



FISCAL OPENNESS ACCELERATOR

Fiscal Transparency for Public Participation
for Better Use of Public Resources



Guidance Notes on the Co-Creation of Public Participation Mechanisms in

Fiscal Policies

December 15, 2020

Introduction

As part of the implementation of the **Fiscal Openness Accelerator** project supported by the U.S. Department of State and the Open Government Partnership trust fund, the International Budget Partnership and the Global Initiative for Fiscal Transparency are presenting for discussion with participating countries these guidance notes on the co-creation of public participation mechanisms in fiscal policies.

The main objective of the FOA project is to establish effective mechanisms to allow public participation in fiscal processes at national level in Benin, Liberia, Nigeria, Senegal and South Africa, through peer learning, knowledge sharing and technical collaboration. From there, the goal of these guidance notes is to provide an orientation framework with a sequence of implementation phases, to help FOA countries in the design and implementation of the public participation mechanism to be piloted. IBP and GIFT acknowledge that each country can continue implementing the participation project following a planned strategy of its own. However, this guidance effort could add support to the process and/or enlarge the possibilities of the work in progress.

This document also includes general considerations on public participation in fiscal policies and specific ideas to select a public participation mechanism based on GIFT experiences. The aim here is to provide a common framework for FOA countries to discuss and determine the public participation pilots to be implemented in each case, as part of our collaborative project guided by peer learning.

In each country, Advisory Groups have been established to ensure that the public participation mechanisms are discussed, designed, selected and implemented in a manner that is participatory and inclusive, as means to ensure better impact and sustainability. Their basic role is to provide feedback and recommendations on the Ministries of Finance's selection, design and implementation of the participation mechanism. Among their functions, the Advisory Groups are expected to submit proposals, comments, suggestions, and create working groups, as well as keeping records (minutes, documentation), and maintain communications and hold meetings with the GIFT/IBP teams. In all cases, the responsibility of the final selection and implementation corresponds to the Ministries of Finance.



Guidance Notes on the Public Participation Mechanism in Fiscal Policies

This section shall provide guidance to the FOA Advisory Groups on co-creating and delivering quality and impactful public participation pilot mechanisms in fiscal policies. This document also includes project templates that will ensure all the necessary information on the project/s and the development process are well-documented. As the Advisory Groups move forward, it is important to consider the following:

- o The selection of the public participation mechanism should be endorsed by the Advisory Group.
- o An official version of an implementation plan of the public participation mechanism should be published on the official website of the Ministry of Finance.

The following points describe the phases of a process that the Advisory Groups could follow in each country, in order to select a public participation mechanism in a timely manner.

Step 1. Advisory Group Terms of Reference. All Advisory Group members agree on its Terms of Reference as part of the FOA project.

Step 2. Revamping phase. In coordination with each country's Advisory Group, GIFT/IBP will conduct a brief assessment of the current situation, with particular focus on entry points for participation efforts as well as ask for a self-diagnose of their level of progress from the Ministry of Finance. The information needed for this step can be collected in a google sheet. Find here an example with some proposed columns to record useful information.

On the one hand, the aim is to identify key obstacles as well as to answer guiding questions regarding potential risks for the project moving forward:

- Are there legal obstacles for the Ministries of Finance to implement public participation efforts independently in fiscal policies?
- Are there any other kinds of obstacles that you could point to (intra or inter-agency coordination, social or political) that need to be taken into consideration? Include the top 3 obstacles in order of priority.

On the other hand, the goal is to propose a common frame for the selection and design of the public participation mechanism to be piloted (see general considerations below).

Step 3. The Advisory Group shall agree on the timeline for the development and implementation of the public participation mechanism in each country.

- If agreed by the Advisory Group, the IBP/GIFT coordination team can facilitate a co-creation work-shop/think-shop during the end of January or first two weeks of February, and from this effort, a maximum of 3 project proposals will be identified.



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- When possible, there will be broader public consultations about the project mechanism selection.
- Project selection would happen no later than February 2021.

Step 4. The Advisory Group, in coordination with the IBP/GIFT coordination team shall ensure that all inputs from the co-creation activities are well-documented.

Step 5. The Advisory Group shall endorse the selected proposed public participation pilot and share with relevant government agencies to hold outreach activities or meetings with key and strategic actors within the agency, civil society groups, and of pertinent, other development partners. Such stakeholders can act as observers and special invitees of the Advisory Group.

Step 6. Based on the feedback from the government agencies and partner civil society organizations, the Advisory Group shall draft a plan with specific activities for the pilot as well as a chronogram in order to discuss it with the IBP/GIFT team for feedback and pinpointing specific accelerating strategies.

- Accelerating strategies could take the form of meeting mediating or facilitating, workshopping or analysis of documents from the Ministry of Finance or the Advisory Group, as well as conducting peer-learning within the network or sharing relevant practices and lessons learned from the vast case studies the IBP/GIFT coordination team has compiled.

