

# GIFT

GLOBAL INITIATIVE FOR  
**FISCAL TRANSPARENCY**

## Public Participation and the Budget Cycle: Lessons from Country Examples

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## Executive Summary

Public participation in fiscal processes is a relatively new phenomenon. However, governments are increasingly adopting such processes. The value proposition underlying these efforts is that disclosure and participation are mutually reinforcing drivers of accountability and improved decision making.

GIFT is currently developing a guidance note on public participation in fiscal policy. The objective is to help policy makers to create effective opportunities for public participation. In support of this goal, this paper explores diverse country examples of public participation to extract and synthesize lessons of good practice.

Several core principles and features of effective, transparent and accountable participation practices are distilled. First, the entry points and process leaders for public participation must be identified within the fiscal processes of the existing legal framework. In the budgeting cycle, these entry points occur during long term planning exercises, as well as medium-term and annual budget formulation processes led by the executive (either Finance or a sector agency); during the enactment of the budget by parliament; during the implementation of the budget by the sector agencies; and during the audit and performance evaluation. The Zero Draft of the GIFT guidelines has identified several additional entry points for public participation in fiscal processes as well.

Second, the examples demonstrate the importance articulating a clear objective for public participation from the onset in order to maximize public interest and engagement opportunities. The budget typically covers thousands of expenditure line items and it would be untenable to seek public engagement on every item. Therefore, it is important to either choose the programs for public consultation that citizens care about and where a public dialogue will be most valuable (as happens in medium term planning in Korea p.7 and audit planning in the Philippines p. 14) or to put in place open processes that enable the public to determine the priorities (as happens in the ground up budgeting program in the Philippines p. 8 and the assemblies-system in Rio Grande do Sol, Brazil p. 8). Likewise, it is important to decide whether the objective of the participation is to inform the public, get their feedback, obtain their input, collaborate with them, or empower them to make decisions.

After objectives are defined, it is necessary to determine the targeted participants. Participants vary from the general public (such as in Rio do Sol, Brazil p. 8) to individuals with specific knowledge or expertise (such as in the advisory council of Korea p. 7). Regardless of how participants are selected, in open participation processes it is important that a narrow perspective of voices do not dominate the conversation (and that marginalized but affected voices are included). In more restricted consultation processes, selection criteria should be established that are fair, inclusive and well-documented (for example, the selection process of the Irish constitutional convention p. 20).

Once participants are chosen, it is important to consider which methods of engagement will be best to achieve the articulated the objective. Examples include the creation of working groups in the Irish Convention p. 20, commissions in South Africa p. 6, public parliamentary hearings and written submissions in Canada p. 10, conferences in Korea p. 7, public assemblies and voting in Brazil p. 8, hotlines in South Africa p. 9 and Korea p. 10, and joint working teams in the Philippines p. 14. Some methods may be more appropriate to certain entry points than to others.

Country examples in this report also reveal several recurrent features that seem to correlate with successful public participation. First, a clearly articulated framework helps to manage expectations of participants and helps the government team to understand and execute the process. These rules may be established in laws, guidelines, and, for collaborative approaches with CSOs, MOUs are particularly relevant (such as in the participatory auditing program in the Philippines p. 14 or contract monitoring efforts p. 17).

Second, participation must be adequately timed within the deadlines imposed by the existing legal framework. If there is sufficient time at the beginning of budget formulation, processes can be held in multiple cities, with multiple hearings, press releases, and online discussions, as the examples from the

Canadian legislature p. 10 and the Rio Grande do Sol executive p. 8 have shown. With less time, more condensed options, like the Korean process p. 7, may be more appropriate. In addition, a high participation target will cost more and funding must be secured for these efforts, whether from donors or from the government. Furthermore, there is also a need for an adequate number of competent staff to represent the government in these processes.

Third, public participation benefits greatly from professional facilitation to help manage the process, to channel it productively, and to manage potential conflict. Similarly, a communication strategy is needed to ensure that affected stakeholders know about and understand the process. ICT tools including websites and social media are useful to share the necessary background information with the public. They can also enable submissions to be received from a wider segment of society.

Fourth, reports and media attention on the impact of participation can build trust and legitimacy, and create incentives for further engagement. The opposite also holds: stakeholders will likely become disengaged if they participate but do not know how their input is used or see no results from their collaboration.

In light of these examples, it would be beneficial for the GIFT guidelines to outline the entry points for public participation in fiscal processes, the appropriate sponsoring agency of government, the options for participant selection, and the design features of public participation processes that would be relevant according to the entry point (particularly in light of the spectrum of engagement objectives). In order to effectively outline such guidance, some additional research might be useful to inform the guidance note with country-based examples, process-related checklists, and even template memoranda of understanding for collaboration between government agencies and non-state actors (perhaps in a second document). In addition, the zero draft could be complimented by adding reference to the above described cross-cutting features of good practice. With these elements in place, GIFT can create a resource for governments and their stakeholders that will assist them to craft truly effective opportunities for public participation.

## The Case for Participation and the Need for Guidance

Public participation in fiscal processes is a relatively new phenomenon. However, governments are increasingly adopting such processes in order to enhance their decision-making.<sup>1</sup> The value proposition underlying public participation processes is that disclosure and participation are mutually reinforcing drivers of accountability. If given sufficient information, non-government actors can meaningfully participate in fiscal processes and work collaboratively with government stakeholders. This participation can strengthen these processes in order to achieve better public financial management outcomes for all.

GIFT has recognized the value proposition of participation in its High Level Principle 10, which states that ‘citizens and civil society organizations (CSOs) 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> In furtherance of this principle, GIFT is seeking to develop public participation standards to guide the implementation of public participation processes in fiscal planning and implementation.

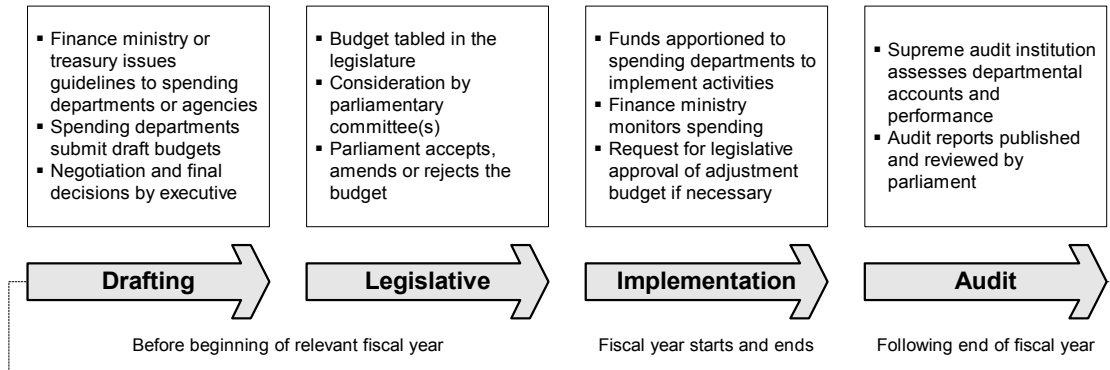
Entry points for direct public participation can be created during each of the stages of the budgeting process (which are laid out in the diagram below).

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<sup>1</sup> For example, see the Open Budget Survey (Open Budget Partnership, 2012), which explains that while participation scores remain weak overall on average, several countries are making strides through innovative approaches.

<sup>2</sup> Public participation refers to the general public, experts, CSOs, and to stakeholders directly affected by or likely to be directly affected by the design and/or the implementation of specific fiscal policies or activities.

## Stages of the annual budget process



Source: J. Wehner (2006), "Parliament and the Budget Process", unpublished slides used in World Bank Institute course on parliament and the budget, Bangkok.

At each of these stages, opportunities for public participation can be created—whether they are to inform the public, to get their input, to collaborate with them or to enable them to make decisions regarding the formulation budget, its implementation, and its audit. The First Draft of a GIFT Guidance Note on Public Participation in Fiscal Policy prepared by Murray Petrie has already identified these opportunities, extending also beyond the budget cycle itself to other fiscal processes.<sup>3</sup> These entry points could involve public hearings and consultations, working groups, written submissions processes or even referenda. To see a full explanation of the entry points for participation in the budgeting cycle prepared by the World Bank Parliamentary Strengthening Program, please see the diagram in Annex 1.

