

International Expert Online Panel

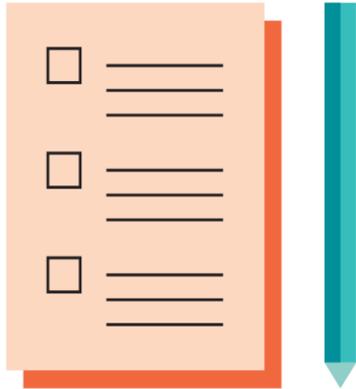
Evolution and challenges to public participation in the budget process

St. Petersburg, Russia Federation

April 8, 2021

Aura Martinez, GIFT Knowledge Coordinator

Outline



1. **The GIFT Network**
2. **Public Participations Principles, Norms, Standards and PFM**
3. **IBP Open Budget Survey and Participation**
4. **Implementing PP mechanisms**
5. **Impacts of PP in Fiscal Policies**

Global Initiative for Fiscal Transparency

GIFT was founded by **IBP, World Bank, IMF, the Governments of Brazil and the Philippines** in 2011 as a nonprofit action network to respond to the deficit of publicly available and meaningful information about public finances worldwide.

Through **advocacy, high-level dialogue, peer-learning, technical collaboration, innovation and research**, GIFT:

- ❑ helps harmonizing the normative architecture of FT norms and standards
- ❑ facilitates dialogue between governments, CSOs, international financial institutions and other stakeholders

to find, share & advance solutions to challenges in FT and public participation.

A THEORY OF CHANGE

e.g. Improvement in SDG indicators

Improved Social,
Economic, and
Environmental
Outcomes

Fairer, more efficient and effective taxation and
public services, more legitimate and sustainable
fiscal performance

Improved Fiscal
Outcomes

Public officials held effectively to account for
stewardship of public resources

Accountability

Direct engagement by the public in fiscal policy
design and implementation/ Complements +
supports existing systems

Public
Participation

Public disclosure of high quality fiscal data
and information in budgets, forecasts, outturns etc.

Fiscal
Transparency

Fiscal transparency impact

Evidence on the benefits of FT:

- Improved governmental coordination + performance
- Can lead to higher tax collection
- Increased demand for sovereign debt & lower borrowing costs
- Lower misallocations & capture => increased accountability
- Greater public control of government institutions
- Budget credibility & improved development outcomes

GIFT Network

21 Governments

Brazil (Min Economy),
Philippines (DBM), Mexico
(SHCP) +18 budget
government agencies

18 Civil society organizations

IBP, Fundar, ILDA, CBPP, Inesc, ICEFI,
ACIJ, Fiscal Observatory, Seknas, IFP,
Funde, PSAM, Emerging M, NHCDR,
Social Watch, Solidaridad, Innovaap,
CIEP, EF

10 International organizations networks

World Bank, IMF, OECD,
IFAC, MITRE, OCP, CABRI,
Global integrity, PEFA

4 Funders/ Foundations

Hewlett F., Luminate,
Ford F., DfID



Why public participation in the budget cycle?

- 2008: Global Financial Crisis, **PFM Governance**, disclosure of information alone is not sufficient for accountability
- Participation is key for **Sustainable Development Goals: 1-poverty, 5-gender** equality, **10-reduce inequality**, **16-peace**, justice & **inclusive institutions**
- Public Participation as at the core of **Open Government Partnership**
- Government data at reach: **big data**, **open data** & **information technologies**

As such, public participation is promoting accountability by other means...

But, how exactly should governments engage citizens in public spending?

