

COMMUNICATING WITH THE PUBLIC TO INCREASE AWARENESS AND UNDERSTANDING OF PFM ISSUES:

Knowledge Product (KP) prepared by PEMPAL Budget Community of Practice (BCOP) on Budget Clarity and Accessibility

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Presentation Overview



- I. Context, Objective, and Structure of the KP
- II. Principles and Roadmap for Improving Budget Clarity and Accessibility Across the Budgetary Pillars on
 1. Budget Clarity
 2. Availability of Budget Information
 3. Budget Visibility and Communications

I. Context, Objective, and Structure of the KP



- ❑ The KP chapters are structured around the five defined key budgetary pillars for which the KP then discusses principles, good practices (inc. examples from South Africa, UK, Ukraine, and Uzbekistan), and proposed steps:
 1. **Budget Clarity**
 2. **Availability of Budget Information**
 3. **Budget Visibility and Communications**
 4. **Budget Literacy**
 5. **Public Engagement**

Key Principles/Good Practices Across the Five Budgetary Pillars



1. **Budget Clarity:** the content of budget documentation should be improved to provide a clear narrative with context information needed for a full understanding of budget policy and intended results; budget clarity supports public policy, decision making, and democratic process
2. **Availability of Budget Information:** making sure that budget documentation is published timely, transparently and in non-technical terms, including online access in open data format, and using interactive IT and visualizations for budget presentation
3. **Budget Visibility and Communications:** systematic work to spread awareness and encourage dialogue on budget; MoFs should have a communication strategy to increase budget visibility; media role is essential
4. **Budget Literacy:** systematic measures to raise awareness and educate citizens on the content of the budget documentation; different transparency tools to enable and enhance meaningful citizen participation in the budget process
5. **Public Engagement:** ensuring meaningful points of entry for public engagement in budget process; new trends and rapid changes that have occurred in the pandemic years should be considered; different options for digital interactive tools for online engagement

III. Five Budgetary Pillars and a Roadmap for Improving Budget Clarity and Accessibility



- ❑ **The KP offers a roadmap** that MoFs can implement with 12 steps grouped under five key pillars to achieve full and meaningful accessibility and understandability of budget documentation

1. STEPS TO ADVANCE BUDGET CLARITY

- **Step 1.** Put the budget documentation into clear and understandable language, explain it in clear narrative form, and provide a user-friendly logical structure and context.
- **Step 2.** Prepare a concise executive summary of the main budget documents.

2. STEPS TO ADVANCE AVAILABILITY OF BUDGET INFORMATION

- **Step 3.** Provide full online access to comprehensive and timely budget information free of charge, including in open data formats.
- **Step 4.** Expand access to key budget documents for all users.
- **Step 5.** Visualize budget information by using convenient formats for various users.

III. Five Budgetary Pillars and a Roadmap for Improving Budget Clarity and Accessibility

3. STEPS TO ADVANCE BUDGET VISIBILITY AND COMMUNICATIONS

- **Step 6.** Use modern mass communications channels to transmit budget information to journalists and bloggers.
- **Step 7.** Supply citizens, journalists and other users with the budget information they need.
- **Step 8.** Make efficient use of MoFs staff to disseminate budget information to the public.

4. STEPS TO ADVANCE BUDGET LITERACY

- **Step 9.** Raise the level of budget literacy of citizens, non-state actors, journalists, and bloggers, who want to participate in the budget process.
- **Step 10.** Introduce training programs to increase awareness of the budget process and create a culture of openness through the education system.

5. STEPS TO ADVANCE PUBLIC ENGAGEMENT

- **Step 11.** Develop effective opportunities for public participation in the budget process.
- **Step 12.** Design interactive open budget portals for public engagement in the budget process, and to provide feedback to citizens and other users of budget information.

1. Budget Clarity (1)



- ❑ Budget transparency refers to the **full disclosure of all relevant fiscal information** in a timely and systematic manner.
- ❑ However, budget transparency is not only the availability of budget information and in its full meaning, is related to the **understandability, budget clarity**. Thus, transparency is multidimensional and relates to the clarity, comprehensiveness, reliability, timeliness, accessibility, and usability of public reporting on public finances, as well as citizen engagement in the budget process.
- ❑ **Budget clarity**, is about budget documentation being easy to interpret and understand by:
 - ✓ Providing a clear narrative needed for a full understanding of budget policy and intended results.
 - ✓ Providing concise but adequate context and explanations to ensure that budget documentation is easy to understand and follow logically.
 - ✓ Ensuring that all tables and charts are accompanied by adequate narrative explanations.
 - ✓ Balancing between the volume of information and clarity.