However, there remain many questions about how to achieve the requisite effective and meaningful citizen engagement. When should these processes take place? Who should participate? How should the participation be conducted? And finally, what should be the outcome?

The objective of this paper is to outline several examples of citizen participation processes in order to draw out lessons that can inform GIFT's standard development process. These examples were collected based on the input of various experts and practitioners in the lead-up to the July 2014 GIFT meeting on public participation. Drawing on country examples from Brazil, Ireland, Korea, Mexico, the Philippines, South Africa, and the USA, this paper will discuss public participation in the annual budgeting cycle. The paper will begin by discussing executive-led public participation processes related to fiscal planning, budget formulation, and implementation, followed by legislature-led and auditor-led processes. The paper will also outline some innovative approaches to public participation in the areas of open contracting, the environment, and constitutional change. The paper concludes by drawing these lessons together into some recommendations for both policy makers and the GIFT standards.

<sup>3</sup> These include revenue and tax, expenditure, and asset and liability management policy decisions; the design and delivery of public services (in the form of consultations in the design process, complaint processes during delivery, and published satisfaction surveys); and the design and delivery of large public investment projects (at the following stages: national and regional planning, planning and design of each project, including option creation and analysis, any decisions about displacement, resettlement and compensation, construction, operations monitoring and evaluation, and relicensing and eventual decommissioning). This paper, unfortunately, could not cite examples of public participation in all of the potential entry points for public participation in fiscal processes. However, the lessons that emerge from the cited examples can be applied to such additional processes.

## The Executive: Participation in Budget Planning, Formulation and Implementation<sup>4</sup>

### What is the Objective of Executive-led public participation?

Executive agencies are now becoming active in incorporating citizen participation in the planning, formulation and implementation of budgets. For example, Mexico has recently passed a Federal Law of Budget and Fiscal Responsibility. This new law calls on the Ministry of Finance and other relevant authorities to:

- Improve the evaluation, transparency and efficiency in the performance of federalized spending on the three levels of government,
- Promote mechanisms for citizen participation in public expenditure tracking and publishing budget information transparent and accessible to the public, and
- Promote the participation of beneficiary communities in the planning, implementation, control, monitoring and evaluation of projects that will be undertaken.

In South Africa, the executive established a planning commission made up of government and non-government representatives to set long-term government priorities for the country (up to 2030). A consultative process was selected to ensure that the long-term plan aligned with stakeholder needs. The priorities in the long term plan feed into the shorter-term plans, budgets, and ministry performance agreements to strengthen accountability. At the level of the budget process, the South African treasury has now begun engaging with CSOs working on fiscal issues to see whether there might be a way to collaborate to increase value for money outcomes.

In the Philippines, the executive-led Grassroots Budgeting program aims to contribute to poverty reduction and inclusive growth by making governance responsive to local needs and public resource allocation more efficient. Grassroots Budgeting seeks to make room for greater participation from the local levels, allowing each city or municipality, in partnership with local communities and CSOs, to identify their priority poverty reduction programs that will be financed by national government agencies.

In Korea, citizen participation in budget formulation was sought in order to help support the introduction of the medium term expenditure framework. There was a need to create credible, legitimate, and justifiable mechanisms for setting multiyear budget ceilings and enforcing those ceilings on line ministries. Public participation helps the government to assert and commit to realistic ceilings.

During implementation of budgets, poor service delivery can be a major issue. In South Africa, a hotline was established with the objective of helping the government identify and propose concrete solutions to service delivery problems most impacting citizens. South Africa has also established a “Tips for the Minister” hotline managed by the Treasury. The objective of this service is to crowd-source ideas for the budget to hit the “value for money mark”. Similarly, Korea has implemented a Budget Waste Reporting Center to enable members of the public to report wastages and inefficiencies during budget implementation.

With these objectives in mind (alignment between policy and demand; increased efficiency and value for money; and enhanced democracy and inclusiveness), these executive agencies have designed (or are

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<sup>4</sup> This section was developed based on the input from Welles Abreu, Ministry for Economic Planning, Brazil; Kay Brown, Treasury, South Africa; Dr. Francisco Magno, De La Salle University; Saw Young (Sandy) Min, World Bank Group; Tiago Peixoto, World Bank Group; Brian Wampler, Boise University. See also Gabriela de Brelaz et al, “Country Report: Brazil” (Global Initiative for Fiscal Transparency, 2013); Brian Wampler, “Participation, Transparency and Accountability: Innovations in South Korea, Brazil, and the Philippines” (Global Initiative for Fiscal Transparency, December 2013); Young Kyu Kang and Saw Young (Sandy) Min, “Public Participation in the Budget Process in the Republic of Korea,” 3 PREM Notes (World Bank, 2013); Wonhee Lee and Jong-sung You, “Country Report: South Korea” (Global Initiative for Fiscal Transparency, December 2013).

designing) fit-for-purpose public participation processes. Examples of such processes, including participant-selection and design-features, are discussed in turn.

### **Selecting Participants and Designing the Processes**

Once objectives are defined, process features and participant selection criteria can be designed. Participants vary from the general public to directly affected stakeholders to individuals with specific knowledge or expertise. Once participants are chosen, it is important to consider which methods of engagement will be best to achieve the articulated objective. Examples include the creation of working groups, commissions, public parliamentary hearings and written submissions, workshops, public assemblies and voting, hotlines, and joint working teams. Some methods may also be more appropriate to certain stages of the budgeting cycle than to others. Likewise, the scope of the exercise can affect the selection of the participants and the design of the process.

For example, the Korean MTEF process is led by the Korea Development Institute on behalf of the Budget Office and involves 5-6 days of publicized hearings related to the establishment of priorities and ceilings for the medium term expenditure framework. These meetings originally took place before the draft was prepared but now take place following a first draft. They invite line ministries (from 12 sectors), and selected budget experts, academics, CSOs, the private sector for 90-minute panels for deliberation and discussion. The wider public is invited to participate as observers with some opportunity to comment and ask questions. The meetings are publicized and also televised.

Because each sector agency only has 90 minutes, they have learned to be selective. It would be untenable to address every program that passes through the budget office annually, so it is important to choose the programs for public consultation that people will actually care about and where a public dialogue will be most valuable. The inclusion of experts, government, and citizens are considered, by their diversity, to establish a comprehensive and objective view on the direction an issue should take and provide a justification for resource allocation.

In addition, within the annual budget cycle in Korea, a team from the Budget Office visits 16 major provinces and cities of Korea to engage with local governments, project stakeholders, and citizens when the line ministries are preparing draft budgets with ceilings in collaboration with local governments. The Budget Office shares information about the central government's fiscal status and decisions, and makes onsite inspections to check the status of fiscal projects by interviewing local citizens and project stakeholders. The local governments can also make requests based on their needs and priorities. This process recognizes the local government as an important stakeholder in national budgeting processes.

Also in Korea, the Budget Office convenes the Fiscal Policy Advisory Council to review and finalize the budget before it goes to the national assembly. This Council is made up of the vice minister from every ministry, the vice heads of the 16 local governments, and about 25 experts from academia and research institutes selected by the Minister of Strategy and Finance. This process was selected in order to balance political actors (with policy goals) with outside experts in order to achieve a budget that is fair and addresses the overarching policy goals as set by the preceding consultation processes.

In addition, as a one-time pilot in 2012, the Korean Budget office held a publicized nation-wide competition on project ideas. 866 ideas were submitted and transferred to the related agencies. 12 suggestions were selected and reflected in the budget.

