017 *Budget Transparency Toolkit*. It can also reduce opportunities for corruption and strengthen the culture of open democracy.<sup>16</sup>

**Rigorous evidence on the impacts of public participation is more limited than the empirical evidence supporting disclosure of information.** In a literature review conducted by the World Bank as part of its 2017 *World Development Report*, mixed results were found on whether ‘transparency and accountability initiatives’ lead to improved outcomes.<sup>17</sup> GIFT also acknowledges that most rigorous evidence is confined to sub-national governments, particularly ‘participatory budgeting’ in Brazil. However, more recent evidence on other types of participatory interventions is now evident for example in India, Indonesia, Afghanistan, Mexico, Peru, and USA.<sup>18</sup>

**Some evidence has been found linking different types of participatory mechanisms in budget processes to shifts in resource allocations and improvements in public service delivery,** in particular citizen participation in budget processes has led to improved allocation of resources in some social sectors, and increased efficiency of spending.<sup>19</sup> In any case, the benefits sought, or desired policy objectives must be clearly identified in order to determine the nature, scope and mechanism of the participation process. As such, it becomes an instrumental element of policy implementation where the problem to be solved requires public participation and there is clarity on the way in which people’s and communities’ inputs will be used. What governments want to achieve when they invite the public to participate needs to be clear to all stakeholders, to ensure success.<sup>20</sup>

<sup>14</sup> GIFT, 2017, Murray Petrie, pages 5-6.

<sup>15</sup> Murray Petrie, 2019 GIFT presentation ibid.

<sup>16</sup> OECD et al, Budget Transparency Toolkit, 2017, page 71.

<sup>17</sup> World Bank Development Report (2017) cites overviews of evidence from Gaventa and McGee (2013), Joshi (2013), Fox (2015), Grandvoinnet, Aslam, and Raha (2015), Fox and Akeron (2016), and Khemani and others (2016), page 247.

<sup>18</sup> GIFT, 2017, Murray Petrie, page 5.

<sup>19</sup> GIFT and IBP, 2015, de Renzio and Wehner, which includes review of empirical literature on fiscal transparency and participation, pages 14-17.

<sup>20</sup> GIFT, Juan Pablo Guerrero, <http://www.fiscaltransparency.net/foaproject/#toggle-id-3>



**Public participation can also have broader impacts on citizenship, contributing to inclusive and cohesive societies.** A study by the Institute of Development Studies (IDS), found that public participation produces positive effects for democratic and development outcomes. However, the outcomes varied according to the type of citizen engagement and to the political context.<sup>21</sup> IDS has identified ‘citizenship’ as a possible new and complementary standard of measuring the state of democracy beyond the usual assessments of institutional arrangements such as fair elections, rule of law and free and open media. Engaging citizens is a way of strengthening their sense of citizenship, and to foster a culture of accountability. This can also contribute to a broader sense of inclusion of previously vulnerable and insufficiently represented groups within society and has the potential to increase social cohesion across groups. Drawing from the IDS’s study results, this ties in with enhancing demand side mechanisms for public participation, which aim to increase the budget literacy of citizens so they can be more aware and active in regards to the government’s budget process and delivery of public goods and services. This is also supported by the World Bank’s 2017 *World Development Report*, which emphasized the potential for participatory processes, to increase the contestability of the design and implementation of policy, leading to higher levels of legitimacy, cooperation, and more equitable policies.<sup>22</sup>

**The Portuguese government reported significant impacts from implementing several initiatives at the national and local levels** with the objective of empowering citizens and providing for democratic participation in the development of the country.<sup>23</sup>

- The national Government used participatory budgeting mechanisms to give to citizen groups, 3 million Euro for 600 projects in 2017 and 5 million Euro for 691 projects in 2018 through the Agency for Administrative Modernization. In addition, 300,000 Euro in 2017 and 500,000 Euro in 2018 was allocated to an additional instrument – the Youth Budget initiative.
- At the local level, the Cascais municipality reported that its local participatory budgeting initiative has led to change in how local policy was made, shifting focus to people’s values and restoring trust in local government institutions.<sup>24</sup>

**The Portuguese ‘participatory budgeting’ model was also adapted for the context of the Russian multi-level budget system<sup>25</sup> and an impact evaluation conducted by the World Bank found positive outcomes.**

- The Russian Federation’s public participation initiatives implemented through its Local Initiatives Support Project (LISP) with the World Bank, found that such initiatives can be a game changer in building dialogue and trust between the citizens and governments, if the transparency and local co-financing and ownership is ensured. Moreover, the importance of letting the citizens at the local level decide on their own what the priority projects should be, proved to be the key success factor to ensure needs are addressed.
- The World Bank also conducted an impact evaluation, which compared regions in the Russian Federation in which public participatory initiatives are implemented to those in which no such initiative exists, and positive impacts were found in terms of citizens’ satisfaction with quality of life, local government, and service delivery, as well as trust in regional government.<sup>26</sup>

**From examination of the international literature and evidence, it can be concluded that national Governments should invest in establishing and/or strengthening public participation mechanisms,** as the benefits can potentially significantly outweigh the costs, if mechanisms are designed appropriately. This is reflected in the results of international studies and practical experiences as outlined above, and is also supported by trends and assessment tools recommending such mechanisms in the international framework, as outlined in the next section.

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<sup>21</sup> IDS, 2010, page 3. The 10-year research study analysed 100 research studies of four types of citizen engagement in 20 countries. Of the almost 830 outcomes across the 100 case studies, some 75 per cent were positive. Details of negative impacts are provided under *Section 5: Risk Factors and their mitigation*.

<sup>22</sup>World Bank, 2017, page 13.

<sup>23</sup> Refer to materials from 2018 Portugal meeting at <https://www.pempal.org/events/bcop-budget-literacy-and-transparency-working-group-bltwg-learning-visit-public-participation>

<sup>24</sup> A 2017 study of municipalities in Brazil, also found strong and positive relations between participatory institutions and citizen wellbeing (Wampler, Touchton, Borgues, 2017). Participatory budget processes have also been strongly associated with a reduction in extreme poverty, and an increase in access to basic services (Melo and Baiocchi (2006) and Gonçalves (2014) and Touchton and Wampler (2014)).

<sup>25</sup> As noted by Anna Kharchenko, Minister of Finance of Sakhalin region of Russia and also Ivan Shulga, Task Team Leader of the World Bank Russia Local Initiatives Support Project (BCOP 2019, Tashkent meeting).

<sup>26</sup> Refer to Russia September 2018 PEMPAL meeting materials and event report with example provided by Adras Horvai, Country Director and Resident Representative, World Bank Moscow Office <https://www.pempal.org/events/bcop-budget-literacy-and-transparency-working-group-s-attendance-2018-moscow-financial-forum>



#### 4. INTERNATIONAL FRAMEWORK AND ASSESSMENT TOOLS

The global pressure and trend for more budget transparency and public participation is evident. For example, the Open Government Partnership (OGP)<sup>27</sup> in its ‘Strategic Refresh’ requests members to tackle everyday challenges faced by citizens, like the lack of quality health and education services or limited channels for citizens to participate in policy making. Nine members of the BLTWG are already members in the OGP, most having formally joined since 2012 (Albania, Armenia, Croatia, Moldova, Romania, and Ukraine) with North Macedonia joining earlier in 2011.<sup>28</sup> Bosnia and Herzegovina and Kyrgyz Republic, also BLTWG members, joined more recently in 2014 and 2017 respectively.<sup>29</sup>

The Sustainable Development Goals (SDGs) also support public participation in the budget process as reflected in the 2030 Sustainable Development Agenda and Financing for Development Resolutions.<sup>30</sup> In February 2019, the United Nations Development Program (UNDP) and the OGP signed a Memorandum of Understanding (MoU) in which the joint commitment was reaffirmed to advance the 2030 Agenda for Sustainable Development through open government initiatives.<sup>31</sup>

*From 2012, the Philippines adopted a ‘Bottom-Up-Budgeting’ (BuB) or Grassroots Participatory Budgeting approach under the national Government that allows local groups, usually led by civil society organizations (CSOs), to consult with communities and choose from a list of projects to implement. According to GIFT in its Public Participation Principles Guide (p.2-3), the value in the BuB process lies in the fact that citizens, CSOs and Local Government Units (LGUs) can participate directly in decisions on the allocation of the national budget. The BuB takes place over several stages. Firstly the CSO Assembly members are selected and the Assembly then reviews and analyzes social and economic data and selects priority projects to recommend. Implementation of projects is done through the coordination of participating agencies’ regional and/or provincial offices and partner LGUs. Quarterly monitoring of implementation takes place and a Grievance Redress Mechanism is established to address complaints and concerns raised by any BuB stakeholder or concerned citizen.*

Several international assessment mechanisms and tools identify requirements and good practices related to public participation, which provide valuable guidance for countries seeking to establish and/or strengthen public participation mechanisms. Those covered below include:

- GIFT High Level Principles and Participation Guide;
- IBP’s Open Budget Survey and its assessment of public participation practices;
- 2017 Budget Transparency Toolkit;
- IMF Fiscal Transparency Code;
- OECD Recommendation on Principles of Budgetary Governance; and
- The Public Expenditure and Financial Accountability (PEFA) Assessments.

After the 2019 Open Budget Survey showed a global average across 117 countries of only 14 out of a maximum of 100 for public participation, the IBP has made a call to governments for reform within the next 5 years to:

- Provide sufficient levels of budget transparency (achieve a score of 61 and above).
- Increase public participation in the budget (achieve a score of 41 and above).
- Strengthen monitoring and oversight of budget execution.
- Sustain and institutionalize improvements in open budgeting.

<sup>27</sup> The OGP is a multilateral initiative launched in 2011 which currently has 78 national governments, and 20 local governments. The city of Tbilisi in Georgia is the only local member from a PEMPAL country. See <https://www.opengovpartnership.org/our-members/#local>. The governments of Germany, Georgia, and Indonesia have been elected by their peers to three year terms on the leadership body of the Open Government Partnership (OGP) in May 2019.

<sup>28</sup> Refer <http://www.fiscaltransparency.net/resourcesfiles/files/20151028136.pdf> page 33.

<sup>29</sup> Refer <https://www.opengovpartnership.org/our-members/#national>

<sup>30</sup> GIFT, 2017, Petrie page 5

<sup>31</sup> See <https://sustainabledevelopment.un.org/post2015/transformingourworld> and <https://www.opengovpartnership.org/news/undp-and-ogp-sign-mou-for-2030-agenda-and-open-government/>



## GIFT High Level Principles and Participation Guide

The United Nations General Assembly endorsed GIFT's *High-Level Principles on Fiscal Transparency, Participation and Accountability* which established direct public participation in Government fiscal policy and budget making as a right under Principle 10.<sup>32</sup> This resolution also encouraged United Nations member states, of which all PEMPAL member countries belong, to “intensify efforts to enhance transparency, participation and accountability in fiscal policies, including through the consideration of the principles set out by GIFT.” To provide more guidance on principle 10, the 2016, ‘*Principles of Public Participation in Fiscal Policy*,’ were issued to reflect recent knowledge about country practices and innovations in citizen engagement including how to present budget information in a more accessible and engaging way.<sup>33</sup>

GIFT has also developed a *Public Participation Principles Guide on how to integrate public participation into fiscal policy and the associated benefits*. Currently this includes 19 international cases including Philippines, India, Republic of Korea, Mexico, Kenya, Croatia, Canada and Brazil and others.<sup>34</sup> The ten inter-dependent principles for public participation in fiscal policy stipulate it should be accessible; open; inclusive; respectful of self-expression; timely; informative; proportional; sustainable; complementary; and reciprocal. Further explanations about these Principles and parts of the GIFT guide were translated as ‘background materials’ for the BCOP annual plenary meeting of 2017 and can be accessed in English, Russian and BCS languages here: <https://www.pempal.org/events/bcop-plenary-meeting>

GIFT noted that a participation process must be driven by a shared purpose, with the nature and scope of the participation task clearly defined. GIFT outlined key questions that a Government could ask itself to assist in this task:

- Is there a problem that can be solved through public participation?
- How will citizens/people/communities inputs be used?
- Is there room for public influence over the decision?
- Are their constraints around the decision that limit the ability to engage the public?
- What will a “successful” decision look like?

GIFT highlights the complementary principle of public participation i.e. public participation can be a valuable resource for policy effectiveness. From the supply side, public participation needs a strategy that identifies the policy objectives and the adequate mechanisms to reach them. The objective must be clearly identified as to what governments want to achieve when they inform-consult-empower citizens i.e. the for what? Examples could be to improve resource allocation or service delivery; ensure there is a greater impact of the planned policies on the intended beneficiaries or development sectors being targeted; or to ensure opportunities for marginalized groups to exert influence on decisions that affect them. GIFT provides some country cases as examples to illustrate below:

- **The policy objectives of public participation could be better resource allocation for example.** GIFT gave the examples of subnational transfers in Mexico, with the role of the media and CSOs leading to changes in the criteria to approve potential investment projects to facilitate sustainable urban mobility. Another example led to corrected misallocations and revised criteria for agricultural subsidies after beneficiaries exposed issues.
- **Other objectives could be to improve the provision of public services.** Social accountability and monitoring experiences of sanitation in South Africa, led to improved provision of these services. Similarly when NGOs supervised education provision in Kenya, it led to improvements in attendance of teachers and test scores of students.
- **Better responses to the preferences of beneficiaries could be another policy objective.** For example in Mexico, provision of subsidies was reformed to take into account gender impacts that were identified by consulting with the different gender groups. Similarly in Honduras, public security issues were

<sup>32</sup> High-Level Principle 10: ‘Citizens should have the right and they, and all non-state actors, should have effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies.’

<sup>33</sup> Refer <http://www.fiscaltransparency.net/giftprinciples/>

<sup>34</sup> Refer <http://guide.fiscaltransparency.net>



improved, from consulting with citizens who raised their concerns with government. Public participation also gives an opportunity for marginalized groups to exert some influence in decisions that affect them.

**International experience shows that public participation results in a greater impact of social policies in development sectors:** e.g. in the health sector, education sector and in community level public works.

**This experience has come from governments applying participatory budgeting and social audits** e.g. Brazil, Argentina, Colombia, India, and the Philippines.

### International Budget Partnership's Open Budget Survey

**IBP implements its *Open Budget Survey (OBS)* every two years with up to 117 countries participating globally.** The OBS is designed to assess the three pillars of accountability: 1. budget transparency - the public availability, timeliness, and comprehensiveness of eight key budget documents that all countries should publish at different points in the budget process; 2. budget participation - the opportunities governments are providing to civil society and the general public to engage in the budget process, in order to contribute and influence decisions on how public resources are raised and spent; and 3. budget oversight - the role and effectiveness of formal institutions such as independent fiscal institutions, legislatures, and supreme audit institutions to understand, monitor, and influence how public resources are being raised and spent. The OBS measures performance across these three pillars through 109 indicators to measure transparency (used to construct the *Open Budget Index*), 18 questions (implemented since the 2017 OBS) to examine opportunities for public participation in national budget decision-making,<sup>35</sup> and 18 questions to assess formal oversight institutions.

**For the 2017 OBS, the methodology was significantly changed under pillar 2 budget participation** to measure the extent to which country practices reflect the GIFT principles of public participation given they now represent the accepted global norm. This includes focusing on a wider scope for public consultations, as well as conducting more meaningful engagement between the government and the citizens as opposed to only collecting citizens' inputs. Questions in the OBS now reflect GIFT Principles, such as '**Inclusivity**' (concrete steps to include vulnerable or underrepresented groups, and open to all citizens, not just specific groups or individuals); '**Timeliness**' (participation early in the process before decisions are made); '**Openness**' (broad coverage of topics for discussion and purpose of participation provided to the public in advance); and '**Sustainability**' (feedback is provided to citizens on the inputs received from the public).<sup>36</sup>

**For the 2019 OBS, released end April 2020, PEMPAL countries reported a weak score around the same as the global average.** PEMPAL countries scored the same as the global average in 2017 OBS (12/100), but in the 2019 OBS scored

#### *Important lessons identified by IBP:*

- *Use the Citizens Budget as an entry point for consultation on the budget process.*
- *Ensure all 8 key budget documents are available publically.*
- *Provide a written record of how citizen input is used, to close the feedback loop.*
- *Membership to Public Councils should be open to all (noting conflict of interest and privacy constraints should be considered where needed).*
- *Potential opportunity for some MoFs to undertake research on the impact of Public Councils, and design desired standards for such councils to conduct meaningful participation mechanisms.*
- *Potential opportunity for MoFs to form collaborations with line ministries to better understand policy priorities among citizens.*
- *Legislatures should ensure open access to all, and citizens should be allowed to testify in issues relating to the budget.*

<sup>35</sup> Within the full OBS, these 18 questions were positioned from questions 125 to question 142.

<sup>36</sup> Refer to the presentation by Juan Pablo Guerrero, GIFT Network Director, at 2018 BCOP Vienna meeting.



13/100, slightly below the global average of 14/100. IBP reported that in total, 113 countries out of the 117 surveyed have weak scores (lower than 41).

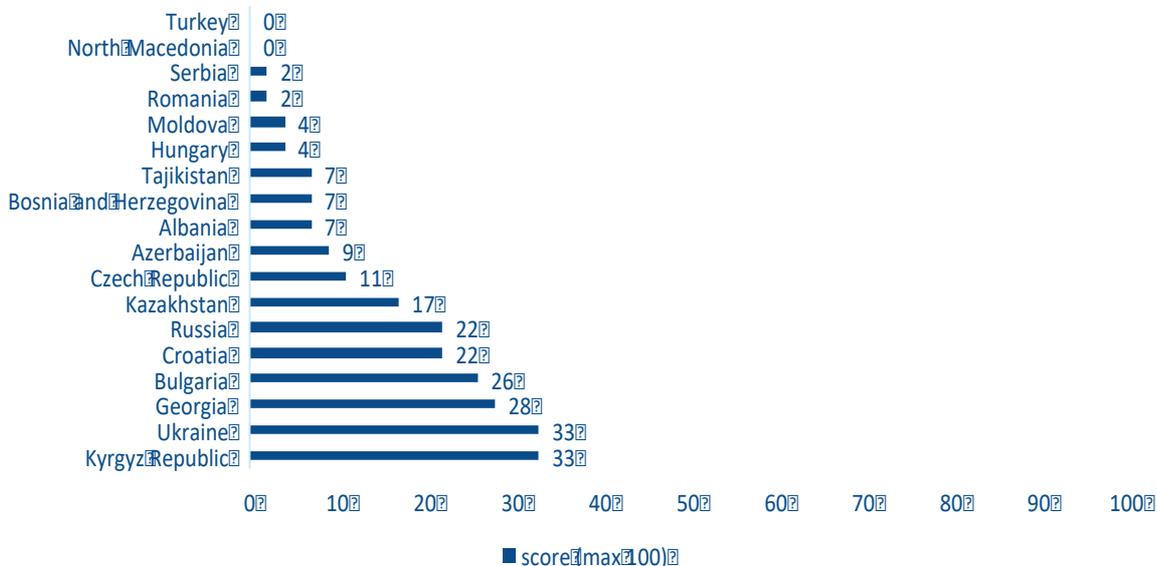
- **However, for the first time since the introduction of the current participation questions in the OBS, two countries provide adequate (>61/100) opportunities** for participation throughout the budget cycle: **South Korea** and the **United Kingdom**.

Similar to global results, there were more participation mechanisms used by surveyed PEMPAL countries during budget formulation and approval than other stages of the budget cycle such as execution and audit. IBP noted stronger oversight is needed to ensure budgets are fully implemented. Gaps in budget oversight by legislatures and SAIs compound accountability problems.

Figure 2 below shows Ukraine and Kyrgyz Republic as leading the PEMPAL region in public participation, although this is still well below the required 41/100 which benchmarks a government as providing a minimum or limited amount of public participation. IBP urged all countries to at least aim for >41/100.

As for number of mechanisms adopted, 10 of the 18 surveyed PEMPAL countries use no more than 2 mechanisms or fewer (at the national government level). Globally countries averaged 2.2 mechanisms whereas PEMPAL countries averaged 2.3.

Figure 2: 2019 Open Budget Survey results for PEMPAL member countries – Public Participation <sup>37</sup>



Source: IBP presentation to BLTWG, 13 May 2020

IBP noted there were no huge shifts in public participation between the 2017 and 2019 OBS. For example, compared to the 2017 OBS, only nine additional budget formulation mechanisms and 12 budget implementation mechanisms were identified. Further, only 7 countries from the 117 surveyed had measures targeting vulnerable and marginalized groups, thus most countries excluded these important groups. Even when countries had budget hearings for example, insufficient information was provided to citizens and citizen groups to ensure they could effectively participate in the hearings, and it was not provided enough in advance to allow them to prepare.

<sup>37</sup> Hungary and Czech Republic are members of IACOP only. Thus only 16 out of 21 BCOP members are covered by the OBS. Those that are not included by IBP are Armenia, Belarus, Kosovo, Montenegro and Uzbekistan. Armenia has been approved by IBP to be included in the 2021 survey.



**OBS warns that measures may overestimate the quality of participation processes (given it is not fully assessed) and undervalue informal participation mechanisms (which are not captured).**<sup>38</sup> Further some countries have limited national opportunities but have extensive local budget participation while the OBS captures national level only. Activities by line ministries, who are commonly more in contact with the public through service delivery, are also not fully captured in the survey, given the OBS captures consultation during the budget process only.

**The methodology used to assess the ‘participation’ pillar can provide useful information to Governments on what the IBP considers best practice.** The 18 questions to assess this pillar in the 2017 and 2019 OBS, covered key budget institutions including the Executive, Line ministry, Legislature, and the Supreme Audit Institution (SAI). In the guidelines accompanying the survey, *Section 5: Public Engagement in the Budget Process* guided the collection of information on good practices for public engagement. The first ten questions related to participation mechanisms established by the Executive (with nine questions aimed at MoFs or central coordinating agencies, and one aimed at line ministries), with the remainder pertaining to the Legislature and SAIs.

**Within the institutions covered, the IBP assessed 7 key areas where mechanisms of participation could be used.**

- Executive Budget Formulation
- Executive Budget Implementation
- Line Ministries (Formulation or Implementation)
- Legislature Budget Approval
- Legislature Audit Report
- Auditor Program Setting
- Auditor Investigation.

**The key features of participatory practices that the Executive could adopt to achieve the highest marks are outlined below as included in the OBS guidelines.**<sup>39</sup> The Executive should establish participation mechanisms that are interactive and involve a two-way conversation between citizens and the Executive in both budget formulation and budget execution stages of the budget process (in this case by the MoF, or other central coordinating agency designated by the Executive). The Executive must also take concrete steps to include vulnerable and under-represented groups through reaching out to such citizens/communities or CSOs representing them. This can include consultations in-person through public meetings or through on-line discussion forums, published policy consultation exercises, Facebook announcements, surveys, focus groups, report cards, and meetings with NGOs (in which a public record is taken). Lower marks are awarded if these mechanisms only provide a one-way flow of information, or they only capture ad-hoc views, or are only open to specific individuals or groups.