Step 7. To solicit feedback and inputs on the draft plan, the Advisory Group can always organize online and/or face-to-face consultations or workshops with relevant government agencies and civil society organizations and the general public. In such case, the Advisory Group, in collaboration with the IBP/GIFT team, shall ensure that all inputs from such public consultations are well-documented.

Step 8. Based on the inputs from consultations and discussions, the Advisory Group shall submit the final pilot proposal to the Ministry of Finance.

Step 9. The implementation of the mechanism to be piloted shall begin in the second semester of 2021.



General considerations on public participation in fiscal policies

Public participation in fiscal policies refers to the variety of ways in which civil society, businesses and other non-state actors interact directly with the executive on fiscal issues including government taxation and revenue collection, resource allocation, actual spending and performance, auditing and the management of public assets and liabilities.

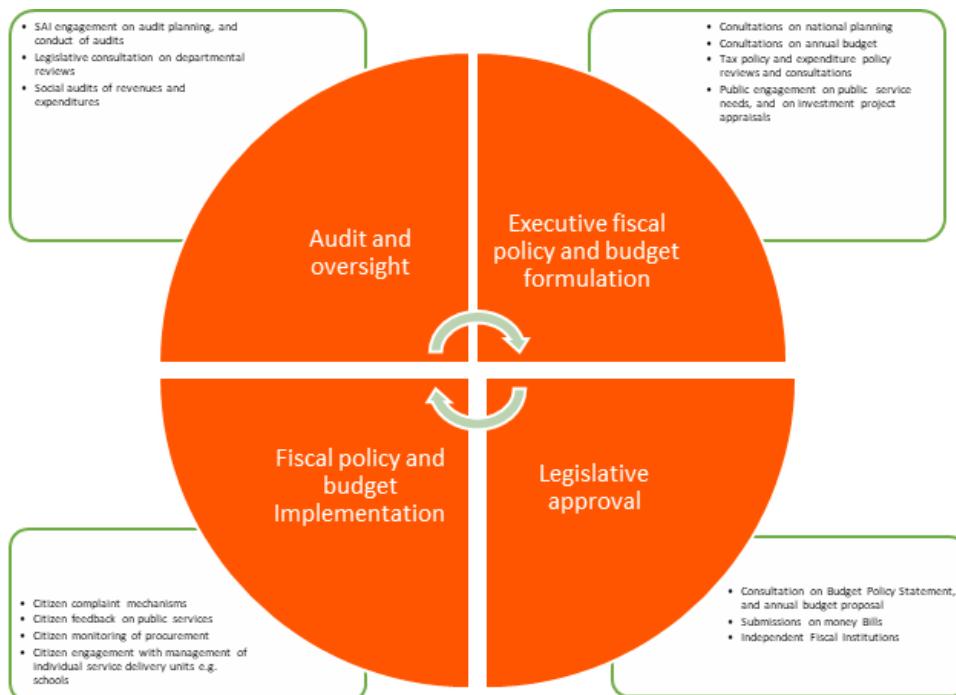
As stated in GIFT's Expanded Version of the High-Level Principles on Fiscal Transparency, Participation and Accountability (2018) under Principle 10, public participation includes public engagements initiated by state actors, known as invited participation, in which non-state actors are invited to take part; and engagement initiated by non-state actors such as CSOs known as invented participation. It also includes both expert-based external engagement, and engagement with the general public.

Public participation is increasingly recognized as a critical link in the chain between fiscal transparency, more effective accountability for public financial management, and better fiscal and development outcomes. Fiscal transparency and participation are mutually reinforcing. Access to adequate, timely, useful information is essential to informed, effective public participation. Simultaneously, opportunities for participation create the incentives for the public to request and utilize available information. However, experience suggests that transparency alone will not automatically lead to participation to achieve greater accountability and results. Governments need to carefully consider how engagement with citizens can contribute to attaining development objectives that are based on transparency achieved to date.

Public participation throughout the fiscal policies cycle

Direct public participation in fiscal policies refers to public participation mechanisms across the fiscal policy cycle, that is in the design, implementation and review of fiscal policies as shown in the diagram below. It includes participation:

- Across the annual budget cycle, that is from the executive developing the fiscal strategy, annual budget and tabling it in the legislature; to the legislature adopting it; it being implemented and reported on by the executive; to this implementation being monitored, reviewed and audited by oversight institutions and other actors.
- In revenue, expenditure, financing, and assets and liability policy initiatives and reviews that may take place over a longer time frame than the annual budget cycle.
- In the design, production and delivery of public goods and services.
- In the design and delivery of public investment projects.
- Covers both macro-fiscal policy – the main fiscal aggregates, the appropriate size of the deficit and so on – as well as more micro issues of tax design and administration, and the allocation and effectiveness of spending.