During Budget implementation, the Korean Ministry of Strategy and Finance has established a Budget Waste Report Center staffed by retired budget officials with budgeting or budget implementation experience. The Center has a website and a telephone hotline through which citizens can report any suspected cases of budget waste or suggest ways to improve efficiency. Upon request, the staff of the center will report back to the caller to update them on any actions taken. One of the main factors for the success of this report center is the high capacity of the staff. The retirees have sufficient knowledge to respond to calls efficiently, send waste cases to relevant units, or guide callers in the right direction. Another determinant factor for success has been the availability of resources for communications. The

number of reports has varied in accordance with the budget for awareness-raising of the existence of the hotline and of potential fiscal issues

In the Philippines Grassroots Budgeting program, the Department of Interior and Local Government manages the process in coordination with Local Government Units and local CSOs. The process involves public assemblies of CSOs, in which priorities and concerns are identified and representatives are selected to participate in decision-making processes to identify priority projects, which are then taken up by the DILG. This process is characterized by strict procedural requirements and feedback mechanisms.<sup>5</sup>

Likewise, the executive of Rio Grande do Sol, Brazil has established a large multi-channel public participation process that combines online and offline voting. In 2012, this process involved 1,031,357 individuals from 28 regions. The process is organized as follows. First, 28 public regional assemblies are organized by councils made up of government and civil society representatives. At each assembly, votes determine the thematic areas and priorities for the participatory budgeting processes and representatives to serve on regional commissions. Then, additional assemblies are organized and advertised in municipalities (497 in 2012). In these assemblies, the participants propose projects within the previously identified thematic areas and propose additional priorities. Delegates chosen by the municipal assemblies meet in regional forums to construct a ballot that identifies ten proposed projects (with specific monetary value) and five regional priorities without monetary value. The state executive may eliminate projects that are not feasible. The general public is invited to vote on the ballot in-person and online. The state uses the results of the vote to define the budget. The regional councils and forums also monitor the implementation of the projects.<sup>6</sup>

In Brazil, country experts emphasized the following lessons learned and factors for success:

- **Funding.** The success of this process is largely due to the significant investment of the state government. It is estimated to cost roughly \$100 million.
- **Broad representation and Inclusiveness.** This process incorporates a broad spectrum of society by targeting every region and municipality.
- **ICT.** The World Bank, in partnership with the Secretariat of Planning of Rio Grande do Sul Government, recently undertook a survey of 22,000 online voters in the process. This survey found that the online voting resulted in an estimated 8.2 percent increase in turnout of previously unengaged citizens.
- **Commitment to Implementation.** The government has previously demonstrated a commitment to implementing the decisions made through this participatory process, boosting trust and legitimacy of this process.

In South Africa, the Department for Performance Monitoring and Evaluation houses a telephone hotline to report any incidences of bad service delivery. A unit fields these calls, records them, makes enquiries at the site of the lack of service delivery and checks with the citizens afterwards to see if their concerns have been addressed. If the citizen's problems persist an investigation of the complaint will be undertaken. These investigations involve site visits to assess the reasons why the service delivery objectives are not being met, specific and concrete recommendations for improvement, and follow up audits to see whether the improvements have been made. The Department reports back to the public its findings and activities. There was extensive public awareness around the establishment of the hotline, resulting in its use and uptake by citizens.

The South African Treasury has also held a workshop with a budget-focused coalition of CSOs, enabling them to share with each other their views on current fiscal issues. Civil society described monitoring efforts and made several proposals to increase transparency of the budgeting process. Comments were allowed on presentations and plenary discussions were held. As a result of the workshop, treasury has

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<sup>5</sup> See Grassroots Budgeting [Manual](#) (Philippines Department of Management and Budget, 2014).

<sup>6</sup> Tiago Peixoto et al, "Effects of the Internet on Participation: A study of a Public Policy Referendum in Brazil" (Draft, July 22, 2014) with inputs from Ricardo Almeda. Bylaws and other official documents at: <http://www.portaldaparticipacao.rs.gov.br/documentos-sistema>.



increased access to information by placing raw data on the national website. Going forward, an MOU will play an important role in defining roles and responsibilities, and manage expectations on both sides.

## The Legislature, Participation and the Budget Process<sup>7</sup>

Parliaments are constitutionally mandated institutions that authorize the budget and hold the government to account for its implementation. Parliament is a deliberative body of elected officials whose members are, by virtue of electoral systems, often closer to their constituencies than the executive itself. In that regard, parliamentarians are often and consistently getting direct feedback from the communities they represent as part of their constituency outreach efforts. They also use consultative measures, such as town hall-style meetings to gather the views, opinions, and priorities of citizens. Parliaments provide more formal institutional mechanisms for consultation, dialogue and deliberation. In particular, through plenary debates on issues, the legislative process, and parliamentary committee hearings. Parliamentary committees, such as the Budget, Finance, Economics and Planning, and Estimates Committees, can also undertake more formalized public hearings on fiscal matters. This section presents some options and examples of how parliaments can use their parliamentary functions – namely lawmaking, oversight, and representation – to better engage citizens.

### **Objectives: Why do parliaments establish opportunities for public participation?**

A representative parliament brings together legislators from diverse groups in society to develop a common vision that accommodates the interest of all groups to a greater or lesser extent. In some cases, parliamentary committees may create opportunities for public participation in their deliberations as an effort to build understanding of and legitimacy for difficult policy trade-offs in times of fiscal challenges.

### **How do legislature-led public participation processes function?**

During the budget formulation stage, the activity is mainly carried out by the executive in most countries, with parliament participating more informally. In Canada, however, the parliamentary committee on finance begins public hearings on budget policy before the Minister presents the broad budget policy themes to the committee and asks the committee to report back on a number of specific questions. The committee then undertakes on average a total of 20 public hearings in 10 different locations throughout Canada. These hearings have in the past included “town-hall” meetings where ordinary citizens participate, as well as meetings where organized interest groups participate. The Committee concludes this process by presenting a public report.<sup>8</sup> There are generally several minority opinions released in addition to the Committee’s (majority) report. The parliament then debates budget policy but no vote is taken. The Minister introduces the budget in late February.

Within the four stages of the budget process, parliaments are currently engaging citizens most actively during the enactment stage (which is one of two stages of the budget process that most directly involves parliament, namely enactment and audit). Public committee hearings and the solicitation of public input are the two primary mechanisms for the legislature to engage citizen participation. In the case of South Africa, Canada and the UK, there are formal press releases that advertise the opportunity.<sup>9</sup> However,

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<sup>7</sup> This section has been developed with input from Mitch O’Brien, Team Leader of the Parliamentary Strengthening Program, World Bank, and Dr. Joachim Wehner, Associate Professor in Public Policy, London School of Economics and Political Science. Input on examples from Mexico, Korea, and South Africa have been provided by Kay Brown, Treasury, South Africa; Saw Young Min, World Bank; Dr. Francisco Magno, De La Salle University, Philippines; and Liliana Ruiz Ortega, Fundar Mexico.

<sup>8</sup> See eg <http://www.parl.gc.ca/content/hoc/Committee/412/FINA/Reports/RP6380037/finarp02/finarp02-e.pdf>.

<sup>9</sup> In the Canadian case, see a full list of received submissions here:

<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=6264805&Language=E&Mode=1&Parl=41&Ses=2>. For a UK Treasury consultation example, see here:

access to the hearing is often restricted by several factors, including things as simple as the size of the hearing room, the location of the parliament, and any security considerations. As such, it is important for national or issue specific CSOs to play a mobilizing role to canvas stakeholders for inputs through various mechanisms (meetings, social media, consultations, web-based outreach, focus groups) and distill their input to the committee. The Parliament of Uganda is often held up as an example of a legislature that actively reaches out to CSO groups during committee inquiries, and through other mechanisms, such as all-party groups and caucuses. In other cases, experts may be invited to comment or provide technical evidence. Informally, parliamentarians will also hear feedback and lobbying from their local and national-level constituents. For example, frank and open dialogue between civil society and parliamentarians has been a major driver of increased fiscal openness and transparency in Mexico.

For example, in South Africa, parliamentary committees are required to invite civil society and experts to comment every time the budget is tabled. The public can make submissions in writing and present at hearings. Reports for the committees are generated from the consultations. A new parliamentary budget office has been established of technical staff to collect the information, including civil society input, and advise parliament.