**Public Councils, while a valuable consultation mechanism, scored lower in IBP’s metrics if their membership is restricted.** The IBP in its 2017 OBS report (p.37), noted that this type of mechanism was being used in some parts of Eastern Europe and Central Asia, to facilitate Executive-led input to budget formulation. However, in some cases membership to these Councils were exclusively for those who belong to certain associations, trade unions and experts. Budget Partnership Agreements is a similar approach adopted in the Philippines, but more centered on civil society organizations. It too is a valuable approach if designed and implemented to ensure targeted but unrestricted involvement of CSOs.

**The Executive should engage citizens in six key areas during the formulation/execution stages of the budget process,** as outlined by IBP below:

- Macroeconomic issues/Changes in macroeconomic circumstances
- Revenue Forecasts, policies and administration/Collection of Revenue
- Social spending policies/Implementation of social spending

<sup>38</sup> For assessments related to audit, the IBP assessed whether audit participation mechanisms exist, but not whether they were inclusive or well structured (IBP, 2017, p.37)

<sup>39</sup> There were separate sections in the guide for budget formulation and budget execution, but given the questions were the same for each section, they have been combined in the text above, where feasible.



- Deficit and debt levels/Changes in deficit and debt levels
- Public investment projects/Implementation of public investment projects
- Public services/Delivery of Public services.

**Comprehensive information should be provided on the process of engagement in a timely manner prior to that engagement**, so that the public can participate in an informed manner. This includes providing comprehensive information on at least three of the following elements: purpose, scope, constraints, intended outcomes, process and timeline. Non-comprehensive information is defined as information being provided on at least one but less than three of these elements.

**Feedback should also be provided to citizens on how their inputs have been used** in the formulation, and monitoring of the implementation, of the annual budget. This includes providing a *written record* produced and released by the lead budget agency (i.e. MoF, Treasury), which includes both the *list of the inputs received* and a *detailed report* of how the inputs were used (including which inputs were used or not used, why, and how). Less marks were awarded if only one of these elements is provided, or the detailed report is only a summary.

**Participation should be incorporated into the Executive's budget calendar/timetable for formulating the Executive Budget Proposal** (i.e. the draft budget), and the timetable should be made available to the public. At least one line ministry should use participation mechanisms through which the public can provide input through an interactive exchange during the formulation and implementation of the annual budget.

**To have gained highest marks in the 2017 and 2019 OBS, the Legislature or relevant committee(s), should hold public hearings** and/or use other participation mechanisms which are opened to everyone, through which the public and CSOs can provide input or testify (i.e. during pre-budget and/or approval stages; Audit Reports).

**For accountability purposes, it is essential that the Legislature reviews and scrutinizes Audit Reports produced by the SAI, and checks on whether the Executive is taking the appropriate corrective actions** based on the SAI's recommendations. According to the IBP, holding public hearings to review audit findings allows the public to learn more about how the government has managed its resources for the budget years that have ended, and to demand accountability in cases of mismanagement or irregularities. Thus, reviewing and discussing those reports in public is a key responsibility of the Legislature. Other questions in the OBS guidelines for the Legislature are very similar to those applying to the Executive so will not be repeated here.

**To have gained highest marks in the 2017 and 2019 OBS, the Supreme Audit Institution should maintain formal mechanisms through which the public can suggest issues/topics to include in the SAI's audit program.** When deciding its audit agenda, the SAI may undertake audits for a sample of agencies, projects and programs in a country, but such a selection should be based on complaints and suggestions by members of the public (provided via website, hotline, or assigning staff to liaise with the public.) The SAI should also provide a written record, which includes both the list of the inputs received, and a detailed report of how the inputs were used to determine the audit program. The SAI should also maintain formal mechanisms through which the public (individuals and/or CSOs) can contribute to audit investigations as respondents, or witnesses.

## 2017 Budget Transparency Toolkit

**The international community through its 2017 Budget Transparency Toolkit, advise that as a general principle, participative processes should aim to complement established legal and constitutional mandates.** Direct public participation should be designed to add to, complement, or strengthen existing governance arrangements, and not be designed to set up parallel processes. They should also be designed to enhance the effectiveness of policy-making and accountability at each stage, and not undermine the role of existing accountability structures.

**Suggested starting points for the Executive include establishing timely consultative processes during the budget cycle, taking into account the knowledge, interests and capacities of citizens.** To support realistic and informed participation, it is recommended that information be provided on the effects of the budget on income and wellbeing of the different income groups and household types, and the impacts on different groups in society, in particular the vulnerable and insufficiently represented (and ideally multi-dimensional impacts of policy options are provided in general reports e.g., economic, social, environmental, gender). Information on budgetary



constraints, policy costings, opportunity costs and policy trade-offs, as well as contributions to major policy goals and cross-sectional issues should also be provided.<sup>40</sup>

**Starting points for the design of a participation process include publishing clear objectives, scope and processes of public engagement in budgeting;** tailoring methods of engagement that are best suited to the various participants; using a mix of mechanisms, proportionate to the nature of the issue concerned; allowing enough time for the results from participation to impact on budget policy; following up and giving citizens timely feedback about progress and results; and making sure that the most vulnerable parts of the population are included.<sup>41</sup> The toolkit was translated into Russian and BCS languages for the working group and can be found under the June 23, 2017 Moscow meeting materials: <https://www.pempal.org/events/budget-literacy-and-transparency-working-group>

## IMF Fiscal Transparency Code

**The IMF's *Fiscal Transparency Code*, was first published in 1998 and updated in 2007, 2014 and 2019. It identifies basic, good and advanced practices in public participation under its Principle 2.3.3:** The government provides citizens with an accessible summary of the implications of budget policies and an opportunity to participate in budget deliberations. IMF defines 'basic practice' as providing the information only whereas 'good' and 'advanced practices' include providing citizens with a formal voice in budget deliberations with Philippines being assessed as advanced under this principle.<sup>42</sup>

**The IMF is also revising its 2007 *Guide on Resource Revenue Transparency*, incorporating direct public engagement regarding the raising and utilizing of resource revenues.** Resource revenue issues were also incorporated into the Fiscal Transparency Code as a new fourth pillar (Pillar IV), thus public engagement is now assessed as part of *Fiscal Transparency Evaluations* (FTEs) in countries dependent on natural resource revenue. The FTC is the most widely recognized international standard for disclosure of information about public finances, and forms part of IMF efforts to strengthen the institutional framework for fiscal governance, support policymaking, and improve fiscal accountability among its member countries. Looking ahead, the new Pillar IV will inform a second volume of the [Fiscal Transparency Handbook](#) (forming an update to the [2007 Guide on Resource Revenue Transparency](#)).<sup>43</sup>

## OECD Recommendation on Principles of Budgetary Governance

**The OECD's *Recommendation on Principles on Budgetary Governance*, which forms part of the international law applying to OECD member countries, stipulates that debate on budgetary choices should be inclusive, participative and realistic.** Principle 5 states that this can be done by a) offering opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex ante and ex post as appropriate; b) facilitating the engagement of parliaments, citizens and CSOs in a realistic debate about key priorities, trade-offs, opportunity costs and value for money; c) providing clarity about the relative costs and benefits of the wide range of public expenditure programs and tax expenditures; and d) ensuring that all major decisions in these areas are handled within the context of the budget process.

**Thus, OECD advises that the budget process should be opened across the entire budget cycle which would encourage active interest of citizens.** As outlined in Principle 5, this approach should be supported by strong, informed engagement by parliament, citizens and civil society. In this context, Citizens Budgets (relevant to the various stages of the budget process) would support public understanding, discussion and debate. This view is

<sup>40</sup> Refer 2017 Budget Transparency Toolkit, Section 4: Openness and Civic Engagement, Section J: Making the budget more inclusive and participative, page 71-72

<sup>41</sup> Ibid, page 73, Section J3

<sup>42</sup> IMF, 2015, *Fiscal Transparency Evaluation, Philippines*, page 44. Principle 2.3.3: IMF, 2014, *Fiscal Transparency Code*, page 11

<sup>43</sup>Source: IMF, 2019 <https://blog-pfm.imf.org/pfmblog/2019/02/-updated-fiscal-transparency-code-integrating-resource-revenue-issues-.html> Also The new Fiscal Transparency Code is available at the following link: <https://www.imf.org/external/np/fad/trans/Code2019.pdf> For more information on Pillar IV of the code, see: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/01/29/pp122818fiscal-transparency-initiative-integration-of-natural-resource-management-issues>.



also supported by GIFT, and the topic is also dealt with under sections J.1 to J.3 of the Budget Transparency Toolkit.<sup>44</sup>

## Public Expenditure and Financial Accountability (PEFA) Assessments

**PEFA assesses public participation in budget management to boost transparency and accessibility of a broad scope of information for the general public.** Transparency of Public Finance is one of seven PEFA pillars which is evaluated. According to the 2016 *PEFA Handbook*,<sup>45</sup> “a number of indicators and/or dimensions refer to public access or publication of public financial management information. The terms ‘public access’, ‘made available to the public’, ‘publicly reported’ and ‘publicized’ means that a document is available without restriction, within a reasonable time, without a requirement to register, and free of charge, unless otherwise justified in relation to specific country circumstances. ‘Publication’ and ‘published’ means that the document has been made available to the public either in print or in readable form on a publicly accessible website. Publication also involves an expectation that users are made aware of the document’s availability and how they can access it.”

**The main dimension, which assesses public participation in budget management, is 18.2 “Legislative procedures for budget scrutiny”.** This Dimension can get a high score only if procedures to review budget proposals by the legislature include arrangements for public consultation. This and other dimensions largely assess the accessibility of information to the general public from different angles through the following indicators:

- PI-8 “Performance information for service delivery” requires the publication of information on policy or program objectives, key performance indicators, planned and actual outputs and outcomes, and results of independent evaluations of the efficiency and effectiveness of service delivery;
- PI-9 “Public access to fiscal information” assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical;
- PI-10 “Fiscal risk reporting” requires the publication of audited annual financial statements for all public corporations, audited annual financial statements for all subnational governments, and reports on contingent liabilities and other fiscal risks;
- PI-11 “Public investment management” identifies the necessity of publishing results of economic analyses and information on the implementation of major investment projects, as well as standard criteria for project selection;
- PI-12 “Public asset management” assesses whether information on the performance of the portfolio of financial assets and register of government’s holdings of fixed assets are published;
- PI-14. “Macroeconomic and fiscal forecasting” requires fiscal forecast scenarios prepared by government to be published;
- PI-15 “Fiscal strategy” evaluates whether a current fiscal strategy and a report that describes progress made against its fiscal strategy are published;
- PI-24 “Procurement” reviews the level of public access to complete, reliable and timely procurement information;
- PI-13 “Debt management”, assesses if a Debt Management Strategy is publicly reported or at least publicly available;
- PI-30 “External Audit” requires the SAI to be independent in arrangements for publicizing reports; and
- PI-31 “Legislative scrutiny of audit reports” in addition to publishing audit reports, the highest score can be assigned if all hearings are conducted in public except for strictly limited circumstances such as discussions related to national security or similar sensitive discussions. In addition, it is required that Committee reports are published on an official website or by any other means easily accessible to the public.<sup>46</sup>

<sup>44</sup> OECD comment by Ronnie Downes (Deputy Head – Budgeting & Public Expenditures Division) provided in April 2017. See also OECD, 2015 for budget principles and OECD 2017 for the Budget Transparency Toolkit.

<sup>45</sup> THE PEFA Secretariat consulted on PEFA Handbook Volume IV: Using PEFA to support PFM Reform with consultations ending in March 2019, with the release of the volume expected later in 2019 <https://www.pefa.org/news/public-consultation-pefa-handbook-volume-iv-using-pefa-support-public-financial-management>

<sup>46</sup> PEFA Secretariat, Framework for Assessing Public Financial Management, October, 2019, 2nd Edition

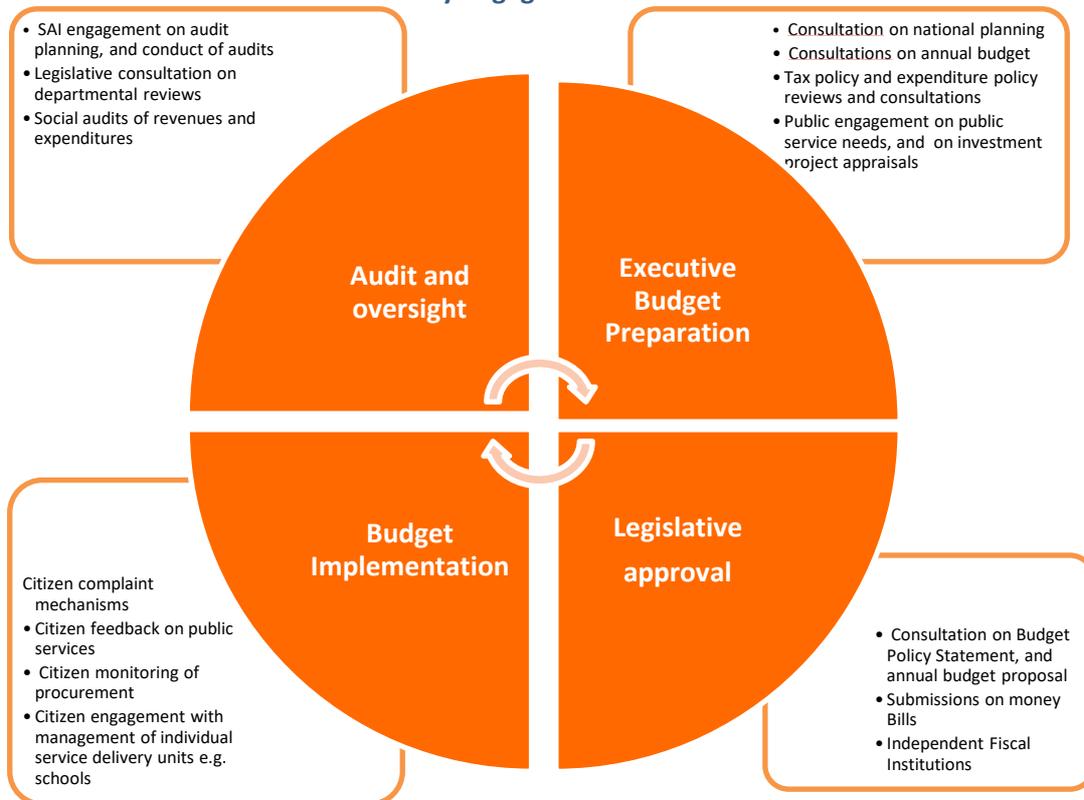


In conclusion, there are various assessment tools outlined above, that can be used as a guide on what is considered good and best practice in the international context. If countries are seeking to improve their performance, they can closely examine the criteria provided above, under these different assessment tools. Various mechanisms can subsequently be designed to support these practices, and the following section provides examples, including those adopted by PEMPAL countries.

## 5. MECHANISMS OF PUBLIC PARTICIPATION

There are many potential fiscal policy engagement mechanisms that could be implemented during the budget cycle, including budget preparation, approval, implementation, audit and oversight. *Figure 2* below illustrates the GIFT’s vision.<sup>47</sup>

**Figure 2: GIFT’s Overview of Fiscal Policy Engagement Mechanisms**



GIFT also provides the following specific examples by institution for the Executive, Legislature and SAIs.

### Executive:

- Full disclosure of fiscal data in easily accessible formats
- Public engagement during budget preparation
- Participatory reviews of public spending
- Line ministry program, project and policy consultations
- Public participation in evaluations
- Mechanisms for client feedback and complaints against published service delivery standards (including client surveys on service delivery quality)
- Public participation on management or governance bodies.

### Legislature

<sup>47</sup> GIFT, 2019, presentation by Murray Petrie



- Designate a unit /official responsible for management of public engagement in fiscal policy
- Plain language explanation of Bills
- Published forward agendas of Committee hearings, fiscal policy Bills
- Proactive publication of information on how to make a parliamentary submission
- Independent sources of technical support and advice on all aspects of macro-fiscal policy
- Public attendance and testimony at committee hearings reviewing proposed budgets and end of year reports including audit reports.

### **Supreme Audit Institutions**

- Designate a unit/official responsible for management of public engagement in auditing
- Publish the calendar for audits
- Mechanism for public input to audit work plan
- Hotlines
- Engage public during audits
- Participatory auditing
- Social audits
- Public monitoring of implementation of audit findings.

**Many policy areas outside of the budget process are also conducive to public participation.** Given they are outside the annual budget process, they would not be measured by the Open Budget Survey so they may not be reflected in country performance ratings in the OBS. These include consultation on tax policy and expenditure policy reviews; public engagement on public service needs; seeking views on the quality of specific public services; and having citizen representations for investment project appraisals. Examples of these are included under *Section 6: Review of International Experiences* further below.

**GIFT advocates several important principles that national governments should consider when designing and implementing public participation mechanisms.**<sup>48</sup> These include:

- government being clear on objectives it wants to achieve with its public participation mechanisms;
- publishing easily understood information to support each specific engagement;
- actively engaging not just “normal and usual voices” but also marginalised ones to increase legitimacy and get a broader and more representative public perspective; and
- providing feedback on how public inputs were used.

**A survey on *Public Participation in the Fiscal Policy and Budget Process* was conducted by PEMPAL in 2017 for 6 participating countries that were in the process of establishing or strengthening mechanisms** (Belarus, Croatia, Kyrgyz Republic, Russian Federation, Serbia and Uzbekistan), against the backdrop of international standards on public participation established by GIFT, IBP and others. The PEMPAL survey findings focused on both supply and demand aspects to foster public engagement on fiscal issues, through collecting information on 9 key main features including: current (or planned) legal framework supporting public participation in the budget process and fiscal policy; mechanisms which are used by different stakeholders; information which is communicated to the population before holding public consultations; who participates in the consultations; what and how information is collected; usability of the citizen’s budget; proactivity of local NGOs; developing the capacity of NGOs, journalists and representatives of mass media in budget issues; and strategies for improving the budget literacy of the population.<sup>49</sup>

**It was found that a broad range of mechanisms are being used to engage citizens in the budget process,** such as technical working groups on fiscal issues; NGO inputs on draft budget documents; reviews and comments by think tanks/academics; participatory budgeting mechanisms; and online budgetary simulations and games. The majority of countries are also using online/written petitions and budget hearings/consultations. In addition to the preparation and execution of the national budget, CSOs, technical experts and citizens have engaged with the executive branch and Parliament on overall economic and fiscal policy measures, taxation and the implementation and performance of national programs.

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<sup>48</sup> GIFT, 2015, Paolo de Renzio

<sup>49</sup> Survey conducted by Harika Masud, Social Development Specialist, World Bank and results presented in March and October 2018, PEMPAL meetings.



Further detailed information is included under *Attachment C: PEMPAL Country Case studies with summary tables of supply and demand side mechanisms provided below*, including recommendations from global practice.

## Supply Side Mechanisms

As mentioned under *Section 2: Definitions, Objectives and Scope*, supply side mechanisms are those that the government introduces that provide opportunities for citizens to participate in fiscal policy and the budget process. The international community provides options and recommendations that countries may want to consider, including how to best use Citizen Budgets as a consultation mechanism; how to design a communication and participation strategy; and how to effectively use ICT to support mechanisms.

Consultation on the contents of a Citizens Budgets could be an option for some governments as an entry point to reforms to encourage or seek public comment and debate on budget issues. From the IBP's perspective, this is the core reason a Government should produce a Citizens Budgets and it is line with GIFT's principles of public participation on 'Openness' and 'Depth.'<sup>50</sup> IBP does note however, that not all public participation mechanisms should be connected to Citizens Budgets, but such documents present potential opportunities to be used as instruments to engage citizens and to strengthen public participation reforms.

All six countries that participated in the BLTWG survey were in the process of developing a Citizens Budget or already publish a Citizens Budget each year on their MoF websites. However, they were only used as a mechanism for consultation at the local government levels in budget hearings to discuss the draft budget and/or budget execution reports (Croatia and Russian Federation).<sup>51</sup> Currently 18 of the 21 BCOP member countries produce and publish a Citizens Budget.<sup>52</sup>

The PEFA framework also provides some guidance on good practices in terms of using Citizens Budgets for participation. PEFA assessors are encouraged to highlight the significance of the timing in the publication of Citizens' Budgets, in particular where it affects the usefulness of the document for participation. For example, if there were opportunities for participation in the budget process after the budget proposal is submitted to the legislature, then having a summary in time for citizens to use to prepare their input would be useful.<sup>53</sup> According to the PEFA framework, such documents are to be publically available within two weeks of the Executive Budget Proposal's submission to the legislature and within one month of the budget's approval, respectively. As applied to all budget documents, PEFA assessors also conduct a narrative assessment on the accessibility of language and structure; the appropriateness of the layout; and the means used to facilitate public access, such as websites, the press, and notice boards for locally relevant information.

The OECD also encourages governments to see Citizens Budgets as one element of a normal budget communication strategy. From this perspective, the streamlining and integration of budget communication processes – whether the full budget, official budget summary, or Citizens Budget – should allow for efficiencies and savings, to keep “additional” costs to a minimum. In support of this, OECD *Recommendation on Budgetary Governance* makes the general point that “as well as having access to budget data documents and data, parliament

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<sup>50</sup> [http://www.fiscaltransparency.net/pp\\_principles/](http://www.fiscaltransparency.net/pp_principles/) Openness: Provide full information on and be responsive with respect 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. 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 a diversity of perspectives; provide timely and specific feedback on public inputs and how they have been incorporated or not, in official policy or advice.

<sup>51</sup> In a study by the MoF of the Russian Federation in 2017, it was found that 72 out of 85 regions use Citizens' Budgets to engage citizens as part of parliamentary hearings.

<sup>52</sup> Taken from Annex E of the Open Budget Survey Report 2019; PEMPAL Survey results; and member country feedback. Those countries that produce and publish a Citizens Budget include: Albania, Azerbaijan, Belarus, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Russian Federation, Serbia, Tajikistan (but published late or not online), Turkey, Ukraine, Uzbekistan. Those members who do not produce them are Armenia, BiH, and Romania The Ministry of Finance and Treasury of BiH is expecting the implementation of the “Developing Citizens' Budget” project which will be financed by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

<sup>53</sup> As clarified by the PEFA Secretariat.



and citizens should be able to engage with and influence the discussion about budgetary policy options”<sup>54</sup> and the Citizens Budget is one key tool for facilitating such engagement.<sup>55</sup>

**Global research results also support public participation being part of a broader government communications strategy, which takes into account technology trends in how citizens share and consume information.** The first global study on the future of government communications undertaken in 2017 found governments were struggling to keep pace with advances in technology,<sup>56</sup> and citizens were gathering information and forming opinions from sources outside the traditional forms of television, radio and newspapers. The Internet has also transformed the role of government as a provider of information. This coupled with the trend of decreasing trust,<sup>57</sup> can inhibit dialogue among citizens and the government, contributing to citizen disengagement and apathy. WPP argue that alongside legislation, regulation and taxation; communication is one of the key levers of government. However, the Leaders’ Report showed that it is rarely understood by politicians or policymakers and rarely used to its full potential; was frequently regarded as a tactical, shared service rather than a strategic function of policy delivery; and governments were under-skilled in areas such as social media, data analysis, audience segmentation, and citizen engagement.