1. Budget Clarity (2)



- ❑ Budget needs to be presented in plain and readily comprehensible **language without jargon**, with sufficient background, context, concise executive summaries, and glossaries of terms.
- ❑ Proper narrative explanation should convey the government’s budget policy framework, the key messages and intended results, and enable the presentation of data in a way that ties it all together.
- ❑ **Ten principles of clear budget communication** (Source: [Presentation](#) from BLTWG October 2021 VC):
 - Think about your reader.
 - Write clearly and to the point.
 - Structure documents logically.
 - Ensure main policy documents are concise.
 - Omit unnecessary detail.
 - Prefer concreteness to abstraction.
 - Reduce density.
 - Use visual elements effectively.
 - Provide sufficient analysis.
 - Tell a story.
- ❑ According to insights on human behavior from the [World Bank’s World Development Report for 2015](#), it is not sufficient to present people only with the facts. **Storytelling help people understand the budget.** Storytelling is defined as presenting content focused on individual and human experiences, using compelling and engaging formats to convey information.

Practical Steps to Advance Budget Clarity (1)



Step 1. Put the budget documentation into clear and understandable language, explain it in clear narrative form, and provide a user-friendly logical structure and context.

- ❑ Clear and understandable language implies using words people know already, making abstract language clear, and using concrete examples.
- ❑ Simple words and shorter sentences can improve readability.
- *Readers may not be familiar with typical budget terminology, e.g., “debt-service cost,” “quasi-fiscal activity,” “contingency reserve,” etc.*

➤ ***Good solutions:***

- ✓ ***Glossary of terms*** in the [Medium Term Budget Policy Statement \(MTBPS\) of South Africa](#).
- ✓ ***Explanations*** in the [UK Fiscal Risks Report](#):

21 In Chapter 7 we look at risks that could affect the balance sheet directly via balance sheet transactions (e.g., lending to the private sector or issuing debt to purchase assets, as when ‘bailing out the banks’), balance sheet transfers (when the government assumes the liabilities of a private sector entity, either in the real world or through a statistical reclassification) and valuation effects (e.g., the effect of currency movements on the sterling value of the foreign exchange reserves).

Practical Steps to Advance Budget Clarity (2)



✓ *How budget definitions in the Budget Review of South Africa evolved over time:*

2020	2021
<p>Consolidated expenditure Total expenditure by national and provincial government, including transfers to municipalities and other extra-budgetary agencies. Consolidated expenditure includes spending by provinces financed from own revenues. Consolidated spending is therefore the sum of national and provincial spending, excluding the double counting of transfers from national to provincial government.</p>	<p>Consolidated government expenditure Total expenditure by national and provincial government, social security funds and selected public entities, including transfers and subsidies to municipalities, businesses and other entities.</p>
<p>Excise duties Taxes on the manufacture or sale of certain domestic or imported products. It is imposed either as a user charge for government services, as a regulatory charge on activities, or as a special tax on the consumption of a commodity. Excise duties are usually charged on products such as alcoholic beverages, tobacco products and petroleum products.</p>	<p>Excise duties Taxes on the manufacture or sale of certain domestic or imported products. Excise duties are usually charged on products such as alcoholic beverages, tobacco and petroleum.</p>

Practical Steps to Advance Budget Clarity (3)



❑ A **user-friendly structure** and **clear headings** help readers navigate budget documentation.

✓ *From the Contents of the 2021 Medium Term Budget Policy Statement, South Africa:*

CHAPTER 1 Recovery, stability, reform and growth	CHAPTER 2 Economic outlook
Introduction	Introduction
Sustainable public finances support growth	Progress on reforms critical to economic recovery
Structural reforms to be accelerated	Global outlook
Risks and spending pressures	Domestic outlook
Fiscal response to COVID-19 and social needs	Sector performance and outlook
Overview of the 2021 MTBPS	Conclusion
Conclusion	

❑ **Clear names for the budgets** show their intention of the budget policy.