In Korea, the parliamentary Special Committee on Budgets invites experts to a publicly broadcasted hearing. These experts are selected in coordination with political parties to include a diverse range of specialists. The hearing evaluates the overall economic and tax forecasts, fiscal stance, and the need to amend any expenditure programs. Should questions arise from the hearing, the special committee on budget requests a query session with the government to make adjustments, if necessary.

In Philippines, House Bill 4113 'An Act Institutionalizing People's Participation in the Budget Process' seeks to entitle accredited CSOs to receive notices on hearings, consultations and any calls for written submissions related to the budget process. Their representatives will also be allowed to participate in the hearings and consultations. The bill would also empower the accredited CSOs to submit budget proposals and alternatives to those tabled. The CSOs would also gain access to data from the Senate, the House of Representatives, relevant national government offices and Local Government Units.

Following enactment, sector committees of parliament can oversee the implementation of the policy and execution of the budget by the ministries and departments. CSOs doing citizen monitoring of these ministries could submit their reports to these committees to hold line ministries to account and question policy decisions on a real-time basis. Effective parliamentary sector committee oversight has the potential to help public officials adjust their implementation mid-course to ensure the successful delivery of the budget and attainment of the budget's development objectives.

Following implementation, parliamentary audit committees receive audit reports from the supreme audit institutions and make recommendations for improving performance in future. Audit committees are tasked with holding public officials to account for implementation of the budget and ensuring that the policy objective of the budget had been achieved in an efficient, effective, and economic way. They are highly reliant on formal audit reports. However, there is potential for audit committees to receive social audit reports as well.

For this reason, the Tanzanian Public Accounts Committee (PAC) has collaborated with the Auditor General to amend the *Finance Act* to form a Parliamentary Budget Committee, changing the budgeting calendar to ensure the draft budget is tabled early enough to give parliament appropriate time to deliberate before passing the budget by 30 June, and requiring the Parliament to consider the Ministerial budgets before passing the aggregate budget. The establishment of the Parliamentary Budget Committee has provided a link between the parliament, CSOs and the other stakeholders in the budgeting process. The Parliamentary Budget Committee has since made numerous recommendations to strengthen the national budget, which have been adopted by the Government. Furthermore, the changes have also

enhanced Parliament's ex post role as the PAC can now review the current year's audit reports before the budget for the following year is formulated and enacted.

## Lessons Learned

The following considerations have been noted as key procedural factors for success of public participation processes held by the legislature:

- **Time.** There needs to be enough time for parliament to consider the budget in order to hold a public participation. One of the greatest impediments to CSOs engaging with parliaments in a meaningful way across the budget cycle is when the budgeting calendar is not synchronized to allow sufficient time for input during the enactment stage and when findings from the previous cycles' audit process is not reflected in appropriations for the upcoming budget year. The extent of consultations parliament can hold depends on the amount of time they have to deliberate (which is usually prescribed in the constitution). 60-90 days is the ideal.
- **Enabling rules.** Parliamentary Rules of Procedure should clearly outline the process by which parliaments will deliberate on the draft budget law and preferably establish a standing committee as a focal point. The rules of procedure should also authorize parliamentary committees to conduct public hearings and invite submissions from interested stakeholders. The committee responsible for reviewing the draft budget documents should solicit submissions from the public by advertising the inquiry, the terms of reference of the inquiry, the date public submissions need to be submitted, the format of the submission, and the mechanisms through which submissions should be made.
- **Competent technical staff.** Parliamentary committees need technical staff on hand to analyze and summarize submissions for parliamentarians, and to ensure that the deliberations of the parliamentarians are reflected accurately in the budget. Ideally a non-partisan parliamentary budget office should undertake this role. This public analysis of the proposed budget can empower civil society to have more informed consultations.
- **ICT.** It has been useful is to have a website that will share the necessary background information with the public that can receive submissions. If a committee only has a week for feedback on a budget framework, an online mechanism can be leveraged.
- **Media.** Parliamentarians have a vested interest in seeing improved parliamentary and fiscal literacy within the media so that they can cover these events more accurately and ensure a wider segment of the population is informed.
- **Feedback.** Processes that generate reports and media attention of the response to and incorporation of the feedback may help to build trust and legitimacy in the parliamentary process and build community confidence in the functions and effectiveness of parliament.
- **Diversity.** Processes that enable a broad diversity of stakeholders to participate, either through ICT mechanisms or by holding hearings in different regions can help mitigate domination of these opportunities by the same groups and individuals.

## Participation and Auditing<sup>10</sup>

In many countries, Supreme Audit Institutions (SAIs) have started to leverage the capacity of citizens and CSOs (CSOs) to help strengthen their public oversight functions. From Latin America to East Asia, SAIs are now pioneering different citizen engagement models to increase the effectiveness of audits and thus enhance value for money in the use of public resources.

Citizen participation can be engaged in the auditing process at 4 stages:

1. Audit Planning, e.g. identifying what sectors/programs and agencies to audit;
2. Audit Implementation, e.g. joint audit;
3. Public dissemination of audit reports, e.g. outreach to broader audience; and
4. Following up by monitoring government compliance with audit recommendations.

### Objectives of Public Participation in Audits

The objective of the audit process is to monitor government activities from a third-party perspective towards improving the efficiency and effectiveness of the use of public resources. Civil society is actively concerned with the monitoring of government compliance and performance, and thus, the SAI and many CSOs perform complementary monitoring activities. Participation enables the SAI and CSOs to work together towards their common goal. In Philippines, for example, the stated objective of the citizen participatory audit is to improve the quality of the audit process itself through strategic partnership and shared goals and to recognize citizens' right to public accountability in the use of public money.

### How does the Participation Function?

SAIs can leverage the participation of CSOs, experts and even the general public through various mechanisms.

In Korea, and Argentina, SAIs adopted processes to incorporate citizens into the *planning* of audits. In Korea, this process engages the public (anyone) and in Argentina the process targets specific civil society representatives and experts.

In Argentina, the SAI invites targeted CSO representatives to submit input into the auditing plan for the year at an in-person meeting. Participants have the opportunity to comment on the draft plan or recommend subjects for audit in person and also in writing by a deadline following the meeting. The SAI has made an effort to standardize the format of the civil society input, the deadlines, and the format for explaining how and why the comments are ultimately incorporated (or not) into the plan. The plan is then put forward for legislative approval (at which time the plan may be modified further at the request of the legislature). Any additional follow-up is informal.

In Korea, the SAI has an online Citizens' Audit Request System through which citizens can request audits related to service providers. A Citizens Audit Request Screening Committee, established within the SAI, decides for or against a request. This committee is made up of SAI officials and outside experts (with an expert as the chair of the committee). For those requests that are approved, the SAI conducts audits and notifies the requesting parties of the results. The SAI has also implemented an online Advance Notice Audit System to notify citizens in advance of the scope and timing of planned audits that may have a bearing on their interests. Using this system, the SAI can receive citizen complaints or information on

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<sup>10</sup> This draft section was developed based on the input of Aranzazu Guillan Montero, Program Advisor at U4 Anti-Corruption Resource Centre, Tin Aquino, World Bank (formerly of ANSA-EAP), Carolina Vaira and Sruti Bandyopadhyay, Advancing Public Participation in the Budget and Audit Process (PPBA), World Bank, as well as inputs from Vivien Suerte- Cortez, Program manager ANSA-EAP, provided to the PPBA World Bank Program, and Young Kyu Kang and Saw Young (Sandy) Min, "Public Participation in the Budget Process in the Republic of Korea," 3 PREM Notes (World Bank, 2013).

poor practices of executive government organizations and reflect this information in its audits. Finally, the public can petition to the SAI to conduct a specific audit. The SAI notifies the citizens of any action taken.