A starting point for **GIFT** was to address the **gaps in norms**, as well as the **lack of guidance** on how governments should engage the public

PRINCIPLES

of Public Participation in Fiscal Policy

01

Accessibility

Easy for all to access, understand, and to use, re-use and transform, namely in open data formats

02

Openness

Clarity on purpose, scope, constraints, intended outcomes, process and timelines of public participation

03

Inclusiveness

Proactively engage citizens and non-state actors, including excluded & vulnerable groups

04

Respect for self-expression

Allow participants to articulate their interests in own ways

05

Timeliness

Sufficient time in the budget and policy cycles for inputs in each phase

06

Depth

Provide information about key policy objectives, options, choices and trade-offs, potential impacts, and feedback

07

Proportionality

Use mechanisms proportionate to the scale and impact of the issue

08

Sustainability

Regular engagement, mutual trust over time; feedback for revision and institutionalize public participation

09

Complementarity

Complement and increase the effectiveness of existing governance and accountability systems

10

Reciprocity

All state and non-state entities should be open about their mission, interests and representation

GIFT history by looking at PP in FT International Standards

2012: **GIFT** High-Level Principles on FTAP & UN General Assembly acknowledgement

12: **IBP-OBS** leads the way, with section on PP

2014: **IMF** revision of Fiscal Transparency Code

2015: **OECD** Principles on Budgetary Governance

15: Tax Administration Diagnostic Assessment Tool-**TADAT**

15: Open Contracting Partnership- **OCP**

15: **GIFT Principles on PP and Guide on practices**

2016: Revised **PEFA** Indicator Program

16: Extractive Industries Transparency Initiative- **EITI**

2017: New PP section in **OBS-IBP**

17: **OECD** Budget Transparency Toolkit

17: **PEMPAL** network engages systematically on topic

2018: **IMF** Fiscal Transparency Handbook

2019: **IBP/GIFT** PP pilots

2020: **GIFT** Guide on Fiscal Transparency on Emergency Packages Response (COVID19)

2021: **GIFT** Global Principles on Domestic Tax Transparency

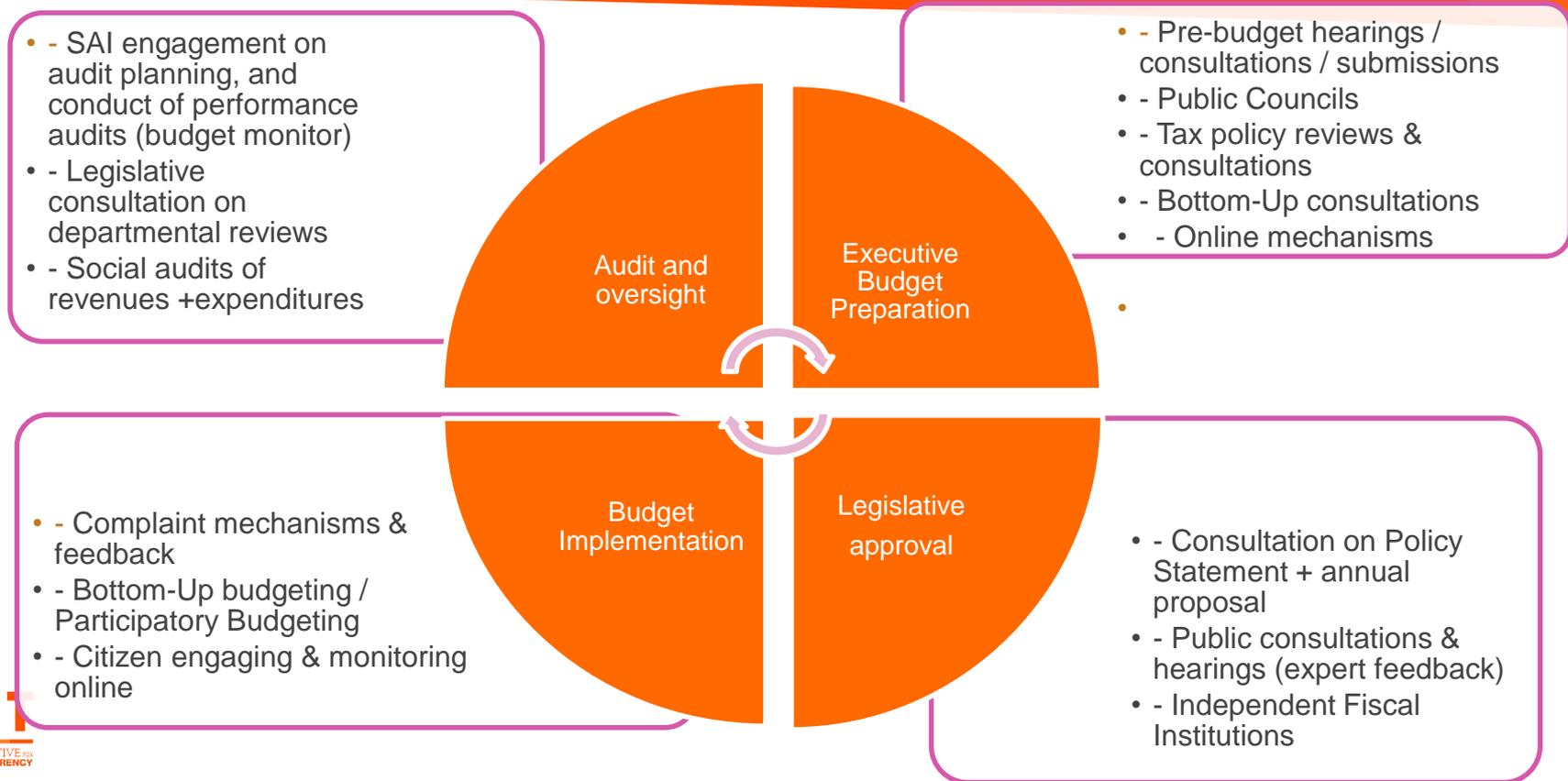
Guide on Principles and Mechanisms of **Public Participation** in **Fiscal Policy**