*‘How and why governments should communicate has changed – but communication structures and skills have not.’ ‘Government communication is under-invested in as a function of government. It is insufficiently regarded as an essential part of policy development and delivery.’*

**The key attributes of a high-performing government communications function identified from the 2017 global study of 300 government communication chiefs from 40 countries are:**<sup>58</sup>

- **Strategy:** Having a clearly defined role and structure for government communication; understanding the wider socio-economic and cultural environment. Governments need to recognize the limitations of broadcasting too many issues at the public with insufficient thought given to overarching priority, strategy and targeting.
- **People:** Creating collaborative team environments; sustaining the investment in talent, skills and professional development.
- **Process:** Maintaining consistency of messages across government and across media channels; working across government on communication priorities.
- **Structure:** Maintaining sufficient access to senior stakeholders; driving a focus on the citizen throughout the organization.
- **Tools:** Accessing a wide range of data sources to inform decisions; embracing technology to become more citizen focused.

**Important lessons identified by OECD:**

- *Consultation mechanisms require decisions on objectives, target audience, scope, formats and timing.*
- *A legal framework can institutionalize mechanisms in the budget process to ensure sustainability (although establishing parallel processes or frameworks should be avoided).*
- *Citizens Budgets are one element of a communication strategy and should be used as a key tool to facilitate public participation.*

**GIFT, IBP and OECD also advocate for mechanisms to have a clearly articulated framework to manage expectations of participants and to help Government to understand and execute the consultation process.**<sup>59</sup>

<sup>54</sup> OECD, 2015, page 1.

<sup>55</sup> OECD, 2015, Principle 4d, page 7 and advice provide by Ronnie Downes (Former Deputy Head – Budgeting & Public Expenditures Division) in April 2017, as included in the BLTWG’s Citizens Budget Knowledge Product.

<sup>56</sup> See WPP’s Leader’s Report, which surveyed 300 government communication chiefs in 40 countries. Refer <https://www.govtpracticewpp.com/insights/leaders-report/>

<sup>57</sup> The 2017 Edelman Barometer found that three-quarters of the 28 countries surveyed were categorized as distrustful of government, business, media and non-government organizations (NGOs), the worst result since the financial crisis. Refer to <http://www.edelman.com/executive-summary/> This distrust continues despite a small improvement with the 2019 Barometer showing distrust continues in 15 of the 26 countries, with a rise in those that are neutral.

<sup>58</sup> The Leaders’ Report, by WPP, 2017, as cited in World Bank People, Spaces, Deliberations blog ‘Democracy only works if we show up’ submitted by Roxanne Bauer on 1 June 2017. Summary of document available: <https://www.linkedin.com/pulse/leaders-report-future-government-communication-christopher-ritchie>

<sup>59</sup> GIFT, 2015, Lindsey Marchessault, pages 18-19. This research paper informed the development of the 2016 GIFT principles. Principle 3 in the final principles on respect for self-expression states to allow and support individuals and communities, including those directly affected, to articulate their interests in their own ways, and to choose means of engagement that they prefer, while recognizing that there may be groups that have standing to speak on behalf of others.



Planning should include decisions on: what the government wants to achieve through the consultations; whom the government wants to consult; the scope of the consultations; how the consultations will occur (the formats); and when (timing).<sup>60</sup>

**OECD advises that it is helpful if the legal framework allows for, and supports, an orderly and transparent approach to public participation.**<sup>61</sup> This will ensure the sustainability of consultation mechanisms over time and institutionalize them in the budget process. Further, if there has been an absence of an historical culture of public participation in the governance of a country, it is important to formalize the process by identifying stakeholders, responsibilities, and developing clear processes and procedures.

**All surveyed BLTWG countries have frameworks which endorse the principles of transparency and public participation, with those with more generic frameworks being less specific about the mechanisms used (Belarus, Serbia).** These include budget specific Laws and Decrees; Constitutions; and National and Local Laws, Decrees, and Regulations. Examples include:

- In the Russian Federation, the Federal Law on General Principles of Organization of Legislative and Executive Authorities requires public hearings to be convened on the draft budget, annual reports, and budget execution reports. Legal approaches supporting participatory budgeting mechanisms are also available from the regions, which the Russian Federation has offered to share as a guide to other countries wanting to introduce such mechanisms.
- A Decree of the President of the Republic of Uzbekistan has been adopted on *Measures to Promote Budget Transparency and Citizen Engagement in the Budget Process*, so that from 2019, citizens can participate in the allocation of at least 10% of additional (above planned) budget resources of districts (towns) for community driven projects. Since 2020, the government budget must also be subjected to public discussions prior to submission to the legislature and be approved as a *State Budget Law* with a medium-term plan for the next 3 years.
- Croatia has a Code of Consultation with the Interested Public Concerning the Adoption of Acts, Regulations and Legislation. It also has an Act on the Right of Access to Information.
- Belarus adopted a Decree of the Council of Ministers to establish a working group on simplification of the tax system.
- Kyrgyz Republic has a Resolution on Compiling the Citizens Budget.

**To assist with the design of mechanisms, IBP recommends the OECD's Handbook on Information, Consultation and Public Participation in Policy-Making (which is available in Russian and BCS languages),** which identifies three forms of interaction between citizens and the Government: firstly providing information; secondly consulting to receive feedback; and thirdly providing mechanisms for citizens to be actively involved in Government decision-making.

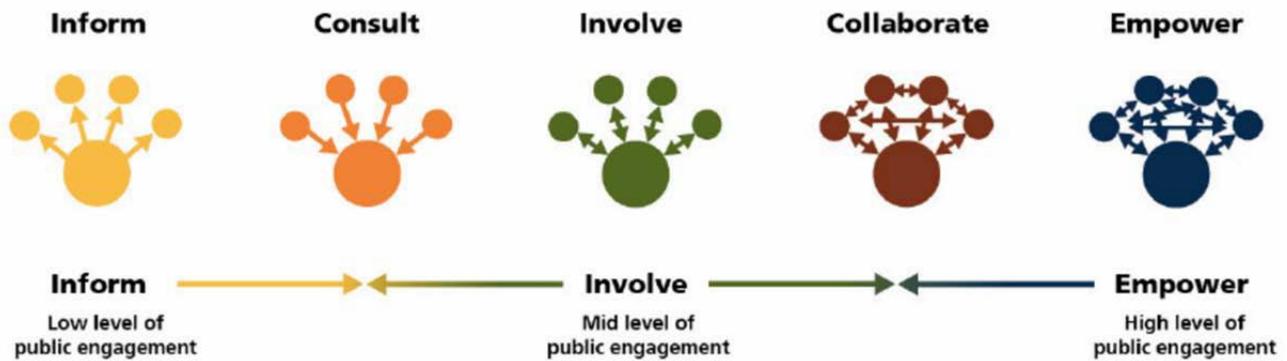
**The International Association for Public Participation (IAP2) has developed a spectrum to help define the public's role in, and manage expectations of, public participation processes.**<sup>62</sup> The World Bank, GIFT and IBP have referenced this spectrum, which is becoming an international standard, and it covers different goals for governments to consider when consulting citizens ranging from informing, through to more actively consulting, involving, collaborating and finally empowering citizens. Along with each of these goals, a promise to the public is provided which could be used in communications with citizens, together with a variety of tools for each option.

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<sup>60</sup> IBP, 2012, page 20. References related to OECD Handbook, page 11 with original source from Marc Gramberger, 2002 *Citizens as Partners: OECD Handbook on Information, Consultation and Public Participation in Policy-Making*.

<sup>61</sup> OECD, 2017, *Budget Transparency Toolkit*, page 73.

<sup>62</sup> Refer International Association for Public Participation [www.iap2.org](http://www.iap2.org)



Source: Derived from International Association of Public Participation (IAP2).<sup>63</sup>

**This spectrum is organized around the principle that the level of public participation is directly tied to the level of potential public influence on the action or decision being considered.** At the very left of the spectrum – to inform – there are no expectations of receiving feedback, and no public impact expected, compared to the very right of the spectrum – to empower – where there is an expectation that citizens will make decisions and therefore have an increased level of public impact. The risks of not clarifying the public’s role is large – because if citizens are led to believe their feedback will be incorporated or responded to, and it isn’t, they may become dissatisfied with the outcome. The spectrum assists governments to shape the design of any public participation mechanism and to manage the risks of public expectations. Refer to *Attachment B: IAP2 Public Participation Spectrum*.

**An understanding of what is needed to ensure any information initiatives are effective is also needed, and this may require the government partnering with CSOs and/or facilitating the collation of citizens’ preferences.** According to the World Bank’s 2017 *World Development Report*, there are three key conditions needed for effective information initiatives, which includes transparency (making information available), publicity (making it accessible) and accountability (making information actionable). The study’s findings found that citizens need to organize collectively through civil society collations to effectively demand more transparency or changed actions, and they also require a process to support their demands. Thus, supporting the coordination of citizens’ preferences is therefore essential to catalyzing change as citizens need to organize collectively to amplify their bargaining power.<sup>64</sup> Such groups can also be used to partner with government, to ensure the accountability of other actors such as a national government wanting to monitor local governments or agencies, or according to GIFT, MoFs wanting improved performance from line ministries in delivery of public services and implementation of public investment projects (e.g. South Africa and Mexico).<sup>65</sup>

**Broader reforms in digital technology are also required in the ECA region, as found by a 2017 World Bank study on ‘Reaping Digital Dividends.’<sup>66</sup>** The study found that residents of Central Asia and the South Caucasus pay some of the highest prices in the world for internet connections that are slow and unreliable. In contrast, Europe enjoys some of the world’s fastest and affordable Internet services. The study also found that improving connectivity across ECA would be challenging due to the level of fragmentation regarding languages, culture and regulations. However, the member states of the European Union have already committed to building a digital single market with the goal of generating additional growth. Further the five countries of the Eurasian Economic Commission (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and the Russian Federation) have also committed to building a common digital space, Digital Eurasia, by 2025. The study concluded that Reaping Digital Dividends not only requires better connectivity, but also complementary factors that allow governments, firms and individuals to make the most out of it.

<sup>63</sup> Sourced from presentation which used IAP2 materials

[http://www.ucdenver.edu/academics/colleges/medicalschoo/programs/ACCORDS/sharedresources/education/Documents/COCONet%20link%201\\_4.18.18.pdf](http://www.ucdenver.edu/academics/colleges/medicalschoo/programs/ACCORDS/sharedresources/education/Documents/COCONet%20link%201_4.18.18.pdf)

<sup>64</sup> World Bank Development Report, 2017, page 248

<sup>65</sup> GIFT, 2017, Murray Petrie, page 6

<sup>66</sup> World Bank, 2017, Reaping Digital Dividends available in English and Russian at: <https://openknowledge.worldbank.org/handle/10986/26151>



**Adopting the use and development of ICT tools in particular, can support consultation mechanisms to be more accessible and widely used by the public as GIFT and IBP advise.** GIFT sees ICT technologies as a game changer<sup>67</sup> and such tools have been particularly beneficial to improving fiscal transparency and promoting citizen engagement.

*Technology for technology sake is not useful to enable public participation, but used correctly it is our most powerful tool for fiscal openness, understood both as transparency and participation. (Lorena Rivero del Paso, GIFT Stewart's Meeting, Portugal 2018)*

**International platforms specializing in supporting virtual public participation and online resources are also available to governments** with some examples provided in *Attachment A: Additional Global Resources*. Specific examples from GIFT (2018, 2019) and from PEMPAL countries are also provided below.

- **Social media such as Facebook, twitter and the like have been used across the entire public participation spectrum.** Such media can be used as tools by governments and CSOs to create engagement with information. They can also enable submissions to be received from a wider segment of society.
- **Tools such as artificial intelligence can also allow a deeper understanding of the users of information, and connect the user with their own search terms.** For example, many organizations use 'E-assistants' and 'Chatbots'. Tools are available that could be implemented by governments for a variety of functions such as advancing the analysis of information; improving the performance of existing analytic technologies like computer vision and time series analysis; and breaking down barriers including language barriers. For example RapidPro (UNICEF); Core NLP (Stanford); Dialogflow (Google); Natural Language API (Google Cloud); and Watson (IBM).
- **Adopting Open Data is the most important enablers of fiscal information and provides accessible digital data online that can be used, reused or redistributed by any person.** It can be used for different topics, interests and forms of analysis (e.g. budget, revenue, construction, extractives and performance). The Open Fiscal Data Package (OFDP)<sup>68</sup> is a simple, open, technical specification for publishing government budget and spending data. It aims to be easy to use both for those publishing data, i.e. governments, and for those using the data, such as researchers, journalists and other audiences. It standardizes the structure and content of fiscal data, so that tools and services can be built over it for visualization, analysis or comparisons. To date, the OFDP has been used by the Federal Government of Mexico since its 2017 Federal Budget, including uploading 10 years of budget to the open source platform, OpenSpending. Also, other governments such as Croatia, Paraguay, Guatemala and Uruguay, are currently piloting the tool and planning to publish their budgets with the tool. Their data sets are also openly accessible via OpenSpending.

**Many PEMPAL countries have open budget portals (both at the central and local levels), some of which allow interactive participation of citizens in terms of voting on different projects** to be financed for example. Features of portals have been discussed between members (e.g. Russian Federation and Georgia have been closely reviewed as best practice examples) and technical specifications shared to further build on the impressive reforms being implemented across the region. Other good examples from the region include Croatia, Bosnia and Herzegovina, Bulgaria, Belarus, Slovenia, Ukraine and Kyrgyz Republic. GIFT and BLTWG members have also discussed how to build and target the audience based on mapping the needs of the final users of the portals, in order to prioritize the information to be published, and to determine the best formats and visualizations to use.

**GIFT also awarded Georgia's online platform as an effective use of ICT for public participation.** The state audit service has designed an innovative interactive Budget Monitor web-platform ([budgetmonitor.ge](http://budgetmonitor.ge)). The webpage targets citizens, NGOs, and the media. Users are able to compare various data, process them, and make forecasts. This platform provides a two-way communications channel and interface which enables data input in a visually appealing user-friendly way and includes both financial information and performance indicators. The platform is four-tiered, with parts covering the Government Budget, Municipal Budgets, Audit, and Citizens' Page. The Citizens' Page has over 8,500 unique users and includes three modules: Plan with Us (engaging citizens in audit plan exercises through citizens' petitions), Fight Corruption, and Vote for Priority (taking into account citizens' interests when identifying audit priorities). Improvements were also made in engagements and communication through for example, live broadcasting of hearings, and citizens' budgets being drafted at both

<sup>67</sup> See links provided in References for GIFT 2018 workshop on Digital Tools, IT and Citizen Engagement May 23-25, 2018 and Murray Petrie's 2019 presentation delivered at the PEMPAL BCOP BLTWG meeting at Tashkent March 18.

<sup>68</sup> The OFDP has been developed in a collaboration involving Open Knowledge International, GIFT, the BOOST World Bank initiative and a dedicated open data community, building on the previous 'OpenSpending platform'. Refer to <http://www.fiscaltransparency.net/ofdp/> for the technical specifications.



preparation and adoption stages which are disseminated online and discussed on television. A PFM Coordination Council has also been established with civil society representation which holds meetings with the public and local governments.<sup>69</sup>

**Georgia’s online budget prioritization surveys are a good example.** Electronic ‘open budgeting’ comprises a budget planning questionnaire for the public, and a survey for key stakeholders. A feedback mechanism is also in place to allow opportunities for the public to argue in favor of increasing financing for a priority item. Survey results are reviewed and financial information and results published in open formats and through data visualization. Similarly, Croatia has also adopted e-referendums to gain citizen feedback.

**Uzbekistan has also recently established its Open Budget Information Portal, (<https://openbudget.uz>) led by MoF, and the Ministry of IT and Communications,** as part of extensive measures to promote budget transparency and citizen engagement in the budget process (including at the formulation, execution and reporting stages).<sup>70</sup> The portal also facilitates feedback from citizens including the report of any violations of budget legislation, and proposals to improve the budget process. Citizen budgets and analytical reports are also available on the Portal. Uzbekistan is also using ICT to advance tax related reforms (e.g. introducing e-invoices).

**BLTWG countries also provided an update on their reform progress in a VC meeting held May 2020.** The event report provides a summary of this progress, as well as an overview of this knowledge product, and latest advice from GIFT and IBP. Presentations and event report can be accessed here: <https://www.pempal.org/events/budget-literacy-and-transparency-working-group-0>

**BLTWG countries participating in the survey provided examples of supply side transparency and participation mechanisms collated in Table 1 below.**<sup>71</sup> Most participation mechanisms are adopted in the budget preparation stage. Five (5) countries use public participation mechanisms during the budget preparation stage and two countries use them during the budget execution stage (Kyrgyz Republic and Russian Federation). Only one country surveyed has established an avenue for public engagement during the audit stage (Russian Federation).

**Table 1: Supply Side Mechanisms in PEMPAL Countries**

<b>Belarus</b>	
<b>Preparation</b>	<b>Execution</b>
<ul style="list-style-type: none"> <li>• Various media are used to explain draft laws to citizens using plain and clear language.</li> <li>• The Minister of Finance or his/her deputies conduct “direct phone lines” with citizens on Saturdays.</li> <li>• Consultations at local executive and administrative bodies are held.</li> <li>• The MoF holds on-site meetings in all regions to handle petitions and proposals of citizens.</li> <li>• NGOs present proposals to the Parliament on making changes in legal acts, including fiscal and budget legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletters on execution of consolidated, national and local budgets, as well as interactive information maps and interactive universal report are disclosed on the MoF website every quarter to advise citizens on the budget execution in an interactive mode.</li> <li>• An aggregate report on the implementation of state programs is available on the Ministry of Economy website.</li> <li>• Line ministries present information on their activities on their websites.</li> </ul>

<sup>69</sup> Refer presentation by Inga Gurgenzidze, Head of the State and Consolidated Budget Formation Division, Budget Department, MoF of Georgia, delivered at PEMPAL BCOP 2018 plenary meeting, in Vienna.

<sup>70</sup> Refer to link in references to PEMPAL 2019 meeting in Tashkent, Uzbekistan.

<sup>71</sup> Table collated and drawn from survey results implemented by World Bank in 2018. Mechanisms are also presented across the different institutions but may be duplicated where more than one of the institutions is involved.



<ul style="list-style-type: none"> <li>• A working group was established to prepare proposals on simplification of the tax system.</li> <li>• An advisory board under the Ministry of Taxes and Charges participates in public discussions on draft regulatory and legal acts related to tax legislation.</li> </ul>	<p><b>Audit</b></p> <p>The State Control Committee makes information available on its website to familiarize the public with the opinion on execution of the republican budget for the reporting fiscal year.</p>
<p><b>Croatia</b></p>	
<p><b>Preparation</b></p> <ul style="list-style-type: none"> <li>• The draft state budget is published on the website of the Government of the Republic of Croatia and the MoF before being sent to the Parliament.</li> <li>• The MoF develops and publishes a citizens' guide to the budget in the form of brochures on:             <ul style="list-style-type: none"> <li>• Guidelines for economic and fiscal policy</li> <li>• The state budget and projections adopted by the Croatian Parliament</li> <li>• Amendments to the state budget made during the year</li> <li>• The semi-annual and annual reports on the execution of the state budget.</li> </ul> </li> <li>• The MoF has instructed local and regional self-government units to develop a citizens' guide to the budgets of local and regional self-government units, and has published the proposed contents for the citizens' guide on its website which will be developed along with the proposed budget of local and regional self-government units.</li> <li>• During consultations, questions posed by citizens, CSOs and the media are addressed by respective entities through the web application. The explanation of the bill sent to parliamentary procedure states why certain suggestions have been accepted or rejected.</li> <li>• The Government publishes all bills that are sent to the Parliament, as well as the proposed state budget with all prescribed annexes.</li> <li>• Line ministries are obliged to publish their strategic plans on their websites.</li> <li>• The Parliament publishes the agenda for its debates in the Committee for fiscal policy bills (state budget, state budget amendments).</li> <li>• Public consultations are conducted by the MOF through their website.</li> <li>• The report on the consultations must accompany draft laws and regulations that are submitted for enactment.</li> </ul>	<p><b>Execution</b></p> <ul style="list-style-type: none"> <li>• Line ministries are obliged to publish their financial reports on their websites.</li> <li>• The Parliament publishes the act on the execution of the state budget, semi-annual and annual report on the execution of the state budget.</li> </ul> <p><b>Audit</b></p> <p>The National Audit Office (SAI) publishes on its website the report on the conducted audit of the annual report of the execution of the state budget.</p>
<p><b>Kyrgyz Republic</b></p>	
<p><b>Preparation</b></p> <ul style="list-style-type: none"> <li>• The MoF conducts budget hearings on the draft budget proposal of the KR Central Government.</li> <li>• The MoF posts minutes of the public hearings on its website.</li> <li>• Line ministries draft medium-term spending strategies and conduct public hearings prior to submitting them to the KR MoF.</li> <li>• Minutes of budget hearings convened by line ministries are published on their respective websites.</li> </ul>	<p><b>Execution</b></p> <ul style="list-style-type: none"> <li>• The MoF conducts budget hearings on the Central Government budget's semi-annual outturn report, as well as the draft annual budget execution report.</li> </ul>