The World Bank 'Advancing Public Participation in the Budget and Audit Process' (PPBA) program has also developed and implemented a public participation process in auditing in Nepal and Tanzania. In Tanzania, the PPBA program is supporting the National Audit Office of Tanzania to collaborate with CSOs on a "Citizen friendly Audit Report" by September 2014. In Nepal, a new communication strategy was put in place to gather information from the public and raise awareness of the audit process. Focus groups and interviews with multiple stakeholders were some of the main tools used. This approach was complemented with the creation of an Audit Advisory Committee to support SAI in framing the engagement with citizens and the media, disseminating the audit report findings, and taking measures to follow-up on and implement audit report findings. As part of this new approach in Nepal, the SAI has recently piloted a field visit in Kapilvastu district to engage civil society and citizens in identifying risks during the planning phase and conducting focus group sessions during the implementation phase of the performance audit. In addition, the SAI is also planning to involve civil society in disseminating results of audit at local level.

In the Philippines, the Commission on Audit (COA) is piloting an approach to engage CSOs in the team that conducts the audit. The Operational Guidelines for Citizens Participatory Audit<sup>11</sup> outline the process and these guidelines are complemented by an MOU with selected CSOs.<sup>12</sup> One CSO, Affiliated Network for Social Accountability in East Asia Pacific (ANSA-EAP), plays a key, intermediary role. The wider public can participate in auditing as well in Philippines by attending consultations that may be held during audit planning, or submitting complaints or reports to the COA in writing or through its website.<sup>13</sup>

The Philippines participatory audit pilots have followed the process outlined below:

1. COA identifies the subject of audit
2. COA determines the nature and scope of citizen participation in the audit
3. COA selects and meets with CSOs to discuss collaboration
4. MOU signed between CSOs and COA for collaboration on the audit
5. Audit and social accountability related training for the multi-stakeholder audit team
6. Audit Planning by the team
7. Initial conference with auditee and COA
8. Data Gathering by audit team
9. Audit Reporting
10. Audit Monitoring
11. Assessment

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<sup>11</sup> Republic of the Philippines Commission on Audit Operational Guidelines for the Citizen Participatory Audit Project (Nov 2012).

<sup>12</sup> The Operational Guidelines lay out the following criteria for CSOs: No conflict of interest in the project or with the implementing agency (as defined by the Government Procurement Reform Act); Has complied with tax laws, rules and regulations; Is willing and ready to engage with the government without remuneration; Can mobilize their staff, members, volunteers and other partners for this project; Is able to show strong presence in their area of operation; and Established track record and credibility (has existing or previous partnerships with target government agencies, has managed completed programs and projects, no adverse feedback or information about the org, their leaders, officials and members, no criminal or civil cases). The guidelines lay out the following criteria for CSO representatives eligible to join the audit teams: Bonafide member of good standing of the selected CSO; Has no conflict of interest with regard to the project; Good moral character; Willing and ready to participate without remuneration; In compliance with tax laws, rules and regulations as applicable; and Officially designated to participate in writing by the CSO.

<sup>13</sup> See <http://www.i-kwenta.com/feedback/#.U6Q0ufmSxu0>.

Going forward, the COA is working with the Department of Budget and Management to draft an enabling policy for the institutionalization of the program.<sup>14</sup>

## Lessons Learned

Although many of these processes remain fairly new, a few key factors for success and lessons learned are emerging from the Philippines example.

- **The enabling environment.** In the Philippines, there is high level political will within the COA to incorporate citizens into auditing processes; there is a strong tradition of social accountability and participatory mechanisms in the country; and there is high institutional capacity of both the COA and the CSOs.
- **Financial support.** Donor support has played a key role in enabling a more comprehensive program.
- **Sector Focus.** A sector focus for the pilots was successful in engaging the attention of civil society.
- **Partnership-building.** The terms of engagement among the stakeholders were established through a consultative and collaborative approach. This led to more formalized MOUs, guidelines, and the conduct of joint audit planning activities, consultations, and assessment sessions.
- **Capacity development.** Intensive training modules for both CSOs and COA officials. Audit being highly technical subject, CPA team developed AUDIT 101 courses. However, at the same time, courses on CSO 101 were also developed for COA officials.
- **Facilitation.** The role of an intermediary organization (e.g ANSA EAP, PBBA) as a facilitator or enabler is very important. They help bridge the gap between SAI and frontline CSOs/Citizen
- **Clear Scope, Objectives and Accreditation.** Goals and framework for the process was clearly articulated in operational guidelines and MOUs, which also led out an accreditation procedure for CSOs.
- **Public communication.** An integrated communication campaign was designed to create awareness of the program, and generate support for it from the internal and external stakeholders. This resulted to the development of the [www.i-kwenta](http://www.i-kwenta.com) website that provided information to the public on public audit.
- **Knowledge and Tools Generation.** This focused on facilitating knowledge sharing on practices that can be replicated based on the experiences of CSOs and COA.
- **Feedback.** In Korea, feedback to citizens on results of audits based on their requests and recommendations is viewed as important for creating collaboration and trust with citizens.

At the same time, the Independent Reporting Mechanism for the Philippines of the Open Government Partnership has analyzed the Citizen Participatory Audit program and identified several issues. The IRM recommended that CSOs should have been given a chance to identify priority targets for audit and given answers to questions like, “What is a citizen participatory audit?” “What are the specific roles of CSOs in the audit?” “Can the same CSOs engaged in project identification also be involved in the audit?” and “Will the audit be a technical or financial review of the projects?” Stakeholders interviewed raised a number of concerns about implementation of the commitment:

- selection of the projects to be audited;
- selection of partner CSOs that will be allowed to participate in the audit;
- limited scale (pilot-only) nature of the project;
- delayed disclosure of the first or pilot audit report;

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<sup>14</sup> See *Citizens participatory audit infosheet*. (n.d.). Retrieved from <http://www.i-kwenta.com/wp-content/uploads/2014/06/CPA-infosheet.jpg>; Aquino, K. (2014). *The joint coa-citizen audit process*. Retrieved from <http://www.i-kwenta.com/wp-content/uploads/2014/06/CPA-PRACTICE-BRIEF-1.pdf>; Tan, M. (2013, December 27). Citizen participatory audit. *Philippine Daily Inquirer*. Retrieved from <http://opinion.inquirer.net/67371/citizen-participatory-audit>; La Viña, D., & Parafina, D. (2013, December 14). Disaster aid and citizen participatory audit. *Rappler*. Retrieved from <http://www.rappler.com/thought-leaders/45908-disaster-aid-and-citizen-participatory-audit>.

- lack of clarity on the process and on roles for a citizen participatory audit;
- relation of the audit to other processes such as financial review;
- lack of capacity building and training for such audits.

The IRM recommended to government to launch a public awareness drive on this initiative, publish the report on the pilot audit project, conduct training programs for stakeholders to gain expertise in audit work, and clarify the premises of the initiative. Additionally, and perhaps most importantly, the agencies in charge of the participatory audit should clarify what actions will take place as part of the audit.

## Other Efforts: Open Contracting, Environmental Assessments, and Constitutional Convention

This section outlines some innovative cross-disciplinary approaches to public participation. While they do not pertain to the budget cycle, they provide relevant process-related lessons.

### Open Contracting: Increasing Public Participation in Public Contracting<sup>15</sup>

‘Open contracting’ refers to principles and practices for increased disclosure and participation in public contracting.<sup>16</sup> With regard to participation, governments are already actively inviting civil society to participate in public contracting through consultation and monitoring efforts in many countries. In the planning and pre-bidding phase, public hearings or consultations in needs assessments, feasibility studies and environmental and social impact assessments have been found to be particularly relevant for contracts affecting land or delivery of services, so that the contracting process ultimately delivers to public needs.<sup>17</sup> With regard to monitoring, Colombia, Mexico, Mongolia, and the Philippines have institutionalized civil society monitoring of public contracting into their legal frameworks:

**Colombia.** Law 850 of 2003 allows citizens’ oversight organizations to supervise public management, especially in relation to awarding and implementing a public contract. Such organizations have the opportunity to follow the whole contractual process, from resource allocation to the oversight of the implementation and technical quality of the contracted good or service. Once the invitation to bid is published, any person may make comments about the documents regarding every aspect related to the future contract. The public entity must answer these comments and publish the answers online.