✓ *For example, the names:*

✓ *For the UK Budget 2021 “Protecting the Jobs and Livelihoods of the British People.”*

✓ *For the European Union (EU) Budget: “2021-2027 Long-term EU budget & NextGenerationEU.”*

Practical Steps to Advance Budget Clarity (4)



- ❑ **Narratives** explain budget policy and priorities, present budget data, and set out policy context.
 - An example of a clear narrative, presenting budget policy to meet modern challenges and to thrive (e.g., plan for jobs) in the economic context is [the UK budget speech “Build back better: our plan for growth.”](#)
 - The [SA MTBPS](#) describes in detail the government's policies, objectives and priorities, and sets out the policy context and direction for provinces and departments to make their spending plans. It provides easy and accessible data sources through which the reader can verify calculations and supporting evidence.
- ❑ **Readability formulas**, if available for the country’s official language(s), can estimate how difficult a text is to read.
 - For example, in the English language one of the most trusted and commonly used readability tools is [the Flesch-Kincaid Reading Ease tool](#).

Practical Steps to Advance Budget Clarity (5)



Step 2. Prepare a concise executive summary (ES) of the main budget documents.

- ❑ Some tips to write a better ES:
 - ❑ Think of an ES as an extremely condensed version of the budget document.
 - ❑ Make sure the ES can stand on its own.
 - ❑ Capture the reader's attention.
 - ❑ Use terminology with which the readers are familiar.
- ❑ The budget documents should be professionally edited and proofread to ensure that the publications are high quality.

Examples:

- *Each chapter of the SA MTBPS starts with an In Brief box, which serves as a high-level summary of key points (see next slide).*
- *An example of a clear and well-structured narrative with highlight boxes and ES, tables, graphs, and glossary of terms is the SA Budget Review (see next slide for Highlights, presented in the first chapter of the SA Budget Review).*

Practical Steps to Advance Budget Clarity

(6)



1

Recovery, stability, reform and growth

In brief

- The COVID-19 pandemic has magnified South Africa's social and economic crises, further straining the public finances.
- Over the next three years, government will balance support for economic recovery and reconstruction – through both short-term spending measures and structural reforms – with rebuilding the public finances.
- The economy has recovered more quickly than anticipated. Nevertheless, the recent spike in commodity prices, which has supported GDP growth and tax revenues, is considered temporary. Long-term structural constraints and scarring from the effects of the pandemic weigh on the outlook. Fiscal risks have increased.
- Fiscal consolidation is critical to reduce the public debt burden, restore investor confidence and avoid overexposure to global and domestic risks.
- The *Medium Term Budget Policy Statement (MTBPS)* proposes to maintain restraint in public expenditure. Government will not commit to new long-term spending in response to temporary revenue windfalls. No additional funding is provided to state-owned companies over the medium term.

Introduction

As South Africa begins to emerge from the shadow of COVID-19, it confronts deep-rooted social and economic problems. Foremost among these are the crises of poverty and unemployment.

To address these realities, the national budget is highly redistributive. Personal income tax, which accounts for an average of 38.4 per cent of revenue over the next three years, is structured in a progressive manner. And the social wage – combined public expenditure on health, education, housing, social protection, transport, employment programmes and local amenities – averages R1.06 trillion or 59.5 per cent of consolidated non-interest spending per year over the next three years.

Government responded to the pandemic with emergency fiscal support to households and businesses. This included the *special COVID-19 social relief of distress grant*, whose 9.5 million beneficiaries bring the number of social



2

Economic outlook

In brief

- The South African economy grew faster than expected in the first half of 2021, but this momentum is expected to wane following public violence in July, port and rail disruptions, and the third wave of COVID-19 infections.
- Real GDP is forecast to grow by 5.1 per cent in 2021. Output is expected to return to pre-pandemic levels in 2022, a year earlier than estimated in February. This is largely the result of global demand, higher commodity prices and the easing of COVID-19 lockdown restrictions.
- Household consumption has improved, but has not fully recovered from the pandemic. Inflation is contained within the target band, despite upward pressure from food and energy prices. Gross fixed-capital investment remains well below pre-pandemic levels. The labour market is weak, with unemployment at 34.4 per cent.
- Government has made progress on a few key reforms. In the energy sector, private-sector power producers will be able to sell electricity directly to consumers and municipalities can generate their own power or procure electricity from independent producers. The Transnet National Ports Authority has been corporatised, which will improve incentives for efficiency and competitiveness. The eVisa system will be rolled out to 15 countries by March 2022. Operation Vulindlela continues to monitor and support the implementation of priority reforms.

Introduction

South Africa's economy is expected to grow by 5.1 per cent in 2021, following a 6.4 per cent contraction in 2020. Domestic economic activity recovered more rapidly than anticipated in the 2021 Budget, supported by international demand and higher commodity prices.



Structural constraints in the domestic economy are expected to slow the recovery. Inadequate electricity supply, combined with pandemic-induced job losses, will continue to limit the speed and durability of the recovery and long-term growth. Global factors, including higher and more persistent inflation and associated changes in monetary policy, along with changes in commodity prices, add to uncertainty about the medium-term outlook.