<ul style="list-style-type: none"> <li>The KR Parliament conducts public hearings on the Central Government's draft budget prior to the adoption of the draft law in the first reading.</li> </ul>	
<p><b>Russian Federation</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>Trilateral Commission, which contains trade-union representatives, unions of employers and government, considers and makes offers on all budgetary documents, including scenario conditions, social parameters of socio-economic development predictions, and key areas of fiscal and tariff policies during the budget process.</li> <li>Public Councils that represent the interests of Russian citizens and NGOs review the draft state programs, which are a part of the federal budget and provide their inputs.</li> <li>The State Duma Committee on budget and taxes holds parliamentary hearings entitled Key Areas of Budget, Tax and Customs Tariff Policies for the Next Fiscal Year.</li> <li>The Civic Chamber, consisting of representatives of citizens, public associations and NGOs, arranges every year so-called "zero readings" for a draft federal law on federal budget.</li> </ul>	<ul style="list-style-type: none"> <li>The Trilateral Commission for Regulation of Social and Labor Relations review consolidated annual reports on implementation progress and on the assessment of the performance of national programs.</li> <li>Summary progress and efficiency evaluation report for state programs is placed every year at the official web-site of the Ministry of economic development of the Russian Federation.</li> <li>Public Councils participate in generating reports on supervision and expenses incurred to maintain the federal executive authority and its regional offices.</li> </ul> <p><b>Audit</b> Accounts Chamber of the Russian Federation places Audit Result Reports at the Portal of state and municipal financial audit <a href="https://portal.audit.gov.ru/#/main-page">https://portal.audit.gov.ru/#/main-page</a></p> <ul style="list-style-type: none"> <li>Citizens can send offers for control actions via the public reception the Accounts Chamber of the Russian Federation <a href="http://audit.gov.ru/public_reception">http://audit.gov.ru/public_reception</a></li> <li>Accounts Chamber of the Russian Federation also uses the mechanism of citizen polling in the sphere of control actions.</li> </ul> <p><b>Other mechanisms:</b> Participatory budgeting is used at the regional level.</p>
<p><b>Serbia</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>The Fiscal Advisory Council is an independent body established to improve the culture of fiscal responsibility in the Republic of Serbia. It is tasked with verifying macroeconomic and fiscal assumptions used to develop the Fiscal Strategy, providing an independent and credible assessment of economic policy measures proposed to the Government, assessing basic fiscal risks and the probability of the Government fulfilling its fiscal objectives in the future.</li> <li>All documents are published on the website of the Ministry, i.e. documents from the Government and the National Assembly during the budget preparation stage (instructions for budget preparation with expenditure limits and expenditure per users, bill of a budget act, a budget act with program information, citizens' guide to the budget).</li> </ul>	<ul style="list-style-type: none"> <li>The Fiscal Advisory Council verifies classification of expenditures in order to ensure effective measurement of quantitative fiscal objectives, and assesses whether the Government: adhered to its fiscal rules; if there is cause to activate any clause for exceptional circumstances; and the likelihood that the Government's plan for adaptation will allow for adherence to fiscal rules.</li> <li>The Parliamentary Budget Office provides expert technical support to the working bodies of the National Assembly in order to facilitate supervision of public finances.</li> </ul>
<p><b>Uzbekistan</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>Draft regulatory documents are posted on the website of the Ministry of Finance and citizens have the opportunity to send inputs and recommendations online.</li> <li>Consult local executive and administrative authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Information on budget execution is posted on the web site of the MoF.</li> <li>Some information on the implementation of state specialized state programs is available on the web site of the Ministry of Economy (regulatory and</li> </ul>



<ul style="list-style-type: none"> <li>• The Ministry of Finance holds offsite meetings in all regions for considering the appeals and offers of citizens.</li> <li>• Since 2017, the Ministry of Finance requested relevant ministries, departments, scientific governmental and non-governmental institutions, economic entities and citizens to submit their inputs for the Concept of Tax and Budget Policy.</li> <li>• Parliament hearings are held for main trends of budgetary, tax and customs &amp; tariff policy for the next financial year.</li> </ul>	<p>legal acts on approval of annual state programs, sectorial and territorial programs).</p> <ul style="list-style-type: none"> <li>• MoF holds hearing for semi-annual and annual report on the central government budget execution and its results.</li> <li>• Data on execution of the state budget is available in the public services portal.</li> </ul>
<p><b>Summary By Institution</b></p>	
<p><b>Government</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>• The Minister of Finance or his/her deputies conduct “direct phone lines” with citizens on Saturdays (Belarus)</li> <li>• The Fiscal Advisory Council conducts an independent assessment of economic policy measures proposed to the Government (Serbia)</li> <li>• Draft regulatory and legal acts are posted on the web site of the MoF, citizens have the opportunity to send their offers and recommendations online (Uzbekistan)</li> </ul>	<ul style="list-style-type: none"> <li>• Information on budget execution is posted on the web site of the MoF (Uzbekistan)</li> <li>• The MoF conducts budget hearings on the Central Government budget’s semi-annual outturn report, as well as the draft annual budget execution report (Kyrgyz Republic, Uzbekistan)</li> </ul>
<p><b>Line Ministries</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>• Advisory board under the Ministry of Taxes and Charges participates in public discussions on draft regulatory and legal acts related to tax legislation (Belarus)</li> <li>• Minutes of budget hearings convened by line ministries are published on their respective websites (Kyrgyz Republic)</li> <li>• Since 2017, the Ministry of Finance requested relevant ministries, departments, scientific governmental and non-governmental institutions, economic entities and citizens to submit their inputs for the Concept of Tax and Budget Policy (Uzbekistan).</li> </ul>	<ul style="list-style-type: none"> <li>• An aggregate report on the implementation of state programs is available on the Ministry of Economy website (Belarus)</li> <li>• Public Councils participate in generating reports on supervision and expenses incurred to maintain the federal executive authority and its regional offices (Russian Federation)</li> </ul>
	<p><b>Audit</b></p> <ul style="list-style-type: none"> <li>• Public Councils participate in generating reports on audit operations (Russian Federation)</li> </ul>
<p><b>Parliament</b></p>	
<p><b>Preparation</b></p>	<p><b>Execution</b></p>
<ul style="list-style-type: none"> <li>• The State Duma Committee on budget and taxes holds parliamentary hearings entitled <i>Key Areas of Budget, Tax and Customs Tariff Policies for the Next Fiscal Year</i> (Russian Federation)</li> <li>• The Parliament conducts public hearings on the Central Government’s draft budget prior to the adoption of the draft law in the first reading (Kyrgyz Republic)</li> <li>• Parliament hearings are held for main trends of budgetary, tax and customs &amp; tariff policy for the next financial year. (Uzbekistan)</li> </ul>	<ul style="list-style-type: none"> <li>• The Parliament publishes the act on the execution of the state budget, semi-annual and annual report on the execution of the state budget (Croatia)</li> <li>• The Parliamentary Budget Office provides expert technical support to the working bodies of the National Assembly in order to facilitate supervision of public finances (Serbia)</li> </ul>
<p><b>SAIs</b></p>	
<p><b>Preparation</b></p>	<p><b>Audit</b></p>
	<ul style="list-style-type: none"> <li>• The National Audit Office publishes the audit of the annual report of the execution of the state budget (Croatia)</li> <li>• The State Control Committee publishes budget execution information on its website (Belarus)</li> <li>• Public Councils participate in generating reports on audit operations (Russian Federation)</li> </ul>



	<ul style="list-style-type: none"> <li>Accounts Chamber publishes at its web-site the public information with a conclusion on the results of budget execution for report financial year and audit results, this information is also available at the MoF web-site (Uzbekistan).</li> </ul>
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Source: Adapted from Harika Masud, World Bank, 2018

**It is very important in the design of supply side mechanisms, to report back on how any input is used, which ‘closes the feedback loop.’** This builds up trust and incentives for further input and should be a key part of the communication strategy to ensure that affected stakeholders know about and understand the process.<sup>72</sup>

**Examples from the survey of mechanisms used to ‘close the feedback loop’ by PEMPAL countries are summarized in Table 2 below.** Two (2) of the four (4) countries that organize budget hearings/consultations have taken steps to close the loop on if and how public comments were addressed or incorporated (Croatia, Kyrgyz Republic). Two countries have specified a 15-day timeframe within which citizens are to receive a response to their petitions (Belarus, Kyrgyz Republic). Uzbekistan was the only country who could provide information on the number of petitions received during a specific timeframe although no detailed information was available on the number addressed or responded to.

**Table 2: Measures to Close the Feedback Loop in PEMPAL Countries**

<b>Belarus</b>	<ul style="list-style-type: none"> <li>Topics and schedules for ‘direct lines’ with the MoF are published in advance. Citizens, media, NGO representatives and associations (e.g. unions) can raise any issues pertaining to the mandate of the MoF.</li> <li>If a question/feedback cannot be addressed during direct line consultations and requires additional investigation, a written response is provided to the citizen within 15 calendar days.</li> <li>If the amount of time to respond to a petition exceeds one month, then an update is provided to the petitioner to explain the reason for the delay and the timeline by which s/he can expect a response/action.</li> <li>Information on petitions that have been submitted by citizens is compiled by public entities to which they have been addressed and are organized by topic.</li> <li>A <b>centralized</b> web-portal to receive citizens’ petitions with feedback functionality is under development.</li> </ul>
<b>Croatia</b>	<ul style="list-style-type: none"> <li>Public authorities are obliged to inform the interested public via their website on the accepted and rejected proposals and comments, after the public consultations have ended.</li> <li>National, regional and local government entities are to publish their reports on public consultations that have been conducted.</li> <li>The explanation of the bill sent into parliamentary procedure states why certain suggestions have been accepted or rejected.</li> </ul>
<b>Kyrgyz Republic</b>	<ul style="list-style-type: none"> <li>Background materials are published on the MoF’s official website 10 days prior to the public hearing. These materials include the public hearing announcement and agenda, the draft budget document submitted for the public hearing and presentations of government authorities.</li> <li>The Citizens’ Petitions section on the MoF website is another avenue for the public to provide comments and suggestions on the draft republican budget and budget execution reports. Per KR legislation, responses to citizens’ petitions must be provided within two weeks.</li> <li>Following the public hearing on the budget, the KR MoF publishes its minutes and summarizes the comments/suggestions that were provided.</li> </ul>
<b>Serbia</b>	The Fiscal Advisory Council assessment of the budget proposal is published on its website and submitted to the National Assembly.

<sup>72</sup> This is the result from GIFT research drawn from country practices as included in a paper by Lindsey Marchessault, November 16, 2015, pages 2-3.



<p><b>Russian Federation</b></p>	<ul style="list-style-type: none"> <li>• Federal Law 212-FZ of July 21, 2014 requires that information on parliamentary hearings is published at least 10 days in advance and should include: the topic of discussion, along with the date, time, location and procedure of the hearings and objectives.</li> <li>• It is mandatory that the decisions of Public Council meetings as well as other documentation are posted online (including experts' reviews of the regulatory drafts and other documents, annual action plans, and annual reports on the outcomes of the Public Council's activities).</li> <li>• Open parliament hearings are covered by mass media and relevant materials and shorthand transcripts are provided to the Parliament library within 10 days.</li> <li>• Recommendations from open parliament hearings may be published in press, and are placed with the Fund of Electronic Information Resources of the State Duma.</li> </ul>
<p><b>Uzbekistan</b></p>	<ul style="list-style-type: none"> <li>• 1.3 million petitions have been submitted to public bodies through the integrated portal of interactive public services during the past 4 years, which have contributed to the adoption of measures on several issues.</li> <li>• The virtual office of the President of the Republic of Uzbekistan and of the Prime Minister is another way for handling petitions from physical and legal entities. This way allows ensuring the local work efficiency because local authorities report in writing for each petition.</li> <li>• The majority of the petitions submitted to the MoF and its departments were related to pension provision and 3% were related to tax and customs rates.</li> <li>• The section on Tax and Customs Policy is another forum for citizens to provide feedback, in particular, for accepting a new edition of the Tax Code and realizing the tax reform in 2019.</li> <li>• Parliamentary hearings are covered by the media, with the publication of relevant materials.</li> <li>• There is a standing work group, which visits regions to study problems and issues.</li> </ul>

Source: Adapted from Harika Masud, World Bank, 2018

## Demand Side Mechanisms

**As mentioned under Section 2: Definitions, Objectives and Scope, demand side mechanisms are those that increase the demand for budget information, which usually take much longer to implement especially in those countries which do not have an active or vibrant civil society sector.**

**Careful planning is needed to facilitate greater demand and use of budget information. It requires understanding who uses the information, and why,** and identifying any impediments to the use of the information. A global survey of CSOs that use budget information for analysis and advocacy was conducted by the World Bank and the IBP (through GIFT) in 2016, to gain a better understanding of how CSOs globally use budget information; the challenges they face accessing it; and improvements CSOs would like to see in the way governments disseminate it.<sup>73</sup> The study concluded that there was a need for improved and better organized information given there was a large 'fiscal transparency effectiveness gap'. This gap is defined as the gap between the characteristics of the fiscal information that governments provide and the information needs of CSOs. Inadequate comprehensiveness of published information especially within service delivery sectors was the major problem identified and the inadequate linking between financial and non-financial information.

**The global study of uses of budget information by CSOs found significant opportunities for governments to stimulate more meaningful use of such information through:**

- Improving the level of detail of published budget information by releasing more local-level, and **sector-specific information** including **sector performance indicators**;
- Publishing data in **machine-readable formats**;
- **Releasing facility-level information, and information on investment projects and off-budget spending** (i.e. more comprehensive information related to the delivery of public services that benefit the population the most such as education, health, pension schemes etc.);
- **Providing information on actual revenues and expenditures** (e.g. through comprehensive Annual Reports and Audit Reports) to facilitate monitoring of implementation of government budgets;

<sup>73</sup> The survey results are based on 176 responses from over 70 countries, spread across all thematic areas and phases of the budget cycle. See GIFT, 2016 study by Paolo de Renzio and Massimo Mastruzzi.



- **Allowing for cross-referencing different types of data;** providing a unified and user-friendly gateway for hosting budget information online, and providing budget formats that allow easy data gathering and analysis; and
- **Increasing dissemination efforts** for example by creating **dedicated fiscal transparency portals** and by promoting more outreach and awareness of publically available information.

**The Institute of Public Finance (IPF) in Croatia has conducted surveys about public participation in fiscal policy and budget processes to determine what citizens are interested in and what motivates them,** and these surveys could also be used as a guide for survey design.<sup>74</sup> A survey developed by a think tank in Mexico is also provided by IBP as a possible simple face-to-face survey to consider:

- How interested are you in the public budget?
- Who do you think should decide how to spend the government's (i.e. taxpayers) money?
- Who is best prepared to decide how to spend it?
- What should be the priority of public expenditures?
- Are you satisfied with the information provided by the "three levels" of government regarding public expenditures?
- Do you want to have more information about the budget?
- How would you use the information?
- From whom you would like to receive more information?<sup>75</sup>

**Other initiatives that could provide incentives to encourage demand for budget information are outlined below.**

- **Media campaigns could be implemented encouraging citizens to ask where their tax dollars go** may facilitate more interest, along with policies to strengthen accountability. Campaigns for CSOs, media and schools could be conducted to raise awareness on the importance of the budget. Approaches from Canada by a CSO and UK by the Government shared with the BLTWG in 2015 are good examples.<sup>76</sup>
- **Changes to information portals could be done to provide innovative ways to engage citizens** to increase usage of information. Examples include online games (like in use by Croatia and USA) and on-line quizzes, competitions, and brochures for citizens in user-friendly formats.
- **CSOs and journalists could be trained to enhance their analytical and advocacy skills, so they can better identify their own information needs.** This would include training on what budget documents are available and at what times they could engage during the budget process; which sector line ministries are dealing with key issues that they may be interested in; and what institutions play a key role in oversight (e.g. relevant legislative committees, SAIs). Mechanisms available could also be covered (budget hearings, forums, feedback on Citizens Budgets).
  - **Such trainings are not common in the PEMPAL region, although there have been some efforts** by development partners in Kyrgyz Republic and Uzbekistan, and Uzbekistan is planning on such trainings of media and

***View from World Bank***

*Citizen engagement (CE) in fiscal policy and the budget cycle remains an area for further exploration as it is often considered a back-office system that is invisible to the general public and has little to do with citizens. Citizen engagement in these processes refer to the variety of ways in which citizens interact directly with public authorities throughout the key phases of the cycle. The identification of CE approaches and tools depends on (i) the engagement's purpose (i.e., inform, consult, collaborate, or empower); and (ii) contextual factors associated with CE approaches and tools (e.g., level of government participation, level of citizen participation, technical complexity, time required, and cost associated with the approach and tool).*

<sup>74</sup> See <http://www.ijf.hr/upload/files/file/ENG/newsletter/96.pdf>. The IPF has conducted a survey about the views of local governments' employees on Budget Transparency (what motivates local governments to be more transparent) <http://www.ijf.hr/upload/files/file/ENG/newsletter/111.pdf> and assisted in a case study about public participation in Pazin [http://www.fiscaltransparency.net/wp-content/themes/enfold/includes/gift\\_embedded/en/resource\\_open.php?IdToOpen=20150706114](http://www.fiscaltransparency.net/wp-content/themes/enfold/includes/gift_embedded/en/resource_open.php?IdToOpen=20150706114)

<sup>75</sup> From CIDAC, an independent think tank in Mexico, who designed these questions as a face-to-face survey which targeted 1,200 randomly selected households conducted over a two-month period in two consecutive years. According to IBP, Governments could use this same methodology, IBP, 2012, page 22.

<sup>76</sup> Refer to presentations from UK and Canada delivered at workshop held in Poland in 2015 available at <https://www.pempal.org/events/bcop-budget-literacy-workshop-oecd-sbo-meeting>



journalists in the future on key issues that will be covered by its Citizens Budget. The MoF-led national program on Management of Public Finance and Regulation of Capital Markets in the Russian Federation has also included activities to improve the budget literacy of people and organizations engaged in participatory budgeting processes (Musad, 2018).

- **Rankings of national and local government performance could be promoted/conducted by MoF or others to encourage interest in budget performance as occurs in Russia and Croatia.** The IPF in Croatia has seen such competition increase the interest in budget information each year regarding its measures of local governments' budget transparency (<http://www.ijf.hr/upload/files/file/ENG/newsletter/107.pdf>) The media press clippings after the announcement of the results are usually full of heads of local governments promoting their scores and the media like to report on regional comparisons.
- **A budget literacy strategy could be developed,** to ensure school children become informed and active citizens through the introduction of materials in the school curriculum. Budget literacy provides a bridge that can assist citizens to understand, use and want to use budget data that governments have made transparent and accessible. Innovative approaches to budget literacy can assist in establishing demand side mechanisms that will prepare citizens for responsible participation in the budget process, through raising awareness of their role, as well as the role of civil society.
  - **The pilot project on budget literacy in the Russian Federation provides useful materials** that could be used as a guide. The project developed budget literacy training curriculum for senior secondary school students and tested the training course in three pilot regions. The methodology for the materials is available that covers the types of modules to consider and the BLTWG conducted several meetings to examine this good practice approach in more detail.<sup>77</sup> The textbooks on budget literacy for high school students are available at:
    - [https://uchebnik.mos.ru/system\\_2/atomic\\_objects/files/004/740/290/original/Методическое\\_пособие\\_для\\_учителей\\_Лалаев\\_Г.Г.\\_Молотков\\_А.Б.\\_\(2\).pdf](https://uchebnik.mos.ru/system_2/atomic_objects/files/004/740/290/original/Методическое_пособие_для_учителей_Лалаев_Г.Г._Молотков_А.Б._(2).pdf)
    - [https://uchebnik.mos.ru/system\\_2/atomic\\_objects/files/004/740/255/original/Пособие\\_для\\_родителей.\\_21.08.2019\\_01-08-379\\_19\\_Лалаев\\_Г.Г.\\_Молотков\\_А.Б.\\_\(4\).pdf](https://uchebnik.mos.ru/system_2/atomic_objects/files/004/740/255/original/Пособие_для_родителей._21.08.2019_01-08-379_19_Лалаев_Г.Г._Молотков_А.Б._(4).pdf)
    - [https://uchebnik.mos.ru/system\\_2/atomic\\_objects/files/004/740/321/original/Учебное\\_пособие\\_для\\_школьников\\_Лалаев\\_Г.Г.\\_Молотков\\_А.Б..pdf](https://uchebnik.mos.ru/system_2/atomic_objects/files/004/740/321/original/Учебное_пособие_для_школьников_Лалаев_Г.Г._Молотков_А.Б..pdf)
    - [https://uchebnik.mos.ru/system\\_2/atomic\\_objects/files/004/740/304/original/Рабочая\\_тетрадь\\_для\\_школьников\\_Лалаев\\_Г.Г.\\_Молотков\\_А.Б..pdf](https://uchebnik.mos.ru/system_2/atomic_objects/files/004/740/304/original/Рабочая_тетрадь_для_школьников_Лалаев_Г.Г._Молотков_А.Б..pdf)
  - **Uzbekistan MoF Training Center has also initiated a project on preparing a Budget Literacy training course** for school children.

**The World Bank defined Budget Literacy after a 2017 study<sup>78</sup> as *the ability to read, decipher, and understand public budgets and enhance meaningful citizen participation in the budget process.*** From the lessons learnt from the Russian Federation pilot, which fed into the study, this includes understanding the relationship between a citizen and the budget (i.e. what do I pay to the budget; what do I receive/can receive from the budget; and how can I influence the budget process).

- **Results from this study indicate there is a need to improve the knowledge on public budgets, given the declining emphasis placed on such knowledge** compared to the focus on personal finance and familiarity with functions of financial institutions. Open and effective governance cannot be realized according to the World Bank, while a disconnect remains between an extreme focus on the supply-side aspects of government budget information (accessibility, timeliness, comprehensiveness), compared with the focus on the capacity of citizens to meaningfully analyze their government's budget data and provide input to the budget process.<sup>79</sup>
- **According to the World Bank, the Budget Literacy project initiated by the Russian MoF has helped fill the gap of global demand side initiatives** and thereby draws attention to this important development agenda regionally and globally.<sup>80</sup> The results of the project are important not only for the social and economic

<sup>77</sup> This was a joint pilot project, between the World Bank and the Russian Federation MoF in cooperation with the Russian Federation Ministry of Education and Science.

<sup>78</sup> A joint project between the World Bank and MoF Russian Federation piloted budget literacy initiatives in Russia based on lessons learnt from 35 case studies from 34 countries in the World Bank's study on '*International Practices to Promote Budget Literacy*'. Refer <https://www.pempal.org/events/budget-literacy-and-transparency-working-group>

<sup>79</sup> World Bank, 2017, *International Practices to Promote Budget Literacy: Key Findings and Lessons Learnt*, page 8.

<sup>80</sup> World Bank, 2017, *ibid* page 1 and for the pilot project in the Russian Federation refer to <https://www.pempal.org/events/budget-literacy-and-transparency-working-group>



development of Russia, but have also contributed to the global evolving budget literacy agenda. It is hoped that the results of this work is also reflected in future revisions to the international norms such as the 2017 *Budget Transparency Toolkit*.