**Mexico.** The Law on Procurement, Leases and Services by the Public Sector and the Law on Public Works and Related Services require the involvement of ‘social witnesses’ (civil society representatives) in public bidding exceeding certain value thresholds. At the conclusion of their participation, social witnesses are to issue a publicly available statement regarding the procurement proceedings to be posted on online and are required to issue an alert if they detect any alleged irregularities.

**Mongolia.** In Mongolia, the Public Procurement Law was amended in June 2011, to include a new formal role for civil society and professional organizations in bid evaluation and contract monitoring, stating that “Private and specialized non-government organizations can be selected ... to perform monitoring, evaluation and auditing of customer’s activity, contract performance and quality progress and execution.” In 2013, the Ministry of Finance requested the Mongolian Public Procurement Partnership’s support in coordinating CSO procurement monitoring efforts that are required under the amended procurement law.

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<sup>15</sup> This section is adapted from Marchessault, Lindsey (2013), “Open Contracting: Accountability through Enhanced Disclosure and Participation”, in Commonwealth Governance Handbook 13/14, page 77, available at <http://tinyurl.com/llpjneh>.

<sup>16</sup> For more information see [www.open-contracting.org](http://www.open-contracting.org).

<sup>17</sup> Human Rights Watch, [What is a house without Food? Mozambique’s Coal Mining Boom and Resettlements](#) (2013).

**Philippines.** The 2003 Philippines Procurement Law mandates citizen participation in all stages of the procurement process, from pre-bid conference, opening of bids, bid evaluation, post-qualification and award of contract. Observers may also observe contract implementation.

In the absence of legislation, individual government agencies are also entering into cooperation with CSOs to support the monitoring of public contracts. For example, in India, the National Rural Roads Development Agency has partnered with the Public Affairs Centre NGO to pilot a citizen-monitoring program to monitor the quality of construction of rural roads.<sup>18</sup> Civil society contract monitoring has also been employed successfully by the Mongolian Local Government Agency, the Mongolian Ministry of Finance, the Philippine Department of the Interior and Local Government, and the Philippine Department of Social Welfare and Development, each of which have entered into MOUs with CSOs for contract monitoring.<sup>19</sup> These partnerships are proving to be effective. For example, collaboration between the Philippine Department of Education and CSOs on monitoring textbook procurement has resulted in substantially shortened delivery times, improved quality of products, and elimination of 'ghost' deliveries.<sup>20</sup>

### **Environmental Impact Assessments<sup>21</sup>**

Public participation in environmental impact assessments is now a best practice feature of environmental regulations of many governments around the world. The objective of an EIA process is to help to determine the potential environmental impacts of a planned project, to identify alternatives, and to develop a plan to mitigate the environmental costs and increase the environmental benefits of the planned project. By engaging the public in the preparation of the assessment, participation has the objectives of:

- Legitimizing the decision making process,
- Bringing new options to the table that might have been missed,
- Increasing stakeholder support for the decisions (that they helped to make), and
- Reducing the potential for future dispute.

The EIA process is generally facilitated by either the government agency planning the project (which may present some risk of conflict of interest) or a neutral agency. With regard to citizen participants, EPA guidelines recommend selecting stakeholders for participation according to who might be most affected or interested in the outcome. In this way, some participants may be selected and invited to participate.

Because a public hearing or meeting is typically a feature of the process, best practice is to notify the public of the opportunity to participate through the press and media (newspapers, TV, radio, social media, public polling, electronic polling) and to provide a registration process. Because of the public and advertised nature of these processes, the frequent participants are well-organized industry and environmental groups (depending on the nature and scale of the environmental decision to be made). However, in some places, like the United States and Chile, regulations are in place requiring specific effort to document and reach out to underrepresented stakeholders likely to be affected by the decision who might not otherwise participate. Likewise, when advertising the opportunity to participate, it is an important lesson that notifications be placed in media likely to be encountered by the affected community

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<sup>18</sup> Public Affairs Centre, Citizen Monitoring and Audit of PMGSY Roads: Pilot Phase II Project Completion Report (2011).

<sup>19</sup> See [CSC Khvsgul Aimag Mongolia - Contract of Cooperation with Local Government Agency](#) (2012); [Procurement Partnership Mongolia – Memorandum of Understanding with the Ministry of Finance](#) (2012); [Coalition Against Corruption Philippines – Memorandum of Understanding with the Department of the Interior and Local Government](#) (2005); [CCAGG Philippines – Memorandum of Agreement with Department of Social Welfare and Development](#) (2011).

<sup>20</sup> See [Philippines: Textbook Count](#).

<sup>21</sup> This section was developed based on the input of Lalanath de Silva at the World Resources Institute and excerpts from the United States Environmental Protection Agency Public Participation Guide (2014).



i.e. a notification in a city paper might not be sufficient if the decision will affect a rural area outside the circulation of the paper.

While participation in EIAs can be conducted in multiple ways, lessons of best practice have emerged over time and public participation has been found to be meaningful and useful at three points of the decision-making process:

- First, at the scoping stage when the proposal is being formulated;
- Second, at the stage when the proposal is in draft form; and
- Third, when the proposal has been approved and public monitoring is needed to ensure compliance.

To determine the level of public participation needed and the process that should be adopted, a situation assessment is recommended to:

- Clarify the problem or opportunity to be addressed and the decision to be made;
- Identify stakeholders and their concerns;
- Reveal information gaps or misunderstandings early enough so they can be addressed;
- Identify potential constraints or requirements for the public participation process; and
- Define the objectives and process approach to public participation.

A wide variety of skills are required to plan and implement meaningful public participation in EIAs, including:

- **Communication.** The ability to identify and to portray the information that the public requires in order to participate meaningfully. The ability to listen for and understand the public's interests and concerns.
- **Facilitation.** The ability to recognize the importance, role and appropriate use of a neutral facilitative presence and apply it effectively in facilitating both the overall process and specific events.
- **Conflict Management.** The ability to recognize the role of conflict in reaching a final solution and to work through and manage conflict situations.
- **Situation Assessment.** The ability to engage in stakeholder interviews to assess internal and external needs, constraints, and conditions for effective planning.
- **Goal-setting.** The ability to define clear, understandable goals and objectives for the role of the public in the decision process. The ability to describe individual roles and responsibilities for all team members in regard to public participation.
- **Planning.** The ability to synthesize the results of the situation assessment into understandable and actionable components. The ability to define the overall decision process and identify and integrate the appropriate public participation activities to achieve the goals and objectives.
- **Process Management.** The ability to keep all activities moving forward, organize activities for success, keep track of goals and objectives over time, and integrate different team members' activities.
- **Meeting and Event Management.** The ability to plan all logistical elements of meetings including facility selection and booking, publicity, setup, audio visual support, organizing all activities and roles, registration, and collecting input.
- **Documentation.** Recording the public input received and reporting back to the participants and the wider public how that input affected (or not) the decision.
- **Evaluation.** The ability to design evaluation metrics to gauge the success of the public participation process and events. The ability to collect, assess, and act on the data from evaluation to improve project performance.

## Constitutional Convention Model<sup>22</sup>

The constitutional convention was a process put in place by Ireland in 2012 to incorporate citizen participation into several constitutional policy areas. The goal was to develop a process that balanced citizen engagement, elite involvement, and popular vote.

The Convention is a decision-making forum of 100 people, made up of 66 citizens, randomly selected and broadly representative of Irish society; 33 parliamentarians, nominated by their respective political parties and including an elected representative from each of the political parties in the Northern Ireland Assembly which accepted an invitation from the Government; and an independent Chairman. A website was designed to make participation by everyone – members of the public, interest groups, organisations and the diaspora – as easy as possible. Membership of the Convention is as follows:

- Political parties and groups in the Dáil and the Seanad nominated representatives on the basis of their relative strengths in the Oireachtas. Political parties in Northern Ireland were invited to nominate one representative each.
- Citizens were selected randomly using the electoral register and on the basis of groups representative of Irish society generally and balanced in terms of gender, age and region.