guide.fiscaltransparency.net



GIFT

PP mechanisms across the budget cycle



OBS 2019 Main Findings on Public Participation



- Most countries surveyed (4 out of 5) have a PP mechanism
- Greater budget transparency is related to more PP in fiscal policies
- Less mechanisms during implementation and audit stages of budget cycle (more on formulation and approval phases)
- Most of the mechanisms assessed are designed in ways that limit public access and awareness (selective and asymmetric mechanisms)
- **But**, new promising forms on public participation have been piloted around the world (**innovation and progress**: Sierra Leone, New Zealand, Portugal, South Korea –**national participatory budgeting**)

OBS 2019 PP Emphasis/Caveats



- Can everyone's voice be heard, with efforts to include vulnerable and underrepresented groups? (**Inclusiveness**)
- Can people find out about the purpose, scope, and intended outcomes for public engagement? (**Openness + Timeliness**)
- Does the government share the feedback they received and how it has been used? (**Depth**)
- Is participation embedded in the budget process to provide regular input into decision-making? (**Sustainability**)
- Measures may overestimate the quality of participation processes and undervalue informal participation mechanisms, that are important in some countries
- Mainly national practices involving the MoF: in some countries with limited national opportunities, there is robust local budget participation

The main objective of the **FOA** project is to establish effective mechanisms to allow public participation (**PP**) in fiscal processes at national level in **Benin, Liberia, Nigeria, Senegal and South Africa**, through peer learning, knowledge sharing and technical collaboration.



Recommended Steps in Selecting a Public Participation Mechanism



1. **Public participation** throughout the budget cycle
2. Designing **public participation** mechanisms
3. Need of **learning** from each other and **working together**

Impactful public participation: participation designed for results

To have **impact**, PP mechanisms must establish **objectives that are aligned** with, **reinforce and complement** the goals of the fiscal policy to which they become a part of.

- ➔ PP mechanism should be designed and integrated from the moment the fiscal policy is conceived.
- ➔ The following issues need to be clearly tackled in the design of the public participation mechanism:
 - How participation helps to achieve the fiscal policy goals?
 - What is the target audience that needs to be convened?
 - What is the degree of involvement necessary to achieve the policy objectives?

A PP process must be driven by a shared purpose, with the nature & scope of the task clearly defined

- Are there problems that can be **solved or mitigated** through PP?
- Is there room for **public influence** over the decision?
- How will citizen **input** be used?
- Are there **constraints** around the decision that limit the scope to engage the public?
- What characteristics will **successful** decisions or processes have?
- What can make the process **to fail**? What are the risks?

Who is the public? Define and focus the AUDIENCE

Who participates?

The **interested or target audience** is determined from the clear identification of the policy issue to be addressed, the purpose sought and the context.