Executive branches of government should actively use public participation at different moments of the budget cycle to address distinctive goals and challenges. How they provide opportunities for public participation is closely related to their formal responsibilities regarding fiscal issues as well as the broader governmental structures in which they are embedded. There are different purposes for public participation at the different stages of the fiscal policy cycle with different tools that can be used to design, plan and implement appropriate participation mechanisms, for instance:

- During the formulation stage, engaging diverse actors enables public authorities to draw on the wide range of information and perspectives throughout society, such that their feedback and perspectives can be integrated into the blueprint of financial management. This assists in getting a common understanding of issues; in ensuring that budget policy priorities match the public interest; in garnering support for their implementation and in building trust. The executive being the lead player during this phase often invites non-state actors, including CSOs, academia, and the private sector, to engage in various forums. Executive and legislative engagements in this stage may take the form of pre-budget consultation meetings with the general public and/or consultations with expert groups, for instance, think tanks, fiscal councils, and academia assessing government fiscal plans and performance, budget proposals, and the evaluation or provision of macroeconomic and budgetary forecasts. Expert groups can also be formed as multi-stakeholder groups, represented by the government, civil society, and the private sector. In this stage and throughout the fiscal policy cycle, it is however important to note that participation should



be inclusive; avoiding undue influence from selected members of the public in the form of closed-doors lobbying.

- During the legislative approval stage, the main purposes for public participation are to provide legislators with non-partisan budget analysis; and various viewpoints mainly through public account committee hearings and other mechanisms available to gather public inputs. Expert groups such as think tanks, CSOs that specialize in the budget, and academia may provide valuable analyses. The legislature can for instance use this analysis to alter budget priorities, shift allocations or increase executive accountability.
- During the implementation stage, a variety of mechanisms can be used to oversee government's implementation of the budget. Key players include government at different levels, legislature, CSOs, journalists, community groups, the private sector, academia, and the general public. Governments can consult and collaborate with these actors to ensure the budget is executed as intended for public service delivery. Civil society actors can also take proactive initiatives to hold government or elected officials to account by following budget and expenditure data.
- During the audit and oversight phase, public finances are independently reviewed, with external follow-up on whether the executive has implemented previous recommendations. As we know, the Supreme Audits Institutions and the legislature play key roles during this phase, in particular the SAI plays a key role by informing the public about their audit findings and recommendations; by allowing the public to assist in the monitoring and audit of public spending, outputs and outcomes; and holding consultations to receive proposals on entities and programs to be audited, and to garner focused contributions on particular areas, such as CSO collaborations on social audits.

Designing public participation mechanisms

To have impact, public participation mechanisms must establish objectives that are aligned with, reinforce and complement the goals of the fiscal policy to which they become a part of. As such, the public participation 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:

- a) How participation helps to achieve the fiscal policy goals;
- b) What is the target audience that needs to be convened;
- c) What is the degree of involvement necessary to achieve the policy objectives (e.g., inform, consult, involve, collaborate, empower, see the FOA Kick-off [workbook](#) p.11).

This approach allows efforts to be directed towards participation for results. This should have a positive impact on the management of expectations of all parties involved, and on the degree of public involvement needed to reach specific fiscal policy objectives (such as improving public spending inclusiveness, for instance).

Participation must be driven by a purpose shared by all stakeholders, with the nature and scope of the participation task clearly defined. And public participation should constitute a useful input to improve the design, integration, processes and/or execution of the public resources.



When thinking about the objective of public participation as part of a fiscal policy, the essential questions are:

- Are there problems that can be solved or mitigated through public participation?
- 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, regarding participation?

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?

Ministries of finance need to prioritize and sequence relevant public participation to achieve higher development objectives and results. Experience observes two engagement approaches in fiscal policies areas: engagement with the general public for government to receive broad feedback; and engagement with small, select, and specialized groups (e.g., CSOs, academia, think tanks, and multistakeholder committees) so government can receive in-depth feedback on particular aspects of the PFM cycle. As mentioned, the important question is how to identify entry points and prioritize and sequence citizen engagement interventions based on country contexts.

The general public consists of the significant number of people/communities belonging to all status groups that have different resources available to them and different levels of empowerment, including in terms of access to public goods and services. It includes people of different nationality, race, ethnicity, religion, gender, sexual orientation, disability, age or caste; including vulnerable groups and individuals that have been traditionally excluded, whose voices are seldom heard by those in authority.

When?

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.

How?

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: first, deciding the degree of involvement of the target audience (within the spectrum of public participation); and,



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secondly, the selection of the participation mechanism. The GIFT public participation [principles](#) provide a practical guide to the indispensable considerations for this stage.

The need of learning from each other and working together

The experience of public participation in fiscal policies highlights the importance of capacity building, as the World Bank recently [documented](#). While not everyone needs to be a budget expert, it is critical that both government officials and citizens have, on the one hand, 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. On the other hand, 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 built. Numerous fiscal transparency tools such as the citizens' budget can be further utilized to advance budget literacy. As Kumagai, Bandyopadhyay and Grandvoynet observe: "budget literacy also should refer to civic-mindedness and inclusive engagement so the budget and its implementation reflect the voices of ordinary people, the poor, and marginalized (e.g., women, children and youth, elderly, disabled, refugees and internally displaced persons, indigenous peoples, and lesbian, gay, bisexual, transgender, and intersex communities)".