The work of the Convention was supported by an Advisory Panel that includes academics, political scientists, and constitutional lawyers. The Advisory Panel provided specialist guidance on a variety of issues being examined but were not involved in decision-making proceedings.

The Convention met in formal plenary sessions, mainly at weekends, to consider specific topics. Smaller sub-committees were established at the discretion of the Chairman, to explore any of the matters under the remit of the Convention. Documents and deliberations are available and formal plenary sessions streamed live on the website. After more than one year of deliberation, the convention produced a set of 38 policy recommendations, out of which 18 would be determined by national referendums, as they involved potential changes to the constitution.

Ultimately, parliament is mandated to discuss the convention's reports within four months of receiving them, and the government is obliged to provide an official response. At the time of this report, three national referendums were promised based on the convention's recommendations.

The convention operated through a system of 'informed discussion' and deliberation between citizen and politician members, with facilitators playing an important role in ensuring fair and equal speaking time amongst all participants.

## Lessons for Policy-Makers, Informing the GIFT Zero Draft Guidelines

Superficial or poorly designed public participation efforts can waste time and money and erode trust. Therefore, it is important to consider carefully the questions of Why? Who? What? Where? and How? before embarking on a public participation processes to ensure that the opportunities created are effective at achieving desired outcomes.

Several core principles and features of effective, transparent and accountable participation practices can be distilled from the examples illustrated above. The lessons learned from the examples relate to identifying the entry points for public participation, deciding the scope and objectives, target participants, mechanism to be used, and, finally, some of the cross-cutting features of good practice of participation.

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<sup>22</sup> This section has been prepared based on the website of the Irish Constitutional Convention (<https://www.constitution.ie>) and commentary given by David Farrell, Professor of Politics at University College Dublin and Research Director to the Irish Constitutional Convention (recorded in the [blog](#) of the Constitution Unit.)

First, the entry points and process leaders for public participation must be identified within the fiscal processes in the existing legal framework. In the budgeting cycle, these entry points occur during long term planning exercises, as well as medium term and annual budget formulation led by the executive (either Finance or a sector agency); during the enactment of the budget by parliament; during the implementation of the budget by the sector agencies; and during the audit and performance evaluation. The Zero Draft of the GIFT guidelines has identified several additional entry points for public participation.

#### **Scope and Objectives: Why are we engaging the “Public”?**

- **To INFORM them**
- **To get their FEEDBACK**
- **To get their INPUT**
- **To get them to COLLABORATE**
- **To EMPOWER them to make decisions**

→ **About what?**

Second, it is important to articulate a clear objective for public participation from the onset to maximize public interest and engagement opportunities. The budget typically covers thousands of expenditure line items and it would be untenable to seek public engagement on every item. Therefore, it is important to choose the programs for public consultation that citizens care about and where a public dialogue will be most valuable.

The different objectives of public participation are illustrated by the different types of processes that executives, legislatures, and auditors have established throughout the budget cycle. At the budget formulation stage, for example, the Korean government televises public hearings to inform a wider segment of the public. In Brazil, citizens are being asked to collaborate to give feedback on priorities, to give input on others, to collaborate in the design of the ballot and to make the decisions in the vote. In the Philippines, the new grassroots budgeting initiative solicits CSOs to give input on projects. In South Africa, the treasury is developing an MOU to articulate how it will collaborate with civil society. At the budget enactment phase, public hearings are used to receive feedback on the draft budget, or in the case of Canada, to provide input to the executive before the draft is prepared. At the budget implementation stage, hotlines and social media provide feedback, while expenditure monitoring has been used as an opportunity for collaboration. At the audit stage, the SAI of Argentina seeks feedback and input on planned audit activities, while in the Philippines, the SAI actively collaborates with civil society groups.

#### **Targeted Participants: Who is the “Public” that we want to engage?**

- **The General Public AKA “anyone”**
- **Affected Populations**
- **Marginalized Populations**
- **Interest Groups**
- **CSOs**
- **Individuals with specific knowledge or Expertise**
- **Other agencies, branches or levels of government**

After objectives are defined, it is necessary to determine the targeted participants. Participants vary from the general public to individuals with specific knowledge or expertise. The EPA guidelines, though developed for a different purpose, are directly applicable to the budgeting process. They recommend that stakeholders are selected for participation by the following criteria:

- Who will be directly affected by the decision?
- Who will be indirectly affected by the decision?
- Who wants to be involved?

- Who is already engaged or has contacted us in this issue?
- Who will be upset if they have no input to this decision?
- Who can affect the decision?
- Who can claim a legal standing (legal rights to...) that would be affected by the decision?
- Who has real or perceived moral claims that could affect the decision process or outcome?
- Who has the political clout to draw elected and appointed officials into the dispute?
- Who is committed to the various interest groups, such as community groups or business groups, and will be responsible for acting as liaison and leader?
- Who will be responsible for implementing the decision?
- Whose support is needed to implement and enforce the decision?
- Who could take legal action to block implementation of the decision?
- Who could undermine the decision?
- Who is committed to resolving this issue?
- Who will be committed to following the process, including attending meetings, gathering information, and other practical, logistical, and tactical requirements of the process?

Regardless of how participants are selected, in open consultation processes it is important that a narrow perspective of voices do not dominate the conversation (and that marginalized but affected voices are included). In more restricted consultation processes, selection criteria should be established that are fair, inclusive and well-documented.

#### **Methods: What are we going to do to with the “Public”?**

- **Working Groups or Commissions**
- **Public Hearings**
- **Public Assemblies (with voting)**
- **Workshops**
- **Written Submissions**
- **Voting**
- **Hotlines**
- **Joint-working teams**

Once participants are chosen, it is important to consider which methods of engagement will be best to achieve the articulated the objective. Examples include the creation of working groups in the Irish convention, commissions in South Africa, public parliamentary hearings and written submissions in Canada, workshops in Korea, public assemblies and voting in Brazil, hotlines in South Africa and Korea, and joint working teams in the Philippines. Some methods may also be more appropriate to certain stages of the budgeting cycle than to others. For example, hearings and written submissions may be appropriate for the budget enactment stage, whereas joint working teams may be most appropriate for the auditing stage.

#### **Cross Cutting Features of Good Practice**

- **Clearly articulated rules, roles and responsibilities**
- **Adequate Time and Sustainable Funding**
- **Facilitation, Communication Strategy and Effective Use of ICT**
- **Feedback to the Public and Documentation of the Process**

The country examples discussed in this report have also revealed several recurrent features that seem to correlate with success. First, a clearly articulated framework helps to manage expectations of participants and helps the government team managing the process to understand and execute the process. Therefore, it is helpful to clearly define rules that identify the objectives, roles and responsibilities of the parties to the process. These rules may be articulated in laws, regulations, rules, policies, guidelines, or memoranda of understanding.

Second, participation must be adequately timed within the deadlines imposed by the budgeting schedule. If there is sufficient time at the beginning of budget formulation, processes can be held in multiple cities, with multiple hearings, press releases, and online discussions, as the examples from the Canadian legislature and the Rio Grande do Sol executive have shown. With less time, more condensed options, like the Korean process, may be more appropriate. In addition, a high participation target will cost more and funding must be secured for these efforts, whether from donors or from the government. Furthermore, there is also a need for an adequate number of competent staff to represent the government in these processes.

Third, public participation benefits greatly from professional facilitation to help manage the process, to channel it productively, and to manage potential conflict. Similarly, a communication strategy is needed to ensure that affected stakeholders know about and understand the process. ICT tools including websites and social media are useful to share the necessary background information with the public. They can also enable submissions to be received from a wider segment of society.

Finally, reports and media attention on the impact of participation can build trust and legitimacy, and create incentives for further engagement. The opposite also holds: stakeholders will likely become disengaged if they participate but do not know how their input is used or see no results from their collaboration.