To **help identifying the participating audience**, the guiding questions may be as follows:

- Who will be affected by the decision?
- How can traditionally excluded groups be taken into account?
- Are there interest groups/organized groups that could undermine the decision?
- Who wants to and who can effectively participate?

When? How?

It is also important to determine **the timing** on which the mechanism is expected to obtain **maximum results**: at what stage in the decision-making (or standard-setting) process is participation feasible and desirable? It is essential to identify the **entry points in the budget cycle calendar**.

Once the objectives of participation are established, the **processes to involve** the audience who best meet the sought objectives are designed considering at least two aspects:

- 1) Deciding the degree of involvement of the target audience (within the PP [spectrum](#))
- 2) The selection of the participation mechanism. The **GIFT PPP** provide a practical guide to the indispensable considerations for this stage.

Tools in the Public Participation Spectrum



<u>EXAMPLE Tools</u>	Inform	Consult	Involve	Collaborate	Empower
<ul style="list-style-type: none"> -Multiple audiences -Multiple tools -Multiple objectives 	<ul style="list-style-type: none"> -Newsletter -Email -Video -Website -Social Media -Live Stream meetings 	<ul style="list-style-type: none"> -Social media discussions -Polls -Blogs -Workbook Surveys 	<ul style="list-style-type: none"> -Ideation -Surveys -Polls -Serious games -Social media discussions 	<ul style="list-style-type: none"> -Online fora -Document co-creation -Mapping -Twitter chat -Video meetings 	<ul style="list-style-type: none"> -Decision making: Online voting Participatory budgeting -Community actions (discussion fora)

RULE OF THUMP: ADDRESS THE DEMAND / WORK WITH USERS

Learn from each other

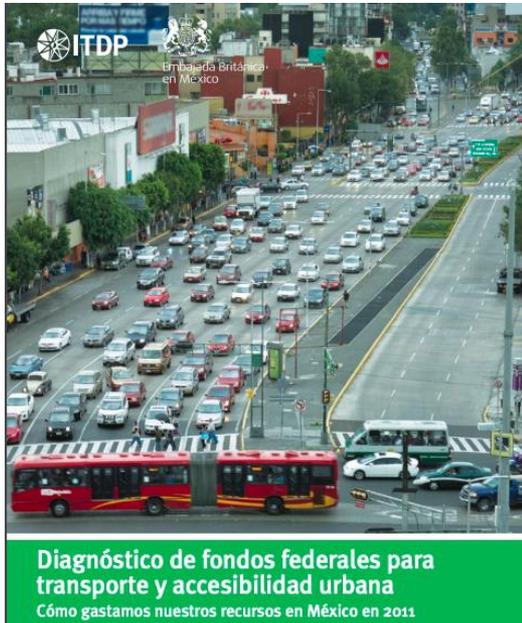
While not everyone needs to be a budget expert, it is critical that both **government officials and citizens** have:

- A basic **understanding** of key budget information — what it is, why it matters, how and when citizens can engage, and the outcomes of their engagement.
- Both parties must build capacity on the **ways to communicate with each other**: public participation requires rules, knowledge, processes, tools and practices that need to be build.

1. Policy Objectives of Public Participation

Better **resource allocation** - Subnational transfers in Mexico, with the role of the media and CSOs leading to changes in the criteria for investment projects approval to observe urban sustainable mobility

Revised criteria for agricultural subsidies after beneficiaries exposed by SCOs (correct misallocations)



2. Policy Objectives of Public Participation

Improvement in the **provision** of public services - social accountability / monitoring experiences of sanitation in South Africa

Improvement in attendance of teachers & test scores in Kenya (when supervised by NGOs)



3. Policy Objectives of Public Participation

Better response to the preferences of beneficiaries of services - refining gender subsidies beneficiaries in Mexico

