

Citizen Engagement in Government Budget: Concept and China's Practice

Chen Shaoqiang; Fan Yixia;

Gao Xinran

September 21, 2017

Contents

- Changes in the perception of citizen engagement in government budget (CEGB)
- Channels of CEGB
- A case study in China's CEGB

Changes of CEGB perception

- Governmental side
- Legislation side
- Public opinion side

Changes of CEGB perception

- National finance
- Public finance
- People's livelihood-based Finance
- Modern finance

Changes of CEGB perception(The Third Plenary Session of the 18th CPC Central Committee)

- Public finance is the foundation and one of the important pillars of national governance.
- Develop grassroots democracy. Promoting people play roles in the fields of urban and rural community governance, grassroots public affairs and charity which are based on legitimate self-management, self-service, self-education, and self-supervision.

Channels of CEGB

- Budget information disclosure
- Budget supervision

Budget information disclosure

- In 1951, all budget-related activities fell into the castigatory of state secrets.
- In 1982 , the Constitution empowered the People's Congress to review and approve the report of budget preparation and budget implementation.
- In 1999, the National Congress issued the decision on strengthening the national budget examination and supervision, deepening the information disclosure of departmental budgets.
- In 2008, China formally implemented government information disclosure regulations which greatly promoted budget information disclosure.

Promoting budget information disclosure

- In 2016, 105 departments and units of the central government released department budget information, three more than that of last year. And 10 departments of the central government, including education department, science and technology department and other departments, disclosed, for the first time in the history, the information of key project document and expenditure performance. So far, 99.4 per cent of governments at or above the county level released budget information.

Budget supervision: the new budget law (2014)

- Article 14.
- Any budget, budget adjustment, final accounts, or budget implementation report or statement approved by a people's congress or the standing committee thereof shall be published by the financial department of the government at the same level within 20 days after approval, along with explanations on the government's financial transfer payment arrangements, the implementation thereof, any debts borrowed, and other important matters.

Budget supervision: the new budget law (2014)

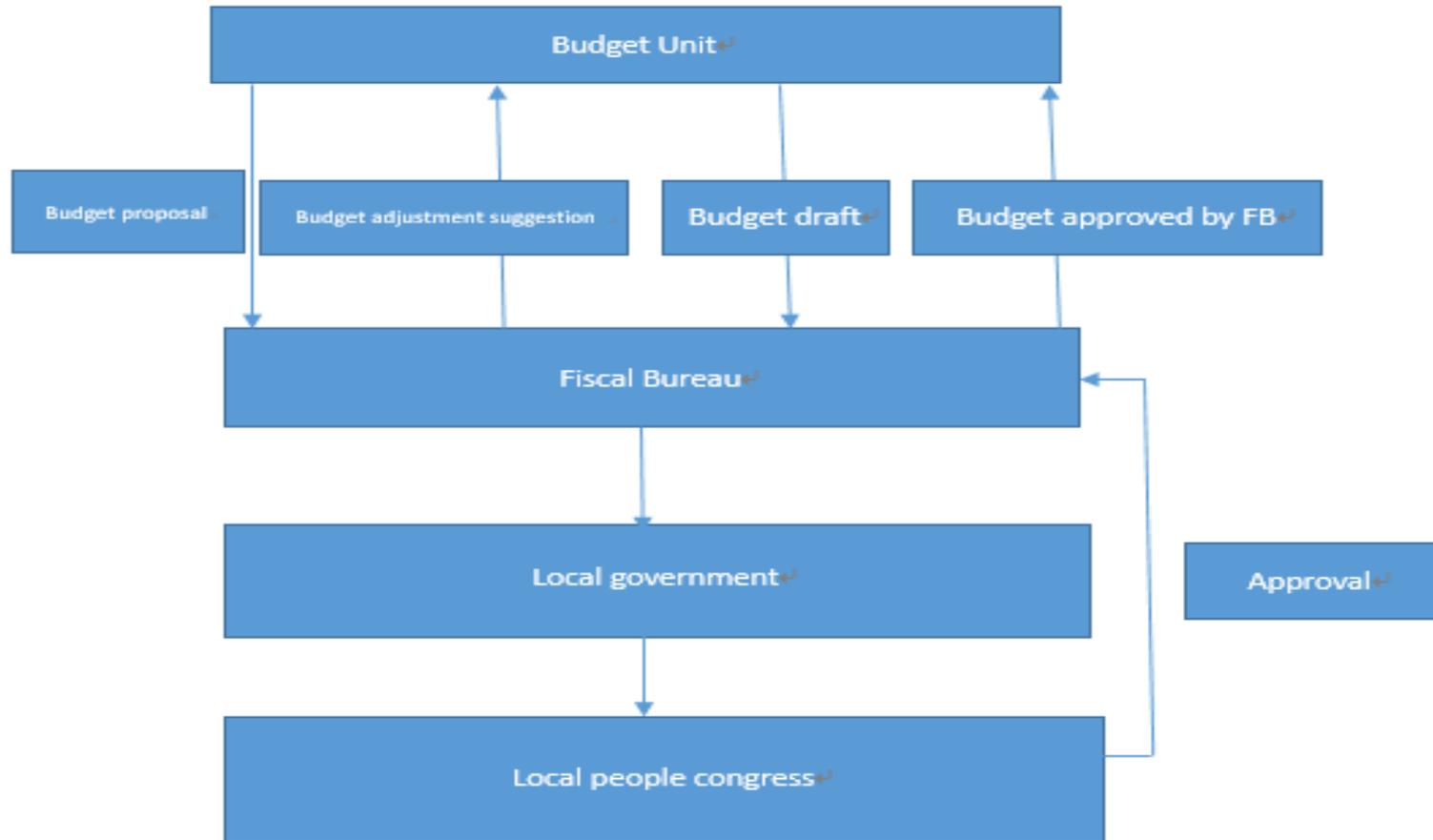
- Article 89.
- The audit department of a government at or above the county level shall conduct audit supervision over budget implementation and final accounts according to the law.
- The audit reports on budget implementation and other financial revenues and expenditure shall be published.

