

## **Submission to Participatory Monitoring and Accountability Consultation Report**

There is growing consensus that public participation in budgeting is an essential component of any public finance management system. This consensus is affirmed by the High Level Principles on Fiscal Transparency issued by the Global Initiative for Fiscal Transparency (GIFT), which have also been endorsed by United Nations General Assembly Resolution 67/218.<sup>1</sup> This consensus is also supported by the International Monetary Fund, which recently included public participation as an indicator in its revised fiscal transparency code<sup>2</sup>, and by the Organization for Economic Cooperation and Development, which has similarly included public participation in its Principles of Budgetary Governance.<sup>3</sup> Participation features prominently in the Post-2015 Sustainable Development Goals framework.<sup>4</sup>

Public engagement in budgeting should be comprehensive and involve all major government stakeholders in the budget process (the executive, legislature, and supreme audit institution). Governments should provide opportunities for public participation in debate and discussion during budget preparation with respect both to aggregate fiscal policy issues and details of revenues or expenditures.

They should announce what they hope to achieve by seeking public input, provide time in the budget calendar for consideration of public inputs, publish feedback on how public inputs have been used in budget preparation. The mechanisms for public participation should be accessible and widely used, and enshrined in a law, regulation or formal procedural obligation requiring such engagement.<sup>5</sup>

Mechanisms to adopt include:

1. The executive (including the ministry of finance and line ministries) develops mechanisms to enable the public to participate in the formulation of the budget (such as through town hall meetings, focus group discussions, and social media).
2. The executive develops mechanisms for public engagement during the budget implementation phase (such as social audits, client surveys, and citizen report cards).
3. The national legislature organises public hearings during the approval of the budget and provide opportunities for public testimonials on macroeconomic issues as well as the budgets for individual agencies.
4. The national legislature organises public hearings during its scrutiny of audit reports.
5. The supreme audit institution uses appropriate mechanisms to engage citizens in identifying priority areas for audit and in disseminating audit reports (such as through fraud hotlines, citizen audit request systems, and social media).

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<sup>1</sup> [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/67/218](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/67/218)

<sup>2</sup> <http://blog-pfm.imf.org/files/ft-code.pdf>

<sup>3</sup> <http://www.oecd.org/governance/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>

<sup>4</sup> For example, Goal 5.5, 6.b, 16.7 <https://sustainabledevelopment.un.org/focussdgs.html>

<sup>5</sup> Please see budget participation indicators proposed by the Global Initiative for Fiscal Transparency <http://fiscaltransparency.net/wp-content/uploads/2014/10/GIFT-PEFA-supplement-on-participation-24Oct2014.pdf>

## Good Practices on Public Engagement

Country examples demonstrating emerging good practices on public engagement are included below. Please find out more via the International Budget Partnership (<http://internationalbudget.org/>) and the Global Initiative for Fiscal Transparency (<http://fiscaltransparency.net/>)

### Botswana

There is a formal procedural obligation to engage the public during the budget formulation process, in particular through Budget Pitso. See the Minister of Finance's opening address of BudgetPitso at:[http://www.finance.gov.bw/\[...\]/Opening%20Remarks%20Budget%20Pitso.pdf](http://www.finance.gov.bw/[...]/Opening%20Remarks%20Budget%20Pitso.pdf). The executive engages the public through the recent Budget Pitsos as well as the long standing kgotla system. The traditional kgotla (public forum) is well established in Botswana, and though initially headed by the village chief, it is extensively used by Government and/or the executive and other stakeholders on a wide range of issues on which they need to consult the public. Both budget and policy issues are discussed at the kgotla. Everyone is allowed to voice their opinion at the kgotla. Recently, Budget Pitsos are used to identify the public and relevant stakeholders' views on budget issues. See information on and about Budget Pitsos at:[http://www.finance.gov.bw/i\[...\]&pparent=336&id=375](http://www.finance.gov.bw/i[...]&pparent=336&id=375)