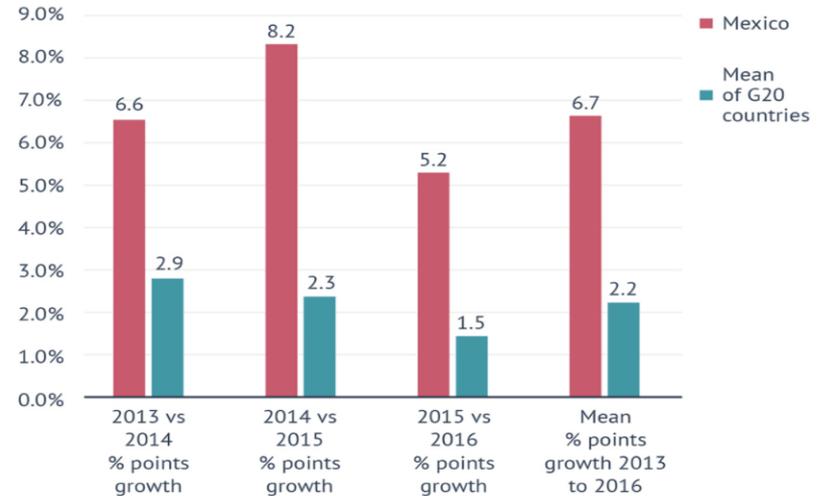
Better attention to public security issues in Honduras



Building an Inclusive Mexico
POLICIES AND GOOD GOVERNANCE
FOR GENDER EQUALITY



Annual growth in the proportion of female senior civil servants: Mexico vs G20 mean



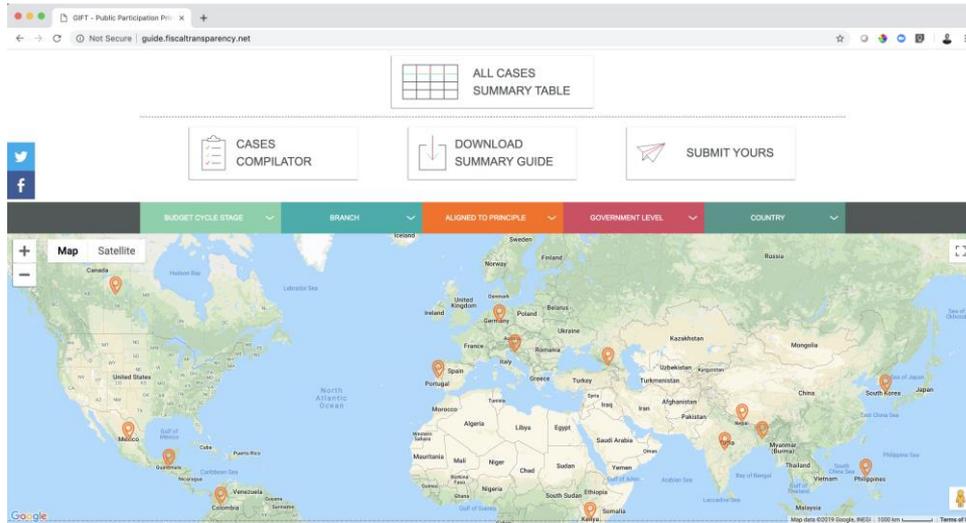
4. Public participation for what?

Opportunity for **marginalized** groups to exert some influence in decisions that affect them

- FIJI Consultations provide opportunity to submit written proposals or attend scheduled in-person meetings that are held at multiple locations and are open to anyone interested in attending. Concrete steps to include the vulnerable and under-represented groups of the population, including senior citizens and Fijians living with disability
- Consultations on public infrastructure projects in marginalized communities in various countries
- Refining strategies to poverty alleviation in several countries

5. Public participation for what?

Greater impact of social policies in development sectors: health sector, education, community level public works, etc. (participatory budgeting and social audits in Brazil, Argentina, Colombia, India, Philippines, etc.)





of Public Participation in Fiscal Policy

Core considerations

1. **Publish** information accessibly
2. Clarity on the **rules of engagement** in order to ensure clear expectations
3. Reach out to those usually quiet (**INCLUSION**)
4. **Add value & relevance** to the process: inform well, on time, get feedback, try to institutionalize, ensure good terms of engagement
5. Seek that public participation **complement** what government institutions do

Stay tuned!

 @fiscaltrans

 @fiscaltransparency

 @fiscaltransparency

www.fiscaltransparency.net