In light of these examples, it would be beneficial for the GIFT Guidelines to outline the entry points for public participation in fiscal processes, the appropriate sponsoring agency of government, and the options for participant selection and design features of public participation processes that would be relevant according to the entry point involved (particularly in light of the spectrum of engagement objectives).

In order to effectively outline such guidance, some additional research might be useful to inform the guidance note with country-based examples, process-related checklists, or even template memoranda of understanding for collaboration between government agencies and non-state actors (perhaps in a second document). In addition, the zero draft could be complimented by adding reference to the above described cross-cutting features of good practice. With these elements in place, GIFT can create a resource for governments and their stakeholders that will assist them to craft truly effective opportunities for public participation.

Annex 1	Roles of Key Actors in the Annual Budget Stage <sup>23</sup>
<b>ANNUAL BUDGET STAGE</b>	ROLES OF KEY ACTORS (MODEL SYSTEM)
Multi-year Budget Framework	<ul style="list-style-type: none"> <li>• National Development Plan (Planning/ Finance Ministry undertakes multistakeholder consultation to identify community priorities)</li> <li>• Medium-Term Expenditure Framework</li> <li>• Fiscal Rules</li> <li>• Sector Strategies</li> </ul>
<b>1. Formulation</b>	<ul style="list-style-type: none"> <li>• <b>Government:</b> Treasury/ MoF/ Ministry of Economics &amp; Planning(Budget Unit) prepares estimates</li> <li>• <b>Government:</b> Budget Unit solicits input from line ministries/ delivery units as to priorities/ resource bundle needed to implement</li> <li>• <b>CSOs:</b> Release pro-poor budget analysis and begins advocacy around priorities target at Government and Parliament</li> <li>• <b>Media:</b> Reports on CSO pro-poor budget</li> <li>• <b>Government:</b> Budget Unit prepares draft Budget Framework</li> <li>• <b>Government:</b> Budget Unit informally consults with key stakeholders in Parliament</li> <li>• <b>Government:</b> Draft Budget Framework submitted to Cabinet for approval</li> <li>• <b>Government:</b> Budget Framework shared with Parliament for input</li> <li>• <b>Parliament:</b> Refers Budget Framework to Parliamentary Budget Office (PBO) for independent analysis</li> <li>• <b>Media:</b> Reports on Budget Framework</li> <li>• <b>CSOs:</b> Implement advocacy targeting Members of Parliament (MPs) to try and influence Parliament's Response to the Budget Framework so that it aligns more closely with CSOs initial pro-poor budget</li> <li>• <b>Parliament:</b> Parliamentary Committees undertake pre-budget hearings and consultations</li> <li>• <b>Parliament:</b> Finance and Budget Committees scrutinize the Budget Framework in light of MTEF and Fiscal Rules (supported by PBO report on Economic Assumptions and Outlook)</li> <li>• <b>Parliament:</b> Ensure PAC recommendations are taken into account for the following year's budget allocations</li> <li>• <b>Parliament:</b> MPs provide Response to the Budget</li> <li>• <b>Media:</b> Report on Parliament's Response</li> </ul>
<b>2. Enactment</b>	<ul style="list-style-type: none"> <li>• <b>Government:</b> Prepares <i>draft Budget Law</i> based on the Budget Framework</li> <li>• <b>Parliament:</b> In presidential systems, Parliament proposes the <i>draft Budget Law</i>(and supporting bills)</li> <li>• <b>Parliament:</b> In parliamentary and hybrid systems, the <i>Draft Budget Law</i> (and supporting bills) are transmitted to Parliament for review</li> <li>• <b>Media:</b> Reports on the content of the <i>draft Budget Law</i>, unpacking technical governance information to make it more accessible to the public and promote their engagement in the debate</li> <li>• <b>CSOs:</b> Analyze content of the draft Budget Law</li> <li>• <b>Parliament:</b> Refers <i>draft Budget Law</i> for consideration by committee system (Committee-of-the-Whole, Ad hoc Budget/ Finance Committee, Budget/ Finance Standing Committee, or referral model to other committees)</li> <li>• <b>Parliament:</b> Committee/s request PBO prepare a budget analysis (emphasis on whether the <i>draft Budget Law</i> reflects the input of</li> </ul>

<sup>23</sup> Prepared by the World Bank Parliamentary Strengthening Program.

	<p>parliament during the formulation stage and whether appropriations are aligned with stated budget objectives and the national development goals)</p> <ul style="list-style-type: none"> <li>• <b>CSOs:</b> Develop and provide submissions to committee/s on the <i>draft Budget Law</i></li> <li>• <b>Media:</b> Close feedback loop to Parliament on governance issues, to give voice to the public &amp; surface opinions</li> <li>• <b>CSOs:</b> Work with media to influence debate</li> <li>• <b>Parliament:</b> Committee/s hold hearings in order to scrutinize the <i>draft Budget Law</i> and submit recommendations</li> <li>• <b>Parliament:</b> Plenary debates the recommendations of the committee/s and makes amendments to the <i>draft Budget Law</i> (more likely in presidential rather than parliamentary systems)</li> <li>• <b>Parliament:</b> Passage of the <i>draft Budget Law</i></li> </ul>
<p><b>3. Implementation</b></p>	<ul style="list-style-type: none"> <li>• <b>Government :</b> MoF transfers appropriated funds to line ministries/ implementing agencies to use for purposes outlined in the <i>Budget Law</i></li> <li>• <b>CSOs:</b> Employ social accountability tools (including ATI requests) to monitor government efforts to implement the budget</li> <li>• <b>CSOs:</b> Undertake expenditure tracking (PETS) and transmit results to Government (varying entry points) and Parliamentary Sectoral Committees</li> <li>• <b>Media:</b> Utilize open data portals and other means of accessing data (ATI) to monitor implementation of the budget</li> <li>• <b>Media:</b> Alert the public in real time, as Govt takes action (new policies, reforms) or fails to respond to public demand</li> <li>• <b>Parliament:</b> Sectoral Committees hold oversight hearings drawing on periodic implementation reports provided by line ministries/ implementing agencies and public expenditure tracking reports prepared by CSOs</li> <li>• <b>Media:</b> Report on parliamentary oversight hearings</li> <li>• <b>Parliament:</b> Public Accounts Committee (PAC) monitors sectoral committee activity and requests SAIs to undertake targeted audits based on topical issues</li> </ul>
<p><b>4. External Audit</b></p>	<ul style="list-style-type: none"> <li>• <b>SAI:</b> Undertakes Financial, Compliance and/ or Performance Audits</li> <li>• <b>CSOs:</b> Undertake Social audits (independently or in collaboration with the SAI)</li> <li>• <b>SAI:</b> Publish audit reports/ transmit audit reports to parliament (dependent on external audit system. However, prevailing practice is for the Auditor-General to be an Officer of Parliament and report directly to parliament )</li> <li>• <b>Media:</b> Report on the outcomes and recommendations of the audit reports</li> <li>• <b>Parliament:</b> Parliament receives the audit report and transmits it to the PAC or it is published/ released and the oversight committee responsible for financial oversight instigates a self-initiated inquiry based on the contents of the report</li> <li>• <b>CSOs:</b> In instances where CSOs have independently conducted social audits, the outcome of those audits can be transmitted to the PAC if they invite public submissions</li> <li>• <b>Parliament:</b> PAC conducts a public hearing and publishes a report with recommendations that is referred back to the plenary (should not be dependent on receiving an audit report from the SAI)</li> <li>• <b>Media:</b> Report on the PAC hearings and PAC recommendations</li> <li>• <b>Parliament:</b> In Westminster systems, the plenary debates, amends, and endorses the PACs recommendations (thereby becoming formal recommendations of the Parliament)</li> <li>• <b>Parliament:</b> In Napoleonic systems, plenary needs to debate implementation of the budget and then discharge the budget</li> <li>• <b>Parliament:</b> PAC conducts additional oversight in order to ensure recommendations are implemented by the Government. If they are not, the PAC provides input into the Formulation stage of the Annual Budget Process to sanction the respective line ministry/</li> </ul>

	implementing agency
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