**Despite the gap in global demand side initiatives, the budget literacy of CSOs has strengthened in many BLTWG countries, from their active involvement in fiscal and budget processes.** The strongest example is from Croatia with the activities and role of the Croatian Institute of Public Finance (Musad, 2018). Examples from the survey of the types of activities conducted by CSOs are provided below:

- Conducting **budget analysis** (Belarus, Croatia, Kyrgyz Republic, Serbia, Russian Federation);
- Participating in the national biennial Open Budget Survey conducted by the IBP (Croatia, Kyrgyz Republic, Russian Federation, Serbia)<sup>81</sup>;
- Conducting **Open Budget Surveys** at the local and regional self-government levels (Croatia);
- Publishing conclusions and explanations of PFM issues in newsletters and press releases (Croatia) and on the State Duma website (Russian Federation), the MoF publishes its explanations on essential items of state finances and tax and budget reform in the Newsletter “Financial Officer Handbook” (Uzbekistan);
- **Financial literacy web-portals** have been developed and are available at: [www.fingramota.by](http://www.fingramota.by) (Belarus), <https://vashifinancy.ru/> (Russian Federation);
- Developing an **online tool for geo-visualization** which depicts budget data for cities and municipalities, and which can be used to create various budget scenarios and solutions (Croatia); and
- **Participating in working groups and advisory boards** on fiscal issues (Belarus, Russian Federation, Uzbekistan).

**Table 3 below provides more detailed examples of demand side activities** where budget and fiscal information is studied or analyzed by external individuals or organizations.

**Table 3: Demand Side Activities in PEMPAL countries**

<b>Belarus</b>	The CSOs - School of young managers of public administration or SYMPA, and the Belarusian economic research-educational center, the Center of Economic Studies - conduct budget analysis. CSOs can engage with Government on the budget process through ‘direct lines’ which are open to everyone, and are also represented on working groups and advisory boards on fiscal issues. Citizens and CSOs can make written or oral proposals and petitions.
<b>Croatia</b>	The academic community and CSOs organize round tables and consultations. The Croatian Institute of Public Finance, a CSO, is very active in fiscal and budget issues and conducts the following activities: <ul style="list-style-type: none"> <li>• Actively monitors and analyses budget information and gives advice on budget transparency</li> <li>• Conducts an open budget survey at the local and regional self-government levels (counties, towns, municipalities).</li> <li>• Publishes their opinions and explanations of current issues in public finance in Newsletters and Press releases.</li> <li>• Has developed an online tool for geo-visualization which depicts budget data for cities and municipalities, and which can be used to create various budget scenarios and solutions.</li> <li>• Participates in the biennial Open budget Survey conducted by the IBP.</li> </ul>
<b>Kyrgyz Republic</b>	<ul style="list-style-type: none"> <li>• Several CSOs are actively engaged in analyzing budget information and engaging in the budget process.</li> <li>• CSOs participate in the biennial Open Budget Survey conducted by the IBP.</li> <li>• Since 2013, public hearings on the central budget have been open to all and are attended by Public Councils, CSOs, and technical experts.</li> </ul>
<b>Russian Federation</b>	<ul style="list-style-type: none"> <li>• Various research institutions and think tanks review the draft federal budget for the upcoming FY and planning period, as well as budget execution reports. Their opinions are published on the open State Duma website.</li> <li>• The Analytical Center at the Government of the Russian Federation uses budget data to issue opinions on budgetary issues.</li> <li>• CSOs participate in the biennial Open Budget Survey conducted by the IBP.</li> <li>• NGOs and CSOs are represented on Public Councils and if not represented on the Council their opinions, proposals and comments are sought on fiscal issues.</li> <li>• Parliamentary budget hearings are open to the mass media, CSOs and the general public.</li> </ul>

<sup>81</sup> Almost all PEMPAL BCOP member countries participate in the OBS. 18 PEMPAL countries participated in the 2019 OBS..



	<ul style="list-style-type: none"> <li>Budget literacy initiatives have been implemented to increase demand and interest for budget information (e.g. by the Government for school children, and for people and organizations engaged in participatory budgeting initiatives).</li> </ul>
<b>Serbia</b>	CSOs participate in the biennial Open Budget Survey conducted by the IBP.
<b>Uzbekistan</b>	<ul style="list-style-type: none"> <li>NGOs use budget information in the course of its explanatory and consulting activity for population.</li> <li>Citizens and NGOs are active in making virtual petitions. Most of them are related to pension issues, and there has been little interest shown in fiscal issues, except for some interest in tax issues.</li> <li>The World Bank, UNDP and other experts carried out a number of research studies that cover various aspects of fiscal transparency in Uzbekistan. A PEFA assessment and IMF FTE have been completed in 2018.</li> <li>The MoF publishes its explanations on essential items of state finances and tax and budget reform in the Newsletter “Financial Officer Handbook”</li> </ul> <p>The Uzbekistan’s MoF Training Center has prepared training courses on Budget reforms in the sphere of budget, state purchases, budget accounting and budget literacy for increasing the awareness and knowledge.</p>

Source: Adapted from Harika Masud, World Bank, 2018

**Many supply and demand side mechanisms are available to countries as outlined above, with PEMPAL countries adopting a wide range.** However, the focus of PEMPAL countries that were surveyed was more on supply side mechanisms, given they are relatively more easier to implement, although impressive activities are underway in some countries by the CSO sector. With the multitude of mechanisms available to Governments as outlined above, it is important in the design of mechanisms to identify the risk factors and develop strategies to mitigate them as outlined in the next section.

### Risk Factors and their Mitigation

**There are several risk factors from international and regional practice that may need to be carefully monitored or managed when designing and implementing participation mechanisms.** These include unintended negative impacts, privacy and conflict of interest concerns, and lack of a sharing and learning culture in government.

**Poorly designed or implemented mechanisms can have significant negative impacts on governments.** These include mechanisms that are not fully implemented, have unintended adverse impacts, or raise expectations for change which does not happen, for example. A global study by the Institute of Development Studies (IDS), found that public participation produced negative impacts in 25 per cent of cases.<sup>82</sup> Negative outcomes were caused by perceptions that participation mechanisms were manipulated, tokenistic or used to form new, corrupt alliances. Others related to where engagement led to failures for sustained policy gains, or reprisals including violence from state actors against those challenging the status quo. Engagement also contributed to a greater sense of exclusion in some cases where the new space for dialogue reinforced old hierarchies based on gender, caste or race or contributed to greater competition and conflict across groups who compete for recognition or resources in new ways.

**Thus it is very important to ensure mechanisms are designed within the context of a strategy, that identifies the objectives of each consultation and the expected outcomes, and that this is communicated clearly** to all stakeholders. The process of implementation also needs to be managed carefully, and any unintended impacts identified and addressed. For example, in Philippines they have established a Grievance Redress Mechanism whereby issues can be raised by citizens and stakeholders. From Russia, political will was identified by one region as essential, as gained trust of citizens can be lost if changes in mechanisms are made, or changes are introduced during implementation stages. Lessons learnt from mechanism implementation should also be recorded, and used to improve mechanism design and implementation in future citizen engagements.

<sup>82</sup> IDS, 2010, page 57. The 10-year research study analysed 100 research studies of four types of citizen engagement in 20 countries. Of the almost 830 outcomes across the 100 case studies, some 25 per cent were negative. Details of the positive results found from this study have been included under *Section 3: Benefits of Public Participation*.



**Adopting transparency and participation mechanisms can also raise privacy and conflict of interest concerns** which have been managed globally by a number of mechanisms. All governments should have a policy and legal framework to outline how it handles and uses the information that it holds. This framework needs to reflect principles of transparency and right of access to information but also situations where the information needs to be effectively managed or safeguarded. Some countries have also developed Privacy Acts.<sup>83</sup>

- **‘Freedom of information’ type laws and regulations can clearly state types of information that the government is not obliged to share with the public** (e.g. on issues of national security, citizen personal confidential information, commercial-in-confidence, intellectual property or patent rights, or works-in-progress). For example during New Zealand’s Earthquake Commission Review some submissions were withheld from the public under the *Official Information Act*, as the issue was still under active consideration. When submissions were finalized, consent had to be gained from the authors for them to be published, and disclaimers were added to some of the submissions, given insurance aspects could have been incorrectly taken as financial advice.
- **ICT tools can be used in cases where information should not be made widely available through for example, using confidential on-line access** for certain groups (e.g. requiring a password to enter). Excluding access to any information however, should be done in accordance with the policy and legislative framework and risks assessed in the context of transparency and open data principles.
- **Laws, regulations or guidelines should clearly state where participation of citizens could be precluded due to conflict of interest.** For example, in New Zealand for the Capital Investment Panel (who are responsible for assessing new capital initiatives from a ‘whole of government’ perspective), participants were required to sign confidentiality agreements, and to adhere to conflict of interest rules (e.g. participants had to declare if they were directly or indirectly involved with any of the initiatives, which may preclude them from being on the assessment panel).
- **Conflict of interest issues can also impact on stakeholder engagement, and need to be carefully considered and managed.** Lessons learnt by New Zealand Treasury during its Earthquake Commission Review include ensuring multiple points of engagement are established with different interests. This was needed to manage possible competition policy constraints on individuals’ comments at group discussions amongst competing companies. However, to avoid mixed messages, formal feedback was given to all participants in group meetings.
- **Guidelines are available to assist governments manage potential conflicts of interest.** For example OECD (2003) guidelines on managing conflict of interest in the public service and the Council of Europe’s Recommendation on Codes of Conduct for Public Officials (2000) covers issues to manage and avoid such conflicts (refer to the References section for document links).

**A lack of culture for sharing information within MoF and poor coordination across government** can also be a risk factor that impedes reform success, but can be managed and addressed through a number of strategies. Policies, guidelines and/or regulations could outline the type, format and frequency for the different types of information to be collected and disseminated internally within Government, including the objectives of each type. This could be part of a broader government information strategy, as advocated by the international community.

- **Given the variety of public participation mechanisms and approaches available, it may be advantageous for a specific agency to take responsibility for coordinating the sharing of public participation approaches and results** (e.g. Russian Federation, Uzbekistan). This could include periodically requesting information from other departments/ministries, and annually updating the list with new information. Possibilities for the location of such a function could be within a ministry whose responsibilities include IT, administration or communications, or a central ministry such as the MoF. This could include responsibility for coordinating, collating and distributing for example:
  - Lists of stakeholder contact details including a centralized listing of CSOs by name and area of expertise (noting IBP hold such a listing for budget and fiscal related CSOs);
  - Accommodation sources to hold meetings (including government owned buildings that are available);
  - Types of participation mechanisms used, number of stakeholders participating, and results achieved;
  - A centralized list of dates and times of consultations currently underway including a list of submissions/petitions received and feedback provided; and

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<sup>83</sup> For example, the Office of the Australian Information Commissioner manages an extensive policy and legal framework including privacy, freedom of information, open data and transparency aspects and assists agencies in government manage their information assets within that context. <https://www.oaic.gov.au/information-policy/>



- Periodic newsletters on good practices including awarding prizes for the most innovative mechanisms and practices to promote information sharing.

**Risk factors as those outlined above, should be identified as part of the development and implementation of mechanisms.** A risk register should also be developed which can provide details of the risks identified and those that emerged, how they were managed, and lessons learnt to assist in the design and implementation of future mechanisms. Lessons can also be drawn from international and regional experiences when designing mechanisms as outlined below.

## 6. REVIEW OF INTERNATIONAL EXPERIENCES

A selection of international experiences was highlighted by the BLTWG as being of specific interest to national MoFs. These experiences, included by GIFT as new best practices in its *Public Participation Principles Guide*, were presented to PEMPAL in BCOP’s 2019 annual plenary meeting.<sup>84</sup>

**Mechanisms used by New Zealand in particular were examined in detail by the BLTWG given New Zealand scored the highest mark for participation in the 2017 OBS** (and more recently ranked third with 54/100 in the 2019 OBS). GIFT provided an overview of several mechanisms, and how they were used within the budget and policy cycle as outlined in *Table 4*.

**Table 4: NZ Treasury public engagement mechanisms**

Mechanism name	Stage of policy cycle	Mechanism type
A. Social Investment Panel	Budget preparation	Regular in-year consultation
B. Capital Investment Panel	Budget preparation	Regular in-year consultation
C. New Infrastructure Agency	Policy design	One-off consultation
D. Open Budget	Budget preparation	One-off consultation
E. Earthquake Commission review	Policy implementation and design	Multi-year consultation
F. Tax reform	Policy design	Time-limited Working Group
G. Independent Fiscal Instit.	Policy design	One-off consultation
H. Other	Various	Various

Source: Murray Petrie, “Public Participation in Fiscal Policy at the National Level: Selected Country Examples”, presentation to PEMPAL at Tashkent, March 18, 2019

**The BLTWG decided that good practice examples from New Zealand in investment assessment, tax policy, and macro-fiscal assessment could be used by MoFs as a guide to design mechanisms.** The use of research companies to seek stakeholder views for major policy reviews was also of interest:

- **Independent Investment Assessment** - A Capital Investment Panel was established by the New Zealand Treasury to assess proposals on selected themes (ICT, earthquake re-build) and although the panel does not make decisions, they provide a valuable third-party perspective on proposed government investments. Recommendations are consolidated into a report to Government Ministers and Cabinet and are provided separately from assessments and advice provided by the Treasury. This panel plays a key role in improving the quality and consistency of investment analysis and advice across the public sector.
  - New Zealand Treasury also has to release an Investment Statement in addition to a Long Term Fiscal Statement every 4 years, and there are legal requirements to consult with the public during the preparation of both these statements.
- **Tax Policy reform** – New Zealand has an annual tax policy work program where two tax bills a year are reviewed which are scheduled outside the annual budget process to avoid budget secrecy and time constraints.

<sup>84</sup> Source: Murray Petrie, 2019 presentation to PEMPAL delivered at Tashkent, March 2018.



This program is published and the review process includes public consultation. New Zealand also conducts major external reviews of tax policy periodically. For example a Tax Working Group was established in November 2017 chaired by the former deputy Prime Minister with ten other members comprising tax law practitioners, academics, business and community representatives. This working group was supported by a secretariat of officials from the New Zealand Treasury and the Inland Revenue Department acting independently. The Working Group conducted a two-month public consultation process from 1 March to 30 April 2018, with an interim report published on 20 September 2018 and the final report released on 21 February 2019.

- **Independent Assessment of the Macro-fiscal framework** –New Zealand has an Independent Fiscal Institution (IFIs) to provide third party advice to the government on the macro-fiscal framework. According to the IBP (2017, p.46) Legislatures and Executives should consider strengthening or setting up IFIs that can help ensure high-quality, independent, and credible macroeconomic forecasts and estimates of the cost of policies, that can be taken into account in decision making. If an IFI does not exist, the government can consult with academics and experts, to test the methodologies and assumptions used, including the scenarios chosen as part of the framework.
- **Use of survey research companies to seek stakeholder views for major policy reviews** - This approach could be useful to MoFs particularly if there is lack of specialist skills to conduct such surveys, or there is insufficient time to conduct the surveys internally. New Zealand used this consultation approach when it wanted ideas on how to make the budget more accessible and open. The methodology used included Treasury compiling a list of stakeholders comprising both ‘usual’ and ‘new’ voices after informal discussions, which was finalized with the contractor. The contractor then conducted 35 qualitative in-depth interviews with media, industry representatives, analysts, financial and international organizations, academics, indigenous groups, social and community service groups and professional network groups. The contractor prepared the interview questions, which were finalized with New Zealand Treasury. The interviews lasted one hour, and took place over two months. Half of the interviews were conducted face-to-face with the other half conducted by phone.

**Based on New Zealand best practice mechanisms, GIFT made several observations:**

- **A wide variety of engagement mechanisms can be implemented**, including one-off exercises or regular and institutionalized mechanisms, single stage or multiple-stage mechanisms, informal or legally required processes, and expert-based or general public consultation mechanisms. These different approaches can also be combined in multi-mechanism exercises for large consultations. The ones adopted by NZ largely span macro-fiscal, tax, expenditure, investment issues which are outside the annual budget.
- **There is a culture of information sharing so limited centralised guidelines for staff are available**, as there is a reliance on experienced staff and there is an established culture of cross-Treasury discussion and sharing of experience. If such a culture is not present, mechanisms and processes may be needed to ensure information is requested and shared.
- **There are well-established non-government actors and interaction patterns**, and specific efforts are invested in mechanisms to engage minorities/marginalized groups (e.g. indigenous people).
- **Most work is done by Treasury staff within existing budgets**, although sometimes specialised or urgent work is contracted out.
- **There are clear processes to manage privacy issues and avoid potential conflicts of interest.**
- **Political support** is essential; and
- **Key Performance Indicators (KPIs) based on regular and independent published surveys of citizens’ perceptions** and users’ satisfaction with public services can be an important lever.<sup>85</sup>

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<sup>85</sup> Refer to IPSAS Recommended Practice Guideline (RPG3) on Reporting Service Performance Information, <https://www.ifac.org/publications-resources/recommended-practice-guideline-3> (free registration with IFAC required). BCOP’s Program and Performance Budgeting Working Group (PPBWG) has also developed a knowledge product on performance indicators distributed at the 2019 Uzbekistan meeting under background materials in addition to information on the OECD (2018) Best Practices in Performance Budgeting <https://www.pempal.org/events/2019-annual-bcop-plenary-meeting> Both working groups met in November 2019, to discuss in detail how performance indicators can be designed to capture citizen feedback on services, and be used to support consultations. Refer to <https://www.pempal.org/events/joint-workshop-program-and-performance-budgeting-working-group-ppbwg-and-budget-literacy-and> for workshop materials, including the event report.



**GIFT also identified good practices adopted for pre-budget consultations from South Africa and Canada, which are particularly relevant to MoFs of PEMPAL:**

- **South Africa:** ‘Tips for the Minister’ - the general public are invited to submit proposals for the next budget on the Treasury web site or submit them manually. Over 500 tips are submitted each year. Treasury Communications staff vet them for the Minister, and submit a shortlist of 10 to the Treasury executive team. The Minister considers those that are closest to government priorities and refers to them in the Budget Speech.
- **Canada:** since the 1990s, pre-budget consultations with the public have been organized by the Department of Finance (equivalent to the MoF in the PEMPAL context) to gather input on potential areas of focus for the upcoming budget. Social media (Google Hangouts, Facebook), and a dedicated website is used for these consultations. The purpose, scope and process are outlined in a press release on the launch of these consultations.

**Despite South Africa scoring only 24/100 in public participation in both the 2017 and 2019 OBS, GIFT has identified their annual budget workshop with CSOs as an example of good practice that may be of interest to other MoFs. Some key features include:**

- A program is agreed between Treasury, sector experts, and CSOs.
- Increasingly detailed agendas are developed, and questions pre-agreed, for targeted engagements.
- The National Treasury funds (within the budget baseline) the following costs: venue hire (if not hosted at government buildings), catering, staff and CSO travel and accommodation costs, and printing of documentation.
- These consultations initially took the National Treasury 6 months to organize but this has decreased to an average of 3 months preparation time.
- New CSO structures have evolved making meaningful engagement possible again. For example, a coalition of civil society was formed (‘IMALI YETHU’), to partner directly with Treasury to develop the budget online portal, [www.vulekamali.gov.za](http://www.vulekamali.gov.za).

**The results of these annual budget workshops with CSOs has led to their better understanding of the role of the Treasury in national government budget formulation, and the trade-offs required in budgeting. It has also led to new and deeper Treasury/CSO collaborations. For the future, GIFT has advised South Africa to build on these successes by using more ICT tools, conduct more social audits, and ensure CSO submissions are evidenced-based.**

**The IBP also identified several good practice examples of participation mechanisms based on information gathered for the 2019 OBS, including the following:**

- In South Korea and Portugal, they have launched participatory budgeting at the national government level.
- In Sierra Leone, the government has expanded public consultation when drafting the budget proposal through policy hearings and bilateral budget discussions.
- In Kyrgyz Republic, the Ministry of Finance publishes materials in advance of open public hearings.
- In Ukraine, a ‘public expertise’ mechanism within the Ministry of Economy and Trade allows members of civil society to provide feedback to, and exchange views with, ministry officials.
- In Mexico, the government established a mechanism called Social Comptrollers to enable social programs to be monitored by committees of beneficiaries.
- In New Zealand’s Parliament, pre-budget hearings are held which solicits written submissions and oral testimony from members of the public. The Government also used public participation to inform the development of their first ‘Wellbeing Budget’, seeking public input on how citizens define and prioritize different aspects of wellbeing and providing feedback to the public on how their views were used to inform this new approach.

**These international and regional good practices outlined above can be used as a guide by PEMPAL countries, when designing and implementing mechanisms.** Drawn from these approaches, are conclusions and recommendations below made by the BLTWG countries, during the course of their work. Other steps have also been suggested, that could be used as a road map for future reforms.



## 7. CONCLUSIONS AND RECOMMENDATIONS

To consolidate the knowledge shared over the last two years, BLTWG members discussed the design of public participation models applicable for their countries. In 2019, participants discussed the design of models, including objectives; coverage in terms of national versus local initiatives; targeted population groups; thematic/sectoral focus; institutions/bodies responsible for implementation; other stakeholder bodies; financing sources; co-financing requirements; regulatory/legislative basis; and mode of voting. In addition, members identified perceived risks and ways to mitigate them some of which are outlined in this knowledge product. Various models were designed, ranging from youth initiatives in specific sectors to broader initiatives covering any sector with the goal of starting to develop public participation awareness in citizens.<sup>86</sup>

**Based on the survey's findings and BLTWG member discussions, some of the key recommendations that PEMPAL countries plan to pursue include:**

- Encourage outreach and engagement with vulnerable and insufficiently represented groups, e.g. through CSO networks.
- Explore arrangements for public entities to organize regular budget literacy trainings for CSOs, journalists and media in collaboration with development partners, or explore arrangements with think tanks/academia to assume the lead in collaboration with the MoF, line ministries and local governments. Explore piloting budget literacy courses for adults and/or young people, either as a standalone module or as part of financial literacy/civic education.
- Share user-friendly versions of draft budget documents in advance of public hearings, such as citizens' budgets and brief presentations in addition to the existing information on the schedules, contents etc.
- Continue to use various public participation mechanisms during the budget preparation stage, and increase citizen engagement efforts during the stages of budget execution and audit.
- Encourage line ministries and SAIs to utilize interactive public participation mechanisms, particularly during the stages of budget execution and audit.
- Issue guidelines to specify the role of citizens in the budget process and the steps required to address their feedback in a timely manner, particularly in contexts where overarching legislative frameworks do not provide detailed advice.

**A road map that PEMPAL countries could adopt to establish or strengthen public participation practices, could also include** the following (based on international advice and practices):

- **Document what practices are currently in place** by completing the PEMPAL survey (for those countries that did not participate);
  - **Compare these practices with what is considered good and best practice in international assessment tools** such as the Open Budget Survey, PEFA, and others as presented in *Section 4* above.
  - **Identify gaps and areas of potential improvement.**
- **Determine the objectives of why the Government wants to consult on budget and fiscal policy processes**, and categorize the expected impact (i.e. using IAP2's spectrum ranging from 'Inform' to 'Empower' as outlined in *Attachment B*).
- **Ensure the annual budget process calendar is clearly documented, and identifies key stages where citizens can get involved** (e.g. during formulation, approval, execution and audit stages). This should form part of an overall communication strategy for the budget that is supported by a legal framework that allows for, and supports, systematic and transparent public participation of citizens in fiscal and budget processes.
- **In terms of sequencing, as a key supply side mechanism, ensure all 8 key budget documents are publically available on a website or fiscal portal.**<sup>87</sup> Prepare simplified versions of these documents that can be easily understood by all citizens, including a Citizens Budget.