### Brazil

In 2011, the federal government organized consultative meetings among different councils (Fórum Inteconselhos) to discuss the Multi-Year Plan for 2012-2015, a first meeting on May 24-25 discussed the Strategic Dimension (guidelines, principles, challenges, and big thematic programs) of the Draft Multi-Year Plan. However, a completed and detailed document was released by the Ministry of Planning on August 31. According to government, many suggestions from civil society were included in the draft multi-year plan. Nevertheless, its impacts on the budget law need to be evaluated by independent study. See news about it at:[http://www.secom.gov.br/\[...\]/](http://www.secom.gov.br/[...]/). That is, the real impact of this process (Fórum Interconselhos) on annual budget allocation will need to be confirmed in upcoming years.

### Ghana

In 2005, on his own volition, the then Minister of Finance and Economic Planning introduced the idea of inviting the public to submit inputs into the budget process. This has continued and normally takes the form of a newspaper publication calling on citizens to make submissions. In the past, a list of institutions and persons who make such submissions were published as part of the budget statement, but this has since stopped. It is not clear whether this means that no more submissions are made or that the government does not see the need to publish it.

### Kenya

The new constitution provides various legal bases for stakeholder public access to information and participation in planning and budgeting processes through Article 35 of the Bills of Rights, and Article 201 (a) under the principles of public finance. The proposed draft organic budget law (PFM Bill) and Treasury Circular recognize legal and

formal obligation to provide procedures (through regulation) for public participation in the budget process.

#### New Zealand

In considering the 2011 BPS, Parliament's Finance and Expenditure Committee publicly called for submissions (with advertisements going into specialized business publications as well as in all the main metropolitan daily newspapers). Submissions closed at the end of January. At its first meeting of the calendar year, the FEC heard oral evidence from public submitters who wished to be heard, and directly following this, heard evidence from the Minister of Finance. It reported to the House within the following two weeks (to meet a 40 working day report deadline). All evidence heard on the BPS is recorded and transcribed, and appended to the final committee report. There is no procedural obligation for the executive or the legislature to invite public submissions. There is, however, a long-standing convention that select committees will hear evidence on things they consider. They have done so, on a wide range of matters, for 25 years or so. The only requirements in relation to select committees and submissions are that:

1. If evidence is heard it will be done in public; and
2. People are given an opportunity to make a written submission before making an oral one.

#### Philippines

The Aquino Administration has opened-up the budget process to the public, specifically to civil society and other sector and cause-oriented organizations. The government has started the process of having agencies involve civil society organizations in the preparation of their proposed budgets through National Budget Memorandum No. 109. NBM provides the formal requirement for agencies, in the preparation of the 2012 budget. For this pilot budget partnership process, six departments and three government corporations were required to engage civil society organizations. The NBM is a formal policy guideline issued by the DBM, as oversight agency on public expenditure.

#### Romania

Law on Public Finances 500/2002, Art. 9, provides that public debates on the budget should be held during both the budget formulation and the budget execution processes.

#### Sierra Leone

Every year, the Ministry of Finance conducts a one-day budget policy hearing and a month of budget discussions in which all departments, ministries, and agencies of government present their budget estimates within the medium term expenditure framework. Part of their budget estimate submission contains information on last year's expenditure as well as details of estimates of requested expenditures. The public audience, in which civil society groups as well as other stakeholders including members of parliament, the academia, and the district budget oversight committee, are invited and critique the submissions. The inputs are then recorded and are expected to influence the final figure of estimates allocated to the various line agencies of government.



#### South Korea

There is an official requirement for the Ministry of Strategy and Finance to engage with the public during the budget formulation process by organizing an Advisory Council on Fiscal Policy, which is composed of public officials from central and local governments and civil experts. Civil experts are mainly professionals or from academia and civic groups. During the budget execution process, there is a reward system in place for a person who files with the Ministry of Strategy and Finance a report on illegal, wasteful use or misappropriation of the budget by government employees. There is also a standing proposition system in the Ministry of Strategy and Finance. Anyone may file a suggestion to the Ministry on any policy issue, including budget matters, at any time. The Ministry has a duty to respond to this suggestion.