The rollout of vaccines continues to support improved global and domestic activity. However, access to vaccinations remains skewed between and within countries, inhibiting broader vaccine coverage and raising concerns about the emergence of more aggressive variants of COVID-19. Although South Africa has opened up free vaccinations to a large portion of its

#RSABUDGET2021 HIGHLIGHTS

ECONOMIC OUTLOOK

- Government will support the economic recovery by extending short-term economic support and undertaking reforms to lower the cost of doing business and stabilise the public finances.
- Real GDP is expected to grow at 3.3 per cent in 2021 and 2.2 per cent in 2022.
- The global economic outlook is uncertain; however, additional policy stimulus packages and successful rollout of COVID-19 vaccines will boost global growth.
- A successful rollout of COVID-19 vaccines will support the economic recovery and global trade.
- Government will take steps to promote faster growth by stabilising electricity supply, supporting industries with high employment potential and undertaking partnerships with the private sector.
- Operation Vulindlela is supporting the implementation of key structural reforms, but faster progress is needed to generate an economic recovery.

BUDGET FRAMEWORK

- The budget deficit has been revised to 14 per cent of GDP in 2020/21 in response to the spending and economic pressures of the COVID-19 pandemic.
- Gross debt has increased from 65.6 per cent to 80.3 per cent of GDP for the year 2020/21.
- The 2021 Budget proposes measures to narrow the main budget primary deficit from 7.5 per cent of GDP in the current year to 0.8 per cent in 2023/24.
- The proposed fiscal framework will stabilise debt at 88.9 per cent of GDP in 2025/26.
- Government will roll out a free mass COVID-19 vaccination campaign for which R9 billion has been allocated in the medium term.
- Over the medium term, debt-service costs are expected to average 20.9 per cent of gross tax revenue.

SPENDING PROGRAMMES

- Total consolidated spending amounts to R2 trillion each year over the medium term.
- The bulk of the spending is allocated to learning and culture (R402.9 billion), social development (R335.2 billion) and health (R248.8 billion) in 2021/22.
- The fastest-growing functions over the medium term are economic development, community development and general public services.
- The majority of funding for new and urgent priorities is provided through reprioritisation and reallocation of existing baselines.

TAX PROPOSALS

- To support economic recovery, government will not raise any additional tax revenue in this budget.
- The personal income tax brackets and rebates will increase above the inflation rate of 4 per cent.
- Government will increase excise duties on alcohol and tobacco by 8 per cent for 2021/22.
- Inflation-related increases of 15c/litre and 11c/litre will be implemented for the general fuel levy and the RAF levy, respectively, with effect from 7 April 2021.
- The UIF contribution ceiling will be set at R17 711.58 per month from 1 March 2021.

Source: *The 2021 Medium Term Budget Policy Statement, Republic of South Africa.*
<http://www.treasury.gov.za/documents/mtbps/default.aspx>

Source: *Budget Review 2021, SA National Treasury, 2021*
<http://www.treasury.gov.za/documents/national%20budget/2021/default.aspx>

2. Availability of Budget Information



- ❑ The general public and civil society need **clear, accessible, useful,** and **timely** budget information to participate effectively in the budget process.
 - According to [*internationally accepted good practice criteria for PFM*](#) all countries should publish at different points in the budget process eight key budget documents: the Pre-Budget Statement (PBS), the Executive's Budget Proposal (EBP), the Enacted Budget (EB), a Citizens Budget (CB), In-Year Report (IYRs), the Mid-Year Review (MYR), the Year-End Report (YER), and the Audit Report (AR).
- ❑ **Open Budget Portals** provide budget information to the public in [open data formats](#), [in real-time](#), and with [interactive tools](#) for analysis.
- ❑ **Interactive IT** and **visualizations** for budget presentation allow users to draw insights from budget data in an efficient and effective manner and help improve data access and analysis.
- ❑ Budget documentation **in HTML format** provides access to mobile devices.
- ❑ **Accessible formats** should be provided for users with disabilities, who need assistive technologies such as screen readers.

Practical Steps to Advance Availability of Budget Information (1)



Step 3. Provide full online access to comprehensive and timely budget information free of charge, including in open data formats.

- ❑ Budget documents should be made available with **enough time** for the information to be useful and relevant to permit analysis, evaluation and engagement.
- ❑ The [Open Budget Survey \(OBS\)](#) provides guidelines on the acceptable period for publication of budget documents