<sup>86</sup> Refer to BCOP 2019 meeting in Uzbekistan <https://www.pempal.org/events/2019-annual-bcop-plenary-meeting>

<sup>87</sup> These 8 key documents are a Pre-Budget statement; Executive's Budget Proposal; Enacted Budget; Citizens Budget; In-Year Report; Mid-Year Review; Year-End Report; and Audit Report as defined by the IBP.



- **Ensure budget information is in readable format that can be reused** (e.g. in EXCEL and word format not only in PDF).
- **Consider placing a draft of the Citizens Budget on the MoF website/Facebook page** and ask for input from citizens on its content and scope. Ensure citizens receive timely feedback about the input received, and how it was used. Consider holding competitions with schools and/or universities on the best design and coverage.
- **Maximize use of ICT tools such as online voting platforms, to gain feedback from a wider range of citizens.** Ensure additional efforts are made to reach vulnerable or insufficiently represented groups by approaching CSOs that represent them, or conducting targeted consultations aimed at getting these groups involved.
- **Other mechanisms outside the budget process could also be used to develop capacity and skills in designing public participation mechanisms such as tax reviews** (based on New Zealand and Belarus experiences).
- **As a possible demand side mechanism, consider holding specific meetings to discuss the draft budget** with journalists and CSO groups, as a way to communicate the Government's key priorities. Use the opportunity to ask them what types and format of budget information they would prefer (using the Citizens Budget as a starting point). A listing of budget related CSOs can be sourced from the IBP (for those countries who participate in the OBS, which is the majority of BCOP members).
  - **If capacity of the CSO and/or media sector is still developing, offer training to journalists and/or target CSO groups** on how to analyze and report on budget information (in consultation with universities, CSO think tanks, training institutes etc).
  - **To improve budget literacy in schools, introduce materials in the curriculum.** Materials from Russia can be used as a guide.

**This knowledge product, which reflects the knowledge gained and shared by the BLTWG, will continue to be used as the basis to establish and/or strengthen public participation mechanisms** in PEMPAL member countries. It will also be shared with other BCOP member countries in BCOP's annual meeting in 2020. The BLTWG now plans to investigate further the design of participatory budgeting mechanisms, to determine ways the national level can facilitate and promote such mechanisms to empower and engage citizens, given the impressive results gained by Portugal at the national and local levels, and the Russian Federation at the regional level.



BLTWG meeting in Moscow.



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## ATTACHMENTS

### A. Additional Global Resources

Type of Resource	Examples
<b>Blogs</b>	<ul style="list-style-type: none"> <li>• <a href="#">Understanding Fiscal Responsibility Blog</a> (United States)</li> </ul>
<b>Comics/Cartoons</b>	<ul style="list-style-type: none"> <li>• <a href="#">Sofinha and her Gang</a> (Brazil)</li> <li>• <a href="#">What's in it for Us?</a> (New Zealand)</li> </ul>
<b>Crossword Puzzles</b>	<ul style="list-style-type: none"> <li>• National Budget <a href="#">Crossword</a> (Ireland)</li> </ul>
<b>Datasets on Public Spending</b>	<ul style="list-style-type: none"> <li>• <a href="#">Budget Stories</a> (Moldova)</li> <li>• <a href="#">A Scuola di OpenCoesione</a> (Italy)</li> </ul>
<b>Glossaries/Primers</b>	<ul style="list-style-type: none"> <li>• <a href="#">The ABC of Taxes</a> (Guatemala)</li> <li>• <a href="#">Declaring My Taxes</a> (Costa Rica)</li> </ul>
<b>Participatory Budgeting Guides, Toolkits and Resources</b>	<ul style="list-style-type: none"> <li>• <a href="#">Handbook</a> for Schools to Implement Student Participatory Budgeting (Germany)</li> <li>• Welsh Government Participatory Budgeting <a href="#">Toolkit</a> (United Kingdom)</li> <li>• <a href="#">Tools and Resources for Local Governments to educate, citizens and support their participation in, and monitoring of government spending</a> (USA/Canada)</li> </ul>
<b>Public Participation</b>	<ul style="list-style-type: none"> <li>• <a href="#">International Association of Public Participation</a> (26 countries worldwide)</li> <li>• <a href="#">GIFT Guide of Public Participation Country Examples</a></li> <li>• <a href="#">Open Government Partnership resources</a></li> <li>• <a href="#">International Budget Partnership Open Budget Survey Guidelines</a></li> <li>• <a href="#">Public Participation in the Budget Process in Republic of Korea</a> (Korea/World Bank)</li> </ul>
<b>PowerPoint Presentations</b>	<ul style="list-style-type: none"> <li>• <a href="#">Budget Taxation &amp; Government Finances</a> (Ireland)</li> <li>• <a href="#">Government Spending</a> (United States)</li> </ul>
<b>Posters/Graphics/ Wordles</b>	<ul style="list-style-type: none"> <li>• <a href="#">National Budget Wordle</a> (Ireland)</li> <li>• <a href="#">Tax Expenditure Interactive Graphic</a> (Uruguay)</li> </ul>
<b>Training kit for senior pupils, their</b>	<ul style="list-style-type: none"> <li>• <a href="http://www.firo.ru/wp-content/uploads/2015/09/Koncept.pdf">http://www.firo.ru/wp-content/uploads/2015/09/Koncept.pdf</a> (Russian Federation)</li> </ul>



<b>teachers and parents</b>	
<b>Interactive Games</b>	<a href="#">CyberBudget Game</a> (France) <a href="#">Role Playing Game</a> -Deciding a Municipal Budget (Germany)
<b>Participatory Budgeting Guides</b>	Welsh Government Participatory Budgeting <a href="#">Toolkit</a> (United Kingdom)
<b>PowerPoint Presentations</b>	<a href="#">Budget Taxation &amp; Government Finances</a> (Ireland) <a href="#">Government Spending</a> (United States)
<b>Posters/Graphics/ Wordles</b>	<a href="#">Tax Expenditure Interactive Graphic</a> (Uruguay)
<b>Quizzes/Trivia and Surveys</b>	<a href="#">Taxes Trivia</a> (Dominican Republic) <a href="#">Tax Education and Citizenship Survey</a> (New Zealand)
<b>TV shows/media clips</b>	<a href="#">10-minute-box</a> (Japan) <a href="#">PBS Learning Media: Government Revenues and Spending</a> (United States)
<b>Worksheets and Handouts</b>	Government Expenditures Worksheet (Canada) Comparison of tax rates (Hong Kong)
<b>Tool Kits/Lesson Plans</b>	' <a href="#">Tax Matters</a> '. HM Revenue and Customs (United Kingdom) Overview of Budget 2015: Building Our Future, Strengthening Social Security (Singapore)

Source: World Bank, 2018 presentation by Harika Masud. For websites, refer to the hyperlinks embedded behind the text above.

B. International Association for Public Participation (IAP2) Public Participation Spectrum

**IAP2 PUBLIC PARTICIPATION SPECTRUM**

<b>INCREASING LEVEL OF PUBLIC IMPACT</b>				
<b>INFORM</b>	<b>CONSULT</b>	<b>INVOLVE</b>	<b>COLLABORATE</b>	<b>EMPOWER</b>
<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>
We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
<b>Example Tools:</b>	<b>Example Tools:</b>	<b>Example Tools:</b>	<b>Example Tools:</b>	<b>Example Tools:</b>
<ul style="list-style-type: none"> <li>• fact sheets</li> <li>• web sites</li> <li>• open houses.</li> </ul>	<ul style="list-style-type: none"> <li>• public comment</li> <li>• focus groups</li> <li>• surveys</li> <li>• public meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• workshops</li> <li>• deliberate polling.</li> </ul>	<ul style="list-style-type: none"> <li>• citizen advisory committees</li> <li>• consensus-building</li> <li>• participatory decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>• citizen juries</li> <li>• ballots</li> <li>• delegated decisions.</li> </ul>

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## C. PEMPAL Country Case Studies, Success Factors, and Lessons Learnt

### SURVEY SUMMARY RESULTS

**All surveyed countries have frameworks which endorse the principles of transparency and public engagement.** Countries with more generic legislative, policy or institutional frameworks that endorse public participation are less specific about the mechanisms that are being used to engage the public in the budget process (Belarus, Serbia).

**On the supply side, only 2 of the 6 countries specified that they have procedural measures in place to ensure accountability for responding to feedback during public consultations (Croatia, Kyrgyz Republic).** Online/written petitions and budget hearings/consultations are the mechanisms being used by most of the 6 countries. Two (2) of the 4 countries that organize budget hearings/consultations have taken steps to close the loop on if/how public comments were addressed or incorporated (Croatia, Kyrgyz Republic)

- Two (2) countries have specified a 15 day timeframe within which citizens are to receive a response to petitions (Belarus, Kyrgyz Republic)

**Most efforts to engage with the public are concentrated during the budget preparation stage,** and tend to dwindle during the execution and audit stages of the budget cycle.

**On the demand side, the survey found that there were less mechanisms in place to create interest in, and knowledge of, the budget by the public.** While CSOs use various mechanisms to participate in the budget process, there are no systematic efforts to organize trainings for CSOs, journalists, and media on budget related issues for example.

- However, there have been efforts by development partners in the Kyrgyz Republic and Uzbekistan. Only one of the countries surveyed envisions organizing trainings for media and journalists (Uzbekistan).
- The MoF-led national program on Management of Public Finance and Regulation of Capital Markets in the Russian Federation has included activities to improve the budget literacy of people and organizations engaged in the participatory budgeting process.
- The Russian Federation's MoF has developed and piloted a training course on Budget Literacy for high school students and Uzbekistan's MoF has initiated a project on preparing a Budget Literacy training course for school children.

**Although no groups are excluded, the survey results indicate that there are no specific mechanisms targeting vulnerable or under-represented groups** to facilitate opportunities for their representation or participation in the fiscal process.

### Public Participation Mechanisms

**A broad range of mechanisms are being used by the surveyed countries to engage citizens in the budget process,** such as technical working groups on fiscal issues; NGO inputs on draft budget documents; reviews and comments by think tanks/academics; participatory budgeting and online simulations and games. Specifically, online/written petitions and budget hearings/consultations are being used by the majority of countries. In addition, to the preparation and execution of the national budget, CSOs, technical experts and citizens have engaged with the executive branch and Parliament on overall economic and fiscal policy measures, taxation and the implementation and performance of national programs

**Five (5) countries use public participation mechanisms during the budget preparation stage and 2 countries use them during the budget execution stage** (Kyrgyz Republic and Russian Federation). Only 1 country has established an avenue for public engagement during the audit stage (Russian Federation).

**Three (3) countries were in the process of developing Citizens Budgets** (Belarus, Kyrgyz Republic and Uzbekistan) and the remaining three countries already publish Citizen's Budgets (Russian Federation, Serbia, Croatia) with 2 of those countries also developing them at the subnational level also (Croatia, Russian Federation). No country uses the Citizens Budget as a mechanism for public participation at the national government level.

**More specific details from the survey findings and BLTWG discussions for each of the participating countries are provided below.**

## BELARUS

**Belarus has established a legal, regulatory and procedural framework for public participation.** This includes the following:

- **Draft laws are explained to citizens using plain and clear language.** Interviews are also conducted and distributed through mass media, and programs aired on TV, including talk shows and speeches addressed to MPs, independent experts, and scientists.
- **A legal framework supports oral and written petitions by citizens** (covering both individual and collective proposals), appeals and complaints addressed to public bodies, as well as their handling (in accordance with the Law of the Republic of Belarus as of July 18, 2011, "*On Petitions of Citizens and Legal Entities*").
  - According to this Law, petitions of citizens must be considered within a maximum of 15 days, and petitions that require additional investigation and verification, within a maximum of one month. If certain actions are needed to handle issues presented in petitions (e.g., execution of works, provision of services), if the term exceeds one month, a written notification must be sent to the citizen with indication of reasons why there was a delay and with clarification about the time when such actions (execution of works, provision of services) will be undertaken.
  - Currently, a centralized Internet portal for handling citizen petitions is under development, where all petitions of citizens to all public bodies would be recorded.

**Citizen engagement in the budget process is promoted through 'direct phone lines' to MoF** where citizens can telephone the Minister of Finance and/or his/her deputies every Saturday morning (from 9:00 to 12:00). (Refer to the MoF website for more details).

- **In addition, every month, the leadership of the MoF (the Minister and his deputies) holds on-site meetings** in all regions in order to handle petitions and proposals of citizens. The 'direct line' mechanism is also used by line ministries and local authorities.
- **Prior to conducting "direct lines" the date, time, topics of consultations are agreed.** However, citizens, media, representatives of various NGOs, and associations (e.g. unions) can consult or raise any issues that are in the competence of this body.
- If there is a need to give an additional direct response to a citizen during the direct line (i.e. when additional investigation is needed), **the answer is sent to the citizen in a written form within 15 calendar days.**

**Facilitated consultations are held for citizens each week**, at local executive and administrative bodies on certain spheres of activities, including on funding of social projects. Proposals of citizens related to budget investments are also regularly examined in each specific district (e.g. capital repairs of the housing stock, roads, construction of social infrastructure, etc.). The schedule of consultations, including topics, date, time, and attendance by what specific heads (or deputy heads) of the local administration, is published in mass media (e.g. newspapers) and is announced on TV during evening news broadcasts in advance.

**Every year, NGOs<sup>88</sup> send to the Parliament for consideration, proposals on making changes in legal acts, including fiscal and budget legislation.** These issues are considered by MPs together with public bodies with relevant competencies, and subsequent decisions are made.

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<sup>88</sup> For example, the Association of Manufacturers and Entrepreneurs, Trade Union Federation of Belarus (a voluntary independent association of trade unions that unites 96 % of economically active population of the country).

**A working group prepares proposals on simplification of the tax system which includes representatives of civil society** (e.g. from public associations “Belarus Union of Taxpayers”, “Belarus Union of Entrepreneurs”, and MPs). This working group was established pursuant to the Decree of the Council of Ministers of the Republic of Belarus, as of June 12, 2006, No. 741.

- **An advisory board also exists under the Ministry of Taxes and Charges.** This board is an expert body that investigates proposals on improvements to the tax system. It takes part in public discussions of drafts of regulatory and legal acts related to improvement of the tax legislation.

**An aggregate report on implementation of state programs is placed on the website of the Ministry of Economy**, and information on the execution of the budget is disclosed on the MoF website in an understandable format. Line ministries also present information on their activities on their official sites. The State Control (i.e. Audit) Committee also posts its opinion on execution of the national budget for the reporting fiscal year on its website.

**A Citizen Budget is placed on the website of the MoF.** Currently, lectures and training activities delivered by civil servants, including top officials are used broadly to boost financial literacy of children and young people at schools and universities.

**Belarus does have several CSOs that study and analyze budget information** including the School of young managers of public administration (SYMPA) which has a research center BIPART with the developed internet project “Kosht Urada”; and Beroc, the Belarussian economic research-educational center (or Center of Economic Studies).

In 2019, a national open data web-portal [www.opendata.by](http://www.opendata.by) was launched where citizens can familiarize themselves with information and provide their comments, including on budget issues.

**Belarus is also interested in participating in IBP’s Open Budget Surveys and sent a request to IBP in 2016**, but regretfully the IBP has not been able to include the country in its surveys as yet, due to resourcing constraints. This was also raised with IBP in a meeting in May 2020, and IBP will investigate the feasibility of Belarus joining. (This depends on firstly the availability of sustainable financing, and secondly the availability of a CSO to partner with IBP to implement the survey).

## CROATIA

**The Republic of Croatia joined the Open Government Partnership in September 2011.** The development of the Action Plan for the implementation of the Open Government Partnership initiative in the Republic of Croatia includes equally the citizens and the civil society through public consultations on the Action plan priorities.

**Public participation mechanisms in Croatia are implemented more at the subnational (regional/county and city/municipal) level.**<sup>89</sup>

**At the national level, emphasis is on enhancing transparency, literacy, and citizens' participation** through the right of access to information; public consultations prior to the adoption of new regulation/legislation; as well as through public access to national budget funds through public calls for financing citizens' associations.

**The organic budget law at the national level does not prescribe specific mechanisms for the public to participate in the budgetary decision-making process** (aside from the general public consultation requirement that applies to all laws). However, in the annual budget instructions, the MoF includes recommendations to include the public.

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<sup>89</sup> Mladenka Karacic, Head of Sector, State Treasury Department, Ministry of Finance of Croatia, presented on public participation mechanisms in Croatia at the 2018 Vienna meeting.

**Work on amending the budget law is currently underway, however, and public participation mechanisms will be included.** A description of the current legislative framework is provided below:

**The Act on the Right of Access to Information (Official Gazette no. [25/13 and 85/15](#)) stipulates, amongst other things, the right to access and reuse information owned by public authorities, including the limitations, the procedure, and way of achieving and facilitating access to and reuse of information.**

- **In order to keep the public informed, public authorities competent for drafting acts and by-laws are obliged to publish on their website their annual plan** of normative activities and consultation plan for drafts of acts and other regulations related to their area of work.
- **Public consultations with the interested public usually last around 30 days.** Public authorities are obliged to inform the interested public via their website on the accepted and rejected proposals and comments, after the public consultations have ended. They must also publish the report on the conducted consultations with the interested public which is submitted to the Government of the Republic of Croatia.
- **This also applies to local and regional self-government units.** The ultimate objective is to facilitate the interaction with citizens and representatives of the interested public in the democratic process and encourage a more active participation of citizens in public life.

**The Budget Act lists the transparency principle as one of the key budgetary principles,** the implementation of which ensures that the public and all interested parties have a direct insight into the way public funds are being used.

**The procedures of drafting and adopting acts, regulations and other legislation are governed by a framework** including: the Act on the Evaluation of the Impact of Regulations (Official Gazette no. [44/17](#)); the Rules of Procedure of the Government of the Republic of Croatia and the Rules of Procedure of the Croatian Parliament; as well as the Code of Consultation with the Interested Public Concerning the Adoption of Acts, Regulations and Legislation (Official Gazette no. [140/09](#)).

- **The Act on the Evaluation of the Impact of Regulations (Official Gazette no. [44/17](#)) stipulates that the competent professional body shall develop a Statement on the evaluation of the impact of regulations and conduct consultations with the interested public (for the duration of at least 30 days, and in emergency cases a minimum of 15 days), pursuant to the special regulations that govern the right of access to information.**
  - **For example, consultations with the interested public are conducted by the MoF through their website (<http://www.mfin.hr/hr/savjetovanje-s-javnosc>).** The procedure of evaluating the impact of regulations ensures that the legislative procedure is open and transparent by including the interested public in the drafting of regulations, establishes possible barriers to the business of entrepreneurs and the status of citizens, and encourages cooperation and inter-ministerial coordination of central government bodies in the procedure of drafting laws.
  - Pursuant to the Act on the Evaluation of the Impact of Regulations, the Republic of Croatia has adopted the **Regulation on the Implementation of Evaluation of the Impact of Regulations** (Official Gazette no. [52/17](#)) which stipulates the criteria for evaluating the direct impact of the drafts of bills, the way to determine the addressees, activities of the previous evaluations of the impact of regulations, the consultation procedure, activities for the evaluation, and the contents of the statement and other related issues.
- **The Rules of Procedure of the Government of the Republic of Croatia (Official Gazette no. [154/11, 121/12, 7/13, 61/15, 99/16](#) and [57/17](#)) stipulate in detail the contents and treatment related to the drafts of bills submitted by the Government to the Croatian Parliament.** Pursuant to the Rules of Procedure, the professional body competent for the drafting of regulations is obliged to submit the **proposal of the regulation**, after obtaining the opinion of the relevant ministries and other competent bodies, together with the **report on the conducted consultations**, to the General Secretariat of the Government in order for the permanent working bodies of the Government (coordination and committees) to be able to discuss its contents and then afterwards adopt it at the Government session and submit it to the Croatian Parliament for further proceedings.

- **The Rules of Procedure of the Croatian Parliament** (Official Gazette no. [81/13](#), [113/16](#) and [69/17](#)) stipulates the further proceedings with the bill. The adoption always starts with the proposal of a regulation, which the petitioner submits to the Speaker of the Parliament who then submits the received proposal to the presidents of all working bodies, members of parliament and the Prime Minister, when the Government is not the proposer.
- **The Code of Consultation with the Interested Public Concerning the Adoption of Acts, Regulations and Legislation** offers guidance for the effective consultation of government bodies and the interested public in the procedure of adopting acts and other legislation as well as the existing good practice for consultation implemented by individual government bodies. Pursuant to the Code, the bodies competent for the drafting of acts, regulations and legislation publish these regulations and legislation on their website or in some other appropriate manner. The procedure for adopting acts is a long one, but the interested public plays an active role during its entirety, especially in the earliest phase of drafting the bill where the citizens can directly influence the contents of legal norms. Exceptionally, when the act on the execution of the state budget of the Republic of Croatia is being adopted, the evaluation of the impact of regulations is not conducted.

**Legislation also stipulates that the public should be consulted in the adoption of laws and by-laws**, and in the adoption of general legislation, i.e. other strategic and planning documents, if these have an impact on the citizens' and legal persons' interests. During the consultation procedure, inquiries of citizens, CSOs, and the media are answered by the body that is competent for the respective regulation.

**State administration bodies including local and regional self-government units consult the public through the central state online portal for public consultations.** Drafts of legislation and other documents explaining the rationale and objectives that are being aimed at through the adoption of the legislation are published online and the public are invited to submit their proposals and opinions. Questions and answers are given through the web application.

- **Legislation on right of access to information stipulates the obligation of public authorities to publish information on their web site in an easily searchable and machine-readable format.** This includes all legislation and regulations relevant for their scope of activities, registers and databases, information on provided public services, financial information, and information on subsidies, grants, donations, and other support they provide.
- **Before being sent for adoption to the Parliament, the proposed state budget is published on the website** of the Government of the Republic of Croatia and the MoF, with forecasts for the next two years (including the annual plan for the year when the budget was adopted and the budget execution for the previous year), the proposed amendments to the state budget, and the semi-annual and annual report on the execution of the state budget. This means that all these documents are available to the public, including the media, before their adoption in the Parliament. The explanation of the bill sent into parliamentary procedure states why a certain suggestion has been accepted or rejected.
- **Parliamentary sessions where debates are held on the proposed budgets are aired live on national television.** The public has no direct influence on the drafting of the proposed budget, but it can indirectly influence the members of parliament through the media.

**Despite developments in public participation, citizens are still not sufficiently familiar with their rights and access they have.** For example, in some cases, budget hearings that are open to the public are rarely attended.

