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FISCAL TRANSPARENCY

## **THE TIME IS NOW: ADVANCING PUBLIC PARTICIPATION IN GOVERNMENT FISCAL POLICY AND BUDGET-MAKING**

**High Level Synthesis of Case Studies on  
Brazil, Canada, Croatia, Kenya, Mexico, Philippines, South Africa, South Korea<sup>1</sup>  
July 2015**

*“Citizens and non-state actors should have the right and effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies.”<sup>2</sup>*

Governments, citizens, civil society groups, non-state actors, and intergovernmental organizations are adopting and adapting policymaking approaches that expand and enhance public participation at multiple points of the fiscal and budgetary cycle. Emerging norms and good practices in public participation in government fiscal policy and budget-making processes are part of a much broader and longer-term global movement that promotes the expansion of public participation in conjunction with greater transparency as the basis to promote accountability.<sup>3</sup> Direct public participation by non-state actors is a critical mechanism through which government decision-making process and public policies can be made more legitimate, efficient, equitable, accountable and sustainable.

Public participation in government fiscal policy and budget processes refers to the variety of ways in which citizens, civil society organizations, businesses and other non-state actors interact *directly* with public authorities on issues relating to government taxation and revenue collection, resource allocation, spending and the management of public assets and liabilities. Executives, legislatures, and supreme audit institutions now use a variety of programs

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<sup>1</sup> To access these case studies, go to <http://www.fiscaltransparency.net/resources-all/>

<sup>2</sup> See <http://fiscaltransparency.net/2013/01/united-nations-adopts-transparency-resolution/>

<sup>3</sup> For GIFT High-level Principles, see <http://www.fiscaltransparency.net/eng/principles.php>

and mechanisms to incorporate direct public participation in government fiscal policy and budget processes in addition to more conventional indirect mechanisms.

Comparative case study research across several countries around the world - **Brazil, Canada, Croatia, Kenya, Mexico, Philippines, South Africa, and South Korea** - suggests that public participation is most likely to take place during fiscal policy agenda-setting (medium-term planning) as well as three stages of the budgetary cycle (formulation, enactment, and oversight).

## Growing Experience and Evidence

The research conducted by GIFT illuminates numerous mechanisms, programs and reforms that national governments and interested stakeholders can now draw upon and adapt to their own contexts. The range of experiences indicates that governments around the world are already adopting a wide range of approaches to encourage direct public participation.

- Medium-Term Planning: Brazil and Kenya now use fiscal and budgetary institutions that allow citizens and policy experts to contribute to medium-term planning. Governments, CSOs and citizens are working together to shape their future.
- Budget Formulation: The Philippines and Brazil now use institutional mechanisms to permit citizens to select specific projects that are adopted into the annual budget. This allows national and local governments to directly incorporate citizens' policy recommendations into the budget
- Budget Enactment: South Korea, Canada, and Kenya offers excellent examples of how legislators can engage citizens and/or policy experts into public processes that allow them to critically engage the national government.
- Budget Oversight: The Philippines and South Africa offer noteworthy opportunities for citizens to directly monitor service delivery, thus ensuring that resources are spent how they meant to be spent.

The research carried out by GIFT demonstrates that is now considerable institutional innovation occurring across the world. Government officials are working with a range of stakeholders to



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design, adapt and adopt public participation approaches to address a range of social, political and policy challenges. The research shows that there is no “one size fits all institution,” nor a single “best practice” that must be adopted. Rather, different institutions are being developed in response to the technocratic/legal requirements of complex policymaking system, the political interests of national governments, constitutional redesign, and the capacity and interest of civil society actors in engaging public institutions. Based on GIFT research, all those stakeholders interested in reform now have a solid set of examples that should allow them to better imagine how they can design, adopt and adapt robust mechanisms to promote public participation in fiscal and budgetary processes.

### **Innovative Cases in Public Participation**

Three countries—Brazil, the Philippines, Kenya—are leading the way as they adopt innovative institutional, policy and programmatic reforms to advance direct public participation. The most noteworthy changes include (a) *multi-tiered* policymaking process, whereby public participation occurs at multiple levels (local, state/county, national) and at different moments (e.g., medium term planning, formulation, and oversight); (b) the *integration* of public participation mechanisms by line ministries as well as between national and subnational units; and (c) different forms of *participant selection*, thus allowing a wider range of citizens to participate (e.g., citizens, CSO leaders and policy experts).

### **Cases of Expansion Without Institutionalization**

Our research also demonstrates that two countries—South Korea and South Africa—were early in adopting multiple direct public participation mechanisms, thus making them regional and global leaders in policy adoption. South Korea led the way in the inclusion of policy experts in the budget enactment phase. South Africa attempted a diverse set of public participation reforms that cover multiple stages of the fiscal and budgetary cycles. However, in both South Korea and South Africa, many of these mechanisms are not integrated into the policymaking cycle and/or the participation selection procedures are circumscribed. These cases draw attention to need to institutionalize reforms that will function across different governing coalitions as well as the need for continuing experimentation and learning.



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### **Cases of Limited Reforms**

Our research also demonstrates three countries—Mexico, Canada and Croatia—are at preliminary stages of incorporating direct public participation into their budgetary and fiscal processes. They have initiated preliminary efforts to incorporate public participation, but these processes are weakly integrated into formal fiscal policy and budgetary processes or they allow for the participation of a very limited number of non-state actors.