A case study in China's CEEGB

- Xin-he town, Wen-ling city, Zhejiang province.
- Population: 120 thousand
- Area: 71.4 square kilometers
- As of 2007, total budget revenue: 19.52 million USD, and farmer per capita net annual income: 1190 USD



China's local government budget process: traditional picture



Xin-he town experiment

- In 2001, Wen ling's [municipal Party committee](#) initiated a new democratic reform, taking shape initially a new mechanism of citizen engagement in the form of democratic decision-making, democratic management, democratic supervision under the common guidance of local party, local congress and local government. On such a democratic platform, all interested party discuss public affairs in an equal, free, open way.
- In 2005, Xinhe town applied the experience of democratic communion to the annual budget reform discussion to deliver more people's willingness so that they can solve the problem of public supervision of local congress.

Core elements of Xin-he town experiment

- 1. The democratic communion on preliminary budget report.
- Town congress delegates, together with sorts of assentation, social organization and local citizens, take participation in discussion, reviewing government budget report and forming preliminary budget report.

Core elements of Xin-he town experiment

- 2. The democratic communion of the annual budget review .

Based on preliminary budget report and suggestions, the congress chairmen and government convene a joint meeting, and it is the town government that amends the budget and reports to the meeting. Among the group review of delegates, five more delegates in a group are able to jointly propose an budget amendment according to law.

Core elements of Xin-he town experiment

- 3. The revision and adoption of the budget report .
- The presidium of the town Congress review the budget amendment proposed by the delegates, and submit those qualified amendments to the Congress meeting to vote. The town government then remodifies budget amendment approved by more than half of the attendances, and then the Congress vote through those government budget . Otherwise, the budget amendment should be remodified.

Core elements of Xin-he town experiment

- 4. Budget execution and supervision.
- In the inter-sessional congress meeting, the Congress supervise the budget implementation. The town government should report to the Congress about the budget implementation, budget amendment should be submitted for the record, and significant budget adjustment should be examined and voted by the Congress. Only after these procedures, the town budget can take effect.

Relevant institutional guarantee

- 1. Leadership of the local congress.

The combination of citizen budget engagement on decision-making and supervision and current congress institution greatly empower the citizen to speak and make decision, facilitating direct and effective conversation among the congress delegates, social public and the town government.

- 2. Information disclosure, particularly on the budget plan and the public review process.

Thanks!