**The Croatian Government and the MoF use the Internet as one of the most important means of communication with the public.** On the website of the MoF you can find, amongst other things, information on the state budget and treasury, EU funds, treasury bill auctions, publications, statistics and reports published by the MoF and other numerous data on public finances at the central and local level.

- The Government publishes all bills that are sent to the Parliament, as well as the proposed state budget with all prescribed annexes.

- Line ministries are obliged to publish their strategic plans and financial reports on their websites.
- The Parliament publishes the agenda for its debates in the Committee for fiscal policy bills (state budget, state budget amendments, the act on the execution of the state budget, semi-annual and annual report on the execution of the state budget).
- The National Audit Office (SAI) publishes on its website the report on the conducted audit of the annual report of the execution of the state budget.

**The MoF publishes Citizens' Budgets and there is a manual for citizens which includes the budgets of the local and regional local self-governance units.** Considering that the budget documents and the budget itself are not easily understood by the wider public, the MoF develops and publishes on time a citizens' guide to the budget which consists of simple and easily understood summaries (brochures) of key budgetary documents including:

- guidelines for economic and fiscal policy,
- the state budget and projections adopted by the Croatian Parliament,
- amendments to the state budget made during the year,
- the semi-annual and annual report on the execution of the state budget.

**Brochures for the state budget are available at <http://www.mfin.hr/hr/proracun-za-gradane>.** The publication of the citizens' guide to the budget is the result of the first Action Plan for the implementation of the Open Government Partnership initiative in the Republic of Croatia for the period 2012-2014 in the field of fiscal transparency.

**The citizens' guide to the budget contains simple, easily understood information on budget documents** and its objective is to familiarize the citizens with these documents. At first printed brochures were published, and now the citizens' guides to the budget are published on the website of the MoF at <http://www.mfin.hr/hr/proracun-za-gradane>.

**In order to improve the communication between the citizens and local and regional self-government units, the MoF has instructed the local and regional self-government units to develop citizens' guide to their budgets.** The guide can be printed and/or published on the website. The objective of the guide is to familiarize the citizens with the basic concepts from local and regional self-government finances, the contents of the budget, the available sources of funding, and the proposed key programs, projects and activities which will be financed from these sources in the mid-term period. In order to facilitate the development of the citizens' guide by the local and regional self-government, the MoF has published on its website a single format, i.e. the proposed contents for the citizens' guide which would be developed along with the proposed budget of local and regional self-government units.

**At the local level, the Act on Local and Regional Self-Governance provides for the possibility of "direct citizen participation in the decision making process** concerning local affairs by way of a referendum and local citizen assemblies", as well as the right to propose the adoption of acts.

**The Association of Cities in Croatia has recognized the importance of public participation in local decision-making processes.** It implemented an Open Budget Project, which focused on opening and visualizing budgets in a uniform and comparable way. It has also developed the *Manual on Local Budget and Engaging the Public in the Budget Process* which aims at contributing to the creation of an environment which will stimulate local governments to include citizens in the process of local budget adoption.

**Certain local and regional self-government units have various ways of including citizens in their budgetary process.** The best example is the online budget game made by the City of Rijeka *Proračun(ajme)* (see <https://www.rijeka.hr teme-za-gradane/aktivno-gradanstvo/participativno-budzetiranje-ukljucivanje-gradana-odlucivanje-proracunu/edukativna-proracunska-igra-proracunajme/>).

- *Proračun(ajme)* is an educational budget game where citizens can choose projects which they wish to see implemented and which exist in the current budget. At the end of the game, they can add a project that they would like to see implemented, but which wasn't offered. The statistical data from the selected projects

and the suggested new ones are used during the planning phase of the budget for the following year. The game is based on real data for the budget of the City of Rijeka. Apart from the game, the citizens can also send their proposals for the budget by completing an online form to participate in the planning and execution of the budget or by using the form from the budget summaries for the current year, which can be completed and sent by mail.

- **Another good example is the project “Pazi(n), proračun!” of the town of Pazin where the goal is to more actively involve the citizens of Pazin in the execution of the town budget.** Citizens can suggest communal actions for local board financing, discuss them and then vote on them at public hearings through 12 local boards of Pazin. Minutes from public hearings, proposals, and adopted decisions are submitted to the Town Council, the Mayor and town departments, and the citizens’ suggestions are taken into account during the drafting of the budget proposal. The Town Council takes into consideration the received proposals, as well as those received after the final public hearing before the second reading. The adopted communal actions are then incorporated into the budget. An online application has been developed as part of this initiative, which adopts elements of participatory and transparent budget execution, as well as supporting a moderated public forum for online debates.

**Many other mechanisms of public participation have been established at the local government level in Croatia** counties and cities. Examples include:

- Rijeka - remains one of the leaders in public participation initiatives in Croatia, with four different mechanisms implemented: small community projects, local partnership program, educational online budget game (as outlined earlier), and online form of participation in budget planning and execution.
- Karlovac - Implemented both indirect and direct communications with citizens through online budget public consultations and on-site consultations held by the mayor in city districts.
- Dubrovnik - Designed a comprehensive three-step participatory budgeting introduction by first holding extensive consultations to develop a specific model of participatory budgeting adjusted to the context of the city, followed by developing a methodology, and forming and training the implementation team. This model has been fully adopted and forms the basis of participatory budgeting in Dubrovnik.
- Pregrada - Formulated a working group of ten representatives of youth associations, Youth Council, and city administration. A Youth Program was developed based on a survey of youth which defined five main thematic objectives.
- Crikvenica – conducts e-consultations.
- Knin – conducts e-referendums through which the city administration will pose general questions, mostly connected to identifying the main developmental guidelines, which will be followed by questions on the structure and organization of certain city systems, specific events etc.
- Zminj – conducts e-referendums and programs to focus on older citizens and vulnerable population groups.

**The independent Croatian Institute of Public Finance plays a big role in the development of budget literacy and transparency.** It actively monitors and analyses budget information and gives advice on budget transparency. The IPF implements the Open Budget Survey on behalf of the IBP. It also conducts an open budget survey on the local and regional self-government level in Croatia (counties, towns, municipalities). Researchers from the Institute publish their opinions and explanations of the current issues in public finance in [Newsletters](#) and [Press releases](#). These publications are written in a simple format and target the wider public and the media. The [Press release](#) from 30 January 2018 titled [the Openness of the State Budget](#) presents an overview of the transparency of the state budget in the Republic of Croatia. For more information on the IPF visit <http://www.ijf.hr>.

**Based on the database of the IPF, an online tool for geo-visualization was developed** (<http://brojkemi.xyz/proracun/index.html>) which shows the main budget data and findings for every unit. Ranking local and regional self-government units by transparency is useful for the promotion of healthy competition between the various units.

**Further, a single budget database** is accessible at <https://www.proracun.hr/Home/Index> which allows you to create budget proposals and solutions. The application allows for consultations with the public regarding the adoption of general legislation that directly influences the interests of the public. The application allows for a better understanding of the budget and enables citizens to participate in its execution.

**The MoF does not conduct special trainings for CSOs, journalists or media representatives, nor does any other government agency.** However, all inquiries of interested parties, including CSOs, journalists and the media, are answered pursuant to the Act on the Right of Access to Information. Also, representatives of the MoF take part in round tables and consultations organized by the academic community and CSOs.

**There is no strategy for budget literacy.**

### **Citizen Participation in the State Budget Planning Process**

In order to support the principle of transparency, and in order to create the preconditions for the more efficient and innovative provision of public services, i.e. public resource management, based on the Ministry Instructions from last year, other budgetary users of the state budget were required to publish their 2019-2021 financial plan on their websites after the adoption of the state budget by the Croatian Parliament.

In order to enable the citizens and other interested public to participate more actively in the process of planning the state budget for the 2020 – 2022 period, together with other forms of participation already present, it is recommended that ministries and other budgetary users of the state budget provide the interested public with the opportunity to make an online submission of their comments, recommendations and proposals regarding the drafting of the financial plan for the 2020 – 2022 period. Annex 12 of these Instructions provides an outline of an online form in which ministries and other budgetary users of the state budget indicate the starting point for the preparation of the financial plan for the 2020 – 2022 period, which is the financial plan for 2019-2021 that has already been adopted by the Croatian Parliament, i.e. the governance body.

Ministries and other budgetary users of the state budget consider proposals and comments received when drafting their financial plans for the next three-year period.

**Since it achieved full membership in the European Union, the Republic of Croatia is required to develop a National Reform Program and Convergence Plan,** the goal of which is to clearly present the reforms and their impact while also including all relevant partners in the process of its development.

## **KYRGYZ REPUBLIC**

**There is a special chapter in the Kyrgyz Republic (KR) Budget Code titled *Budget and Budget Process Transparency and Openness* which calls for the publication of key budget documents** on the websites of government bodies and local governments, envisages conducting budget hearings and providing feedback on their findings, and compiling a citizens' version of budget documents.

**Kyrgyz Republic uses the following public participation mechanisms:**

- **At the government level: The KR MoF conducts budget hearings** seeking to survey public opinion, receive inputs, recommendations, and take decisions reflecting the interests of the public:
  - before September 15 – on the draft budget proposal of the KR Central Government;
  - before August 20 – on the semi-annual outturn of the KR Central Government's budget;
  - before May 1 – on the draft annual report on the KR Central Government's budget execution.

**Representatives of public councils established within government bodies analyze the draft budget of the respective government body.** The action plan envisages a timeframe for the government body's public council to express their alternative views on the draft budget of the respective government body.

**Following the public budget hearings, the KR MOF posts the minutes of the public hearings on its official website** with comments and suggestions.

**At the level of line ministries, ministries and agencies responsible for public policy implementation in respective industries, draft medium-term spending strategies and conduct public hearings** prior to

submitting them to the KR MoF. The KR Budget Code stipulates that minutes of the public hearings held by relevant government bodies, including comments and suggestions, be published on the websites of the respective government bodies.

**The KR Parliament conducts public hearings on the Central Government's draft budget prior to the adoption of the draft law** in the first reading. Constructive inputs are captured in the decision of the KR Parliament.

**As per the KR Budget Code, background materials for the public hearing must be published on the agency's official website 10 days prior to the public hearing.** Materials include the announcement on the public hearing, the draft budget document submitted for the public hearing, presentations of government authorities, and the agenda of the event.

**The KR legislation does not restrict participation in public hearings, therefore it is open to all.** Information on planned budget hearings is posted on the website of the government body ahead of time. As practice has shown, public hearings on the Central Government's budget (held since 2013) are attended by representatives of government agencies' public councils, proactive civil society organizations (including NGOs, Non-Profit Organizations, limited liability partnerships), and the expert community.

**As per the KR Budget Code, the government body initiating the public hearing on the budget must publish the minutes summarizing its findings and provide feedback** on the comments and suggestions. As practice has shown, budget public hearings are spearheaded by the KR MoF. Following the public hearing on the budget, the KR MoF publishes its minutes and summarizes the comments/suggestions expressed in the course of the public hearings on the budget.

**There is also a special section in the website of the KR MOF called Citizens' Petitions where citizens may leave their comments and suggestions** on the draft republican budget, the report on the semiannual budget outturn, and draft annual report on the execution of the republican budget.

**As per the KR legislation, responses to citizens' petitions must be provided within two weeks.**

**The KR government resolution On Compiling the Citizens' Budget of the Kyrgyz Republic defines a methodology for preparing and publishing the citizens' version** of the following budget documents: Central Government's draft budget proposal, adopted law on the Central Government's budget, and the draft law adopting the report on the Central Government's budget execution.

**However, when conducting budget hearings, the citizens' budget is not used** as it is in the process of being prepared.

**There are several CSOs in the KR which are actively engaged in the budget process and who use budget information.** It is also known which organizations are included in the IBP Open Budget Survey as the IBP provides a list of partner organizations participating in the survey, at the time of publication of the OBI.

**There is no systemic training on the budget for CSOs, journalists, and media representatives.** Nevertheless, such training is delivered through various projects financed by development partners. The staff of the MoF may be periodically engaged as speakers for this training.

**There is no budget literacy strategy in the KR.**

## **RUSSIAN FEDERATION**

**Involvement of the MoF in public participation initiatives started in 2015, with the establishment of the Center for Initiative Budgeting within MoF's Financial Research Institute, to conduct training on regular**

**basis and disseminate best practices.**<sup>90</sup> In 2016, the World Bank's project to promote 'participatory budgeting' in the Russian Federation was launched and in 2017, a medium-term participatory budgeting development program was developed which is under implementation until 2024. In 2018, participatory budgeting was incorporated in main strategic government documents.

**The Government approved MoF program has specific objectives to strengthen public participation** including:

- A target that 50% of regions have approved public participation activities within their government programs;
- That openness of the budgetary planning process and involvement of civil society institutions in the budget process is ensured; and
- That citizen engagement in state and municipal governance is expanded.

**A Concept for Improving the Effectiveness of Budget Spending was also developed by MoF which is currently under implementation** within MoF's Citizens' Budget project, which includes initiatives related to citizens' budgets, budget literacy, public participation, and open and meaningful data. The objective of the initiatives related to public participation include to:

- improve a system of public discussions;
- make sure that the published information is understandable;
- enhance a system of public hearings;
- define a legal framework for public participation (noting regulations already exist at the subnational level by separate regions). Provisions have already been included in the Budget Code of the Russian Federation to allow co-financing of funds for citizens' projects;
- incorporate public participation in possible implementation arrangements for various activities.
- develop methodological recommendations on public participation project development and implementation; summarize and disseminate best regional (municipal) practices;
- make sure that citizens have free access to learning and information materials;
- disseminate budget knowledge and instruments enabling participation; and
- improve presentation format of citizens' budgets.

**Fifty-two (52) out of 85 regions have implemented 'participatory budgeting' initiatives in the Russian Federation so far, involving the adoption of a variety of public participation mechanisms, that lessons learnt can be drawn.** Out of the 52 regions, at least 30 can be considered to have very good and successful programs. There are 112 different specific practices related to participatory budgeting in Russia, most of which rely on the World Bank Local Initiatives Support Program (LISP) project. LISP provides methodological knowledge, trainings, and exchange of practical experiences, at a very detailed technical level, as well as more general online training. LISP initiatives were set up with the objective to address local community needs mostly in rural settings in a way to ensure that citizens see quick results of their engagement. The design of the program was based on the context of the municipal set-up, in order to ensure integration. Overall, around 10,000 LISP projects have been implemented, funded 60% from regional budgets, 20% from municipal budgets, 12% from citizens' contributions, and 8% from local business contribution. More than a quarter of the projects are in the road sector, 20% in water supply, 11% are community centers and libraries, 9% playgrounds and recreational facilities, and 9% in territorial improvements.

**These practices are broadly grouped by the MoF into five models.** Models mostly share the following common features: competitive selection of projects (based on voting and criteria), community and business co-financing, regional level financing and management, and community engagement not being limited to project selection and including follow-up implementation and oversight.

- **Model 1: LISP initiatives** in which citizens select projects at community meetings. Projects are competitively selected based on formalized criteria. These initiatives are integrated into administrative,

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<sup>90</sup> Public participation or 'Initiative budgeting' as it is known in the Russian Federation context began implementation in 2007 in Stavropol region under LISP, while the national level MoF's active involvement started later.

budget and legal systems, and financing comes from regional budgets with mandatory co-financing from local communities, businesses and municipalities.

- **Model 2: People's Initiative and People's Budget** in which there are regional variations of practices, representing a synthesis of various approaches.
- **Model 3: EUSPPb Participatory Budgeting**, which is based on a model developed by the EU University in Saint Petersburg in which earmarked municipal funds or borrowed funds are allocated based on decisions of a commission comprising randomly selected members from among project applicants and municipal representatives. EUSPPb Participatory Budgeting differs from other initiatives in that it includes intensive capacity building for the budget commission members.
- **Model 4: Youth Budget** in which funds from the regional budget are allocated on an annual basis with the participation of high school seniors. School initiatives were designed for small projects to promote local social infrastructure and territorial improvements. Multiple additional objectives can be achieved when working with youth – preparing the youth for adult participatory budgeting and in particular developing soft skills, such as communication, presentation, team work, and presentation skills.
- **Model 5: Community-led Areas Development Program (PORT)** in which construction and rehabilitation of social infrastructure facilities in urban regions are funded based on projects proposed at community meetings that are later voted on through the public services website. PORT initiatives are designed for larger capital investment projects in urban areas, based on best experiences from the Public Organized Redevelopment of Territories (PORT) Project in Cascais, Portugal and best experiences from LISP. Delegates from projects can cast two votes, one for their own project and one for another project, after which face-to-face statutory and mobile voting stations are employed. From implementation experience it was found that more people voted for these projects than in elections. Working with NGOs is also helpful in such initiatives.

**A key success factor for LISP is that competition motivates municipalities to engage communities.** Further, despite skepticism about the level of citizen involvement, experience in Russia and globally is that citizens get involved more than anticipated. However, it is important to conduct awareness building campaigns to inform the population and to engage local businesses. Other lessons learnt include:

- Citizens should be involved in designing selection criteria;
- Proper documentation of all processes should be kept, including photographic evidence; and
- The co-financing share included in selection criteria should be limited to avoid competition and influence based on large shares of co-financing.

**For PORT, for such large urban initiatives, it was important to conduct meetings in different settlements to cover larger geographical areas.** However, after initial face-to-face meetings, e-voting was next employed, to ensure larger participation. Another important factor to take into account is that co-financing criteria is not appropriate for such initiatives given the large size of projects.

**For YOUTH initiatives, the general lesson learned was that working with youth is easier than working with adults;** their ideas are very fresh and new, and they are not constrained with what they can propose. They are also eager to get involved as volunteers in all stages. Engagement rates are also very high, up to 80% per school.

**Impact evaluation of 'participatory budgeting' in Russia was conducted and the results indicate that participatory budgeting initiatives have multiple positive effects where implemented.** For example, citizens' perception of the state of local roads and streets, water supply, cultural institutions, and recreational facilities are more positive in areas where such initiatives are implemented compared to similar control areas in which no initiatives were implemented. Moreover, a general perception on the quality of life is more positive in areas where initiatives were implemented and in those areas more citizens consider themselves responsible for what is happening in their locality. Similarly, in the areas where participatory budgeting initiatives were implemented citizens are more likely to believe that the government administration takes residents' views into consideration in addressing local needs and are more likely to express confidence in the head of their settlement.

**The MoF updates the best practices in public participation every year, including for 2018:**

- Yaroslavl region where a public participation initiative is implemented as a Governor's priority project, with a portion of funding coming from the national Ministry of Construction, and media is involved heavily;
- Kirov region where over 65% of the total population are beneficiaries of public participation initiatives and in which social target groups are identified and financial, statistical, and social criteria used for selection;
- Republic of Sakha-Yakutia where effective tools for engaging citizens through the media, social networks, and messengers are used; and
- Sakhalin Region, which has made impressive progress (refer below).

## Russian Federation – Sakhalin Region

**Sakhalin region is one of the leaders in public participation initiatives in the Russian Federation and wider, despite having started implementing these initiatives very recently, since 2018.** Around 100 settlements, 52,000 beneficiaries, 10,000 high school students from 125 schools, and 14,492 voters (around 4% of the adult population) took part in these initiatives in Sakhalin. More than 100 meetings were held with the public, as well as many learning events, in a large part through the World Bank LISP project.

**Three types of public participation mechanisms are employed:** i) LISP initiative for planning small development projects in small rural areas in conjunction with the municipalities and financed through regional budgets; ii) Youth Budget initiative for high school students proposing solutions and ideas to improve communal infrastructure (Sakhalin is the first region in Russia to implement initiatives specifically targeting youth); and iii) Public Space Development initiative to get strong community engagement in resource-intensive construction and reconstruction of urban social infrastructure.

**The main objective in introducing these mechanisms was to increase trust of citizens, and lessons learnt and success factors were identified as follows:**

- take time to carefully listen to citizens and not pre-determine what they can propose, especially for youth initiatives;
- political will is essential, as gained trust of citizens can also be lost in changes in mechanisms or as implementation stages occur;
- direct involvement of the mayor is crucial;
- subcontractors chosen to implement projects resulting from public participation mechanisms must be carefully managed and supervised to ensure proper implementation, otherwise trust of citizens that participated can be affected negatively;
- for youth projects in particular, provide for possibilities for active engagement and leadership of students in all stages;
- have clear and transparent selection criteria and multiple-stage selection processes;
- conduct media campaigns;
- give out awards in celebratory settings to help in the promotion of such initiatives; and
- design special initiatives for insufficiently represented groups, such as the disabled.

## Survey Results

**The Constitution and Federal laws provide the legal framework for public participation.**

**Written and personal appeals of citizens are supported:** The legal framework of the Russian Federation regulates legal relations related to the rights of citizens including submitting appeals in writing or in person to state bodies and local governments, and also establishes a procedure for considering citizens' appeals and personal reception by state bodies, local authorities and officials.

**The Constitution (Clause 3 of Article 101) specifies holding parliamentary hearings two times during the budget process,** usually in July and again in September/October. Hearings in July are conducted on the main

directions of the budget, tax and customs tariff policy for the next financial year and planning period. Hearings in September/October are on the draft federal law on the draft federal budget for the next financial year and planning period once it is submitted to the State Duma for review and approval. **As a rule, parliamentary hearings are open.**

**A wide range of mechanisms are in use that support public participation** and the Russian Federation circulated an information document to all BLTWG countries to provide more information.

#### **Under a Federal Law:**

- **A commission operates to consider and make proposals for all key budget documents during the budget process.** This commission includes member representatives of trade union associations, employers associations, and the Government.
- **A public chamber also operates which comprises citizens, public associations and NGOs.** This chamber includes 40 citizens approved by the President of the Russian Federation, 85 representatives of public chambers of the constituent entities of the Russian Federation, and 43 representatives of public associations and other non-profit organizations.
- **Public hearings must be held at the subnational (regional) and local levels as stipulated under Federal Law.** At the subnational (regional) level, a Federal Law states that draft budgets and annual performance reports should be submitted to public hearings. At the local level, a Federal Law stipulates that draft local budgets and reports on their execution should be submitted to public hearings.
- **At all levels of Government, there are general rules for public hearings** established by a Federal Law. Federal law of 21.07.2014 No. 212-FZ establishes that the organizer of public hearings will make public in advance the information about the issue submitted to public hearings, as well as the date, time, place, agenda and objectives. At the same time, the organizer of public hearings provides all participants with free access to materials relating to the matter submitted to public hearings.

**At the Federal level, the Russian tripartite commission for regulating social and labor relations comprises representatives of trade unions, employers' associations, and the Government.** It directly considers and makes proposals for all key budget documents in the budget process, including budget, tax and tariff policy, as well as draft federal laws on the execution of state extra-budgetary funds in the spring (April-May), updated by the consolidated annual report on the implementation and evaluation of effectiveness of government programs (June), ending with draft federal laws for the next fiscal year and planning period on the federal budget, the budgets of state extra-budgetary funds and other documents in the fall (August-September).

Sources: <http://government.ru/department/141/events/> ; <http://static.government.ru/media/files/STdknyAWRpzmVAwHhBczgCGhn6h51twi.pdf> ; <http://static.government.ru/media/files/RElParce7A6N8m7CUuBIJGzhkNvkFbly.pdf>

**For line ministries:** Public Councils operate under federal executive bodies to ensure that the needs and interests of citizens are taken into account, the rights and freedoms of citizens are protected, and the rights of public associations are exercised in the implementation of state policy in the area of activity of the executive authority, as well as in order to exercise public control over the activities of the relevant federal executive authorities, (Federal Law of July 21, 2014 No. 212-FZ "On the basis of public control in the Russian Federation").

- **The Public Council under the federal executive body carries out its activities in accordance with the work plan for the year,** which is agreed with the head of the executive authority and approved by the Chairman of the Public Council. This agreed list of issues is considered mandatory for discussions at meetings of the Public Council.
- **The secretary of the Public Council provides meeting materials** to the head of the executive body and members of the Public Council, **5 days before** each meeting.
- **Membership to the Public Council is not open to all, in areas where there would be a conflict of interest.** The Public Council may not include persons replacing or presently working in state and municipal government roles as well as other persons who may be excluded, (e.g. members of the Public Chamber) in accordance with the Federal Act of April 4, 2005 Year No. 32-FZ "On the Public Chamber of the Russian Federation."

- **Public Councils under federal executive bodies are formed on a competitive basis.**
- **Public Councils have rights to: consider the annual plans of activities of the federal executive body;** and to participate in the preparation of reports on the results of control and supervisory activities on the costs of maintaining the federal executive body and its territorial divisions.
- **The Public Council may involve the work of citizens, public associations, and other organizations,** as well as other associations of citizens whose representatives were not included in the Public Council, directly and/or indirectly, through submitting their comments, suggestions and comments.
- **The decisions of the Public Council are reflected in the minutes of its meetings,** copies of which are submitted by the responsible secretary of the Public Council to the members of the Public Council.
- **Information is published on the internet.** This includes information on decisions of the Public Council approved at its meetings; conclusions and results of examinations on the reviewed draft regulatory legal acts and other documents; the work plan for the year; as well as the annual report on the results of the Public Council's activities. Members of the Public Council, who do not agree with the decision of the Public Council, have the right to express their special opinion, which must be included in the minutes of the meeting.

**For MoF, the Public Council of the MoF considers the draft federal law on the federal budget** for the next financial year and planning period. Following the results of the review, a vote is taken and the opinion of the members of the Public Council of the MoF regarding the draft federal budget is submitted.

**For Parliament, in accordance with the provisions of the Constitution of the Russian Federation (clause 3 of Article 101), the Council of the Federation and the State Duma hold parliamentary hearings** on issues of their competence. Thus, every year, the State Duma Committee on Budget and Taxes holds parliamentary hearings on the theme “The main directions of the budget, tax and customs tariff policy for the next fiscal year and the planning period” (usually in July). The Federation Council also holds parliamentary hearings on the draft federal law on the federal budget for the next fiscal year and planning period, after its submission to the State Duma (usually in late September - early October).

- **Information on the topic of parliamentary hearings,** the time and place of their holding is transmitted to the media **no later than ten days before** the start of parliamentary hearings.
- **Parliamentary hearings are open to representatives of the media, public associations and the public.** The composition of the participants of these events is determined by their organizers - a committee of the Council of Federation, factions in the State Duma, and committees of the State Duma.
- **Parliamentary hearings are recorded and documented in shorthand.** The protocol of parliamentary hearings is signed by the chairperson of the parliamentary hearings.
- **Materials of open parliamentary hearings are covered in the media.** The materials and transcripts of the parliamentary hearings are transferred to the Parliamentary Library within ten days.
- **The recommendations of open parliamentary hearings are published, as well as placed in the Fund of electronic information resources of the State Duma.** This includes for example recommendations of parliamentary hearings on projects of state programs, including federal targeted programs; the draft guidelines for the budget, tax and customs tariff policy; and the draft budget forecast for the long term. They are also sent to the Government of the Russian Federation.

Sources: [http://komitet-bn.km.duma.gov.ru/Parlamentskie\\_slushaniya](http://komitet-bn.km.duma.gov.ru/Parlamentskie_slushaniya) ; <http://www.council.gov.ru/events/news/84196/>

**Currently, the Citizens Budget at the central government level is for reference only and does not accompany parliamentary hearings.** However, this practice is used in most regions. At the official request of the MoF, information was sought on the use of budgets for citizens in the process of holding public hearings on the draft budget and budget execution in 2017. In response 72 out of 85 regions responded positively. Source: Report of the Ministry of Finance of Russia on the best practice of development of the “Budget for Citizens” in the constituent entities of the Russian Federation and municipalities of 2017 [https://www.minfin.ru/common/upload/library/2017/11/main/DBDG\\_2017\\_blok\\_signal\\_small.pdf](https://www.minfin.ru/common/upload/library/2017/11/main/DBDG_2017_blok_signal_small.pdf) , p.

**There are organizations that are actively working with budget information.** These organizations are involved in the Open Budget Survey. Information about them is disclosed when the Open Budget Index is published by the IBP. A number of scientific and expert organizations are actively working with the draft budget and on budget execution. Findings are published in the public domain on the State Duma website. For example, the draft federal budget for 2018 and the planning period of 2019 and 2020 published the conclusions of the following organizations:

1. Russian Academy of National Economy and Public Service
2. Institute of Economic Policy. (E.T. Gaidar)
3. Economics Faculty of Moscow State University (MV Lomonosov)
4. Institute of Economics, Russian Academy of Sciences
5. All-Russian public organization " Business Russia "
6. Russian Economic University named after G.V. Plekhanov
7. Russian Union of Industrialists and Entrepreneurs
8. Research University " Higher School of Economics "
9. Chamber of Commerce and Industry of the Russian Federation
10. Public Chamber of the Russian Federation.

Source: <http://sozd.parlament.gov.ru/bill/274618-7>

In addition, the Analytical Center under the Government of the Russian Federation works with budget data.

**There is no separate strategy to increase budget literacy of the population in the Russian Federation. However, budget literacy in Russia is considered as part of a more general project of “improving the financial literacy of the population.”** The structure of educational materials on improving financial literacy contains a separate block of questions on public finance, taxation, a brief description of the budget system, and other topics. The general strategy for improving financial literacy in the Russian Federation for 2017-2023 was approved by the order of the Government of the Russian Federation of September 25, 2017.

**However, the MoF in cooperation with the World Bank during 2015 -2017 implemented the project "Improving Budget literacy"** in order to form responsible citizens through understanding of the tasks and functions of the state budget, as well as the development of the younger generation ready for active participation in the budget process. Within the framework of the project, an educational, methodological module was developed for the course “Budget Literacy for High School Students” which includes 4 textbooks: a textbook for a schoolchild, a workbook for a schoolchild, a textbook for teachers, and a manual for parents. The main modules of materials are built around three key areas - what and why we pay to the budget, what and how we get from the budget, and how we can influence the budget.

**Based on the obtained results and analysis of this project, measures were developed to advance budget literacy in the Russian Federation for other target groups of the population.** Thus, the government program "*Public Finance Management and Financial Market Regulation*" was updated for which the MoF is responsible. It was approved by the Government on April 15, 2014 No. 320, which also introduced measures to increase the budget literacy of the participants in initiative budgeting.

**Since 2015, there is a Common Portal of the Budgetary System** ([www.budget.gov.ru](http://www.budget.gov.ru)), which is a tool, ensuring the transparency and openness of budgets within the budgetary system of the Russian Federation.

## SERBIA

**The Budget System Act regulates the planning, preparation, adoption and execution of the budget of the Republic of Serbia.** This Act determines the fiscal principles, rules and procedures that are used to establish the fiscal framework in order to secure long-term sustainability of fiscal policy. Pursuant to the Budget System Act, the Fiscal Advisory Council was created, which independently assesses the credibility of fiscal policy from the aspect of adherence to fiscal rules, and in this way it reassures the public and ensures accountability in terms of fiscal management.

**The Fiscal Advisory Council is tasked with several functions including verifying macroeconomic and fiscal assumptions** used to develop the Government's Fiscal Strategy. Other roles include: giving an independent and credible assessment of economic policy measures proposed to the Government in order to achieve quantitative fiscal objectives set by the Government; assessing basic fiscal risks and the probability of the Government fulfilling its fiscal objectives in the future; assessing to what extent has the Government adhered to its own past fiscal rules; assessing whether there is cause to activate any clause for exceptional circumstances and what are the chances that the Government's plan for adaptation will allow for a return to adherence to fiscal rules; and verifying the adequacy of economic classifications, including the regular classification of capital expenditures in order to ensure effective measurement of quantitative fiscal objectives.

**The Parliamentary Budget Office was established in the National Assembly of the Republic of Serbia in order to improve financial supervision of the Government's work** and the adoption and execution of the budget. The goal of the Parliamentary Budget Office is to provide expert and technical support to the working bodies of the National Assembly, first and foremost to the Committee for finance, state budget and control of public expenditures, in order to facilitate supervision of public finances.

**The Fiscal Strategy, which is submitted to the National Assembly, includes the Government's fiscal policy objectives and assessments of fiscal policy sustainability.** The main objective of the Fiscal Strategy is to establish long-term and short-term Government fiscal policy objectives for a period of three successive fiscal years, starting from the year for which the Fiscal Strategy was developed. The Fiscal Strategy also aims to give a detailed explanation of the alignment with mid-term objectives and fiscal principles and rules pursuant to this Act; to assess the influence of fiscal policy on the intergenerational allocation of income; as well as assess the sustainability of fiscal policy.

**Fiscal data and assessments are published on public websites.** Macroeconomic fiscal data are published monthly on the website of the MoF; audit reports are published on the website of the SAI; and the Fiscal Advisory Council's assessment of the budget proposal is published on the website of the Fiscal Advisory and submitted to the National Assembly.

**The Citizens Budget was published for the first time in 2015 on the website of the MoF** in order to make all available information on the collection and spending of taxpayer's funds easily accessible and well understood by the public. It is updated after the Act adoption by the National Assembly and published again on the MoF website.

## UZBEKISTAN

**The strategy of actions for further development of Uzbekistan for 2017-2021 and announcement of the "Year of a Dialogue with the People and Human Interests" in 2017 drastically changed mechanisms of interaction between public authorities and citizens.** An important prerequisite for new interactions is based on the acknowledgement that dialogue between public governing bodies and citizens represents a valuable tool for enhancing trust in the government which can result in citizens being more likely to support efforts and measures taken by the authorities for development of the country (if they know measures are taken in their interests).

**In November 2018, a Decree of the Cabinet of Ministers of the Republic of Uzbekistan was adopted, which contains a list of measures and main tasks aimed at ensuring transparency** of economic and financial information in the Republic.<sup>91</sup> In the context of new messages, a need for openness of activities of public governing bodies at all levels is being advocated, including in the sphere of public finance.

**Within this context, Uzbekistan is undergoing its first open budget reform,** as per the Decree of the President of the Republic of Uzbekistan from August 2018 *On Measures to Promote Budget Transparency and Citizen Engagement in the Budget Process*. As of 2019, an arrangement has been put in place enabling citizens

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<sup>91</sup> Decree of the Cabinet of Ministers of the Republic of Uzbekistan, as of November 22, 2017, No. 1295-F.

to engage in allocation of at least 10% of additional (above planned) budget resources of districts (towns) for community-driven projects; while in 2020, the government budget and earmarked budgets shall be adopted by a law and must be subjected to public discussions prior to submission to the legislature (till 2020 the state budget parameters are set by presidential decree).

**The MoF with the Ministry of Information Technologies and Communications has also launched an Open Budget Portal (<https://openbudget.uz/>) to increase budget openness and public participation.** This portal will promote public oversight over expenditure; inform the public on community-driven projects to be designed within the public participation mechanism; and will gather citizens' feedback on any violations of budget legislation and proposals for budget process improvement. As budget literacy is quite low, the MoF is also planning to work on this in the upcoming period.<sup>92</sup>

**A fiscal transparency evaluation was also conducted for Uzbekistan by the International Monetary Fund (IMF) in June 2018,** which acknowledged that Uzbekistan is embarking on a comprehensive PFM reform to enhance fiscal transparency and IMF praised the formation of a new division in the MoF tasked with improving PFM and promoting transparency. Following the exercise, it was concluded that Uzbekistan is in line with basic or higher standards and fits 16 of the 36 principles of the IMF Transparency Code.<sup>93</sup> Uzbekistan will also participate in the Open Budget Index in 2022, for the first time.

**The World Bank also recently completed a PEFA assessment.** Overall, on 61% of all 31 PEFA indicators, Uzbekistan scores above C+, showing improvement since the 2012 PEFA assessment. However, although improvement on public access to key fiscal information has been recorded, within the pillar on transparency of public finances, only 2 out of 6 indicators scored above C+. These six indicators refer to budget classification, budget documentation, government operations outside of national accounts, transfers to subnational governments, performance information for service delivery, and public access to fiscal information. The first two of these indicators have scores that qualify them above good practice, while the lowest score is in indicators on transfers to subnational governments and performance information for service delivery. PEFA results on transparency of public finances will, *inter alia*, inform the update of Uzbekistan's PFM Strategy to ensure that identified weaknesses are addressed.

**The right of citizens to access information is one of the rights guaranteed by the supreme legislative act of the country** "...Everyone has the right to seek, receive and disseminate any information, except for information aimed against the existing constitutional order, and other restrictions specified in the law." (Article 29 of the Constitution of the Republic of Uzbekistan). "All public bodies, civil associations and officials of the Republic of Uzbekistan have to provide citizens with a possibility to get familiar with documents, decisions and other materials that affect their rights and interests" (Article 30 of the Constitution).

**Openness is clearly regulated by the principle of the budget system stipulated in Article 7 of the Budget Code.** In accordance with this principle, the need to publish information on the approved and executed state budget and budgets of state specialized funds (SSFs) in mass media and on the web site of the MoF is stipulated in the law (Articles 17 and 169).<sup>94</sup> Draft government budgets and budgets of public earmarked funds, key policy guidelines, and reports on execution of the government budget and budget of earmarked funds **must also be publicly discussed** prior to being submitted to the Legislative Chamber of the Republic of Uzbekistan.

**Thus the MoF publishes adopted regulatory and legal acts, and information about newly adopted SSF programs that are allocated funds from the state budget.** On the web site of the MoF, consultations with citizens are open, and citizens have the possibility to participate in the decision-making and recommendations on making changes and amendments to regulatory documents.

**Quarterly data on execution of the state budget is published on the public services portal.**<sup>95</sup> This includes actual tax receipts and the total amount of revenues from non-tax sources collected. Taxes are grouped into direct and indirect, but no explanations are provided and would not be understood by citizens unless they have

<sup>92</sup> As shared with PEMPAL by the Deputy Minister of Finance of Uzbekistan, Mr. Dilshod Sultanov at the Tashkent 2019 meeting.

<sup>93</sup> Refer to Uzbekistan presentation to BCOP at the 2019 BCOP plenary meeting.

<sup>94</sup> On execution of the state budget of the Republic of Uzbekistan <https://www.mf.uz/ispolnenie-gosudarstvennogo-byudzhet.html>

<sup>95</sup> <https://data.gov.uz/ru/datasets>

an economic background. In addition, expenditures of the State Budget by sector are published (e.g. education, healthcare, science, expenditures associated with the economy, etc.). Data on budget revenues and expenditures are published.

Examples of currently available information are as follows:

- Parameters and information on execution of the budget is uploaded on the web site of the MoF. This information is disaggregated by taxes and expenditures, but not in extensive detail. In addition, information on execution of budgets of SSFs and state specialized programs is also published.<sup>96</sup>
- Information memos on SSFs contain indicators of planned appropriations and on the amount of work performed, disbursed funds and executed works, and on the number of planned and acquired units of machinery and equipment.
- Some information on parameters of expenditures on implementation of SSF programs, including those paid from the budget, can be obtained on the web site of the Ministry of Economy (regulatory and legal acts on approval of annual state programs, sectorial and territorial programs). In annexes to regulatory and legal acts, the amounts of stipulated expenditures are published and sources for settling them. Information on the amounts of capital expenditures and their structure by sources and sectors can be accessed in aggregate from messages about the results of socioeconomic development of Uzbekistan, and main macroeconomic indicators which are published.
- Only some information from budget funds controllers (line ministries) can be found on their websites including aggregate data on revenues and expenditures. Some information is published on the results of implementation of state programs, regulatory acts on development of a certain fields and actions, and information about grants and investment projects. Financial indicators tend to focus on number of staff and volumes of planned and executed works.

**For the purpose of enhancing transparency and accountability of local executive power bodies, in 2015, changes and amendments were made in the Law of the Republic of Uzbekistan On Local Public Administrations.** The law envisions a mechanism for members of Kengashs (Assemblies) to hear reports of khokims (heads of oblast). Based on the results of such hearings, a decision is made by people's deputies of Kengash and comprehensive assessment of work of local public administrations is made. The decisions made and the report of the khokim must be published in official magazines and on web sites of local public administrations. Reports by khokims and publication of this information create prerequisites for strengthening accountability of local governing bodies and for control over their activities. Despite this law, no local authorities make efforts at this stage to publish their data in a simplified format (i.e. through a citizens budget).

**Local administrations use a wide range of tools to involve citizens in the budget process** including collection of proposals on local taxes and priority areas for spending; organization of internet forums, meetings and round tables; and public hearings on the draft of the local budget.

**In the city of Tashkent, a budget experiment was also launched whereby receipts associated with a number of local taxes were fully transferred to budgets of districts.**<sup>97</sup> The remaining tax receipts are allocated between city and district budgets, and part of the receipts from national taxes are transferred to the city budget. This has strengthened the revenue base of district budgets and expanded the powers of local authorities in addressing socioeconomic development issues. In this case, requirements of budget openness and control to ensure targeted and efficient spending of funds have become important not only to the state, but also to the general public.

**Despite these recent reforms, the level of knowledge of budget issues remains very low among the general public,** which also negatively affects the opinion about efficiency and quality of the budget of the country and activities of the MoF. As a result, irrespective of the state of financing of various projects and sectors, the population is not satisfied with social development issues (healthcare, education, etc.), including tax rates and other aspects. Citizens lack tools, which allow them to analyze or verify government activities. In addition,

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<sup>96</sup> For example, 'Information on implementation of the State Program on Improvement of the Ameliorative Status of Irrigated Lands and Rational Use of Water Resources for the Period of 2013-2017 at the Expense of Money from the Fund of Ameliorative Development of Irrigated Lands (as of June 1, 2017).'

<sup>97</sup> Decree of the President of the Republic of Uzbekistan "On Expansion of Authorities of State Governing Bodies at the Local Level and on Raising Their Responsibility for Generation of Revenues of Local Budgets" No. PP-3042, as of June 7, 2017.

citizens have practically no experience of involvement in the budget process, including involvement in the oversight of projects to ensure prevention of theft of funds through the system of public control.

**Taking into consideration new trends in strengthening interaction between authorities and citizens, the MoF has also started to undertake attempts aimed at involving the expert community** and other stakeholders in discussion and adoption of key budget documents. The importance of openness and accessibility of budget information is also becoming more widely accepted due to the fact that powers of local authorities in the sphere of public finance management are expanding gradually.

**In 2017, the Consolidated Analytical Department of the MoF started to work proactively with citizen's petitions** related to improvement of the Fiscal Policy for 2018. New formats of interaction between public authorities and the population were introduced in the framework of "electronic government". The Integrated portal of interactive public services (IPIPS) became a platform for interaction ([www.my.gov.uz](http://www.my.gov.uz)). During almost four years of operation, the portal received more than 1.3 million petitions from physical persons and legal entities. The control over the obligatory response to petitions was also established. This channel strengthened the exchange of information between citizens and public governing bodies, and contributed to the adoption of measures with respect to many priority issues. Simultaneously with development of tools for the "electronic government", "virtual offices" appeared in departments, where citizens could send their petitions by e-mail or through a feedback form.<sup>98</sup>

**The virtual office of the President of the Republic of Uzbekistan and people's offices organize a direct dialogue with the population** supported by a new system for handling petitions from physical persons and legal entities. The flow of information from citizens and legal entities through the virtual and people's offices turned out to be more intense than through the IPIPS.

**Main topics of petitions were employment, provision of medicines, payment of social benefits, redevelopment, and provision of medical assistance**, in other words, very often these were questions related to activities of budget organizations, regarding the provision and quality of public services. According to the statistics of petitions of physical persons and legal entities sent to the MoF and its departments, two-thirds of petitions received during the nine months of 2017 were related to pension provision, and only 3% were related to tax and customs rates.<sup>99</sup> Few petitions related to the budget were received reflecting the low involvement of citizens in the budget process. Another indirect indicator is activity on the forum of the MoF web site, which operates under the section dedicated to "Tax and Customs Policy."<sup>100</sup>

**In 2017, the MoF also announced the development of the *Concept of the Tax and Budget Policy for 2018*.**<sup>101</sup> As part of this, the MoF asked relevant ministries, departments, scientific governmental and non-governmental institutions, economic entities, and citizens to submit proposals to be included in the draft Concept. This including requesting proposals and recommendations that adopted new approaches to budget planning and financing, and also that provided in-depth analysis of the current tax system.

**In 2014, the training center under the MoF in the framework of the UNDP Project "Reform of the Budget System in Uzbekistan" organized a training workshop for representatives of the mass media.**

**As part of the November 2017 Concept for preparation and publication of the Citizens' Budget of the Republic of Uzbekistan 2018-2019, training is envisaged for mass media, employees, and journalists.** This training will cover the most important and key issues covered by the Citizens' Budget. Development of the Citizens' Budget was implemented in 3 phases. The first phase involved the expansion of the practice of publishing budget data. The second phase was launched by MoF and the UNDP in 2018 under the project

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<sup>98</sup> In accordance with Decree of the President of the Republic of Uzbekistan as of December 28, 2016, "On Measures for Drastic Improvement of the System of Handling Petitions from Physical Persons and Legal Entities", a virtual chamber of the President was established, as well as people's offices in all areas, districts and cities (except for cities of district subordination).

<sup>99</sup> <https://www.mf.uz/home/o-ministerstve/rukovodstvo/item>

<sup>100</sup> <http://uforum.uz/forumdisplay>

<sup>101</sup> <https://mf.uz/home/o-ministerstve/press-sluzhba/>

“Facilitating the Public Finance Management Reform in Uzbekistan”. The third phase under implementation is the establishment and maintenance of an information portal.

**As a result of these reforms, the first Citizens’ Budget was published in 2018, and in 2019 the Citizens’ Budget was published together with the 2019 Budget.** The opinion of the Chamber of Accounts on the draft budget and on the budget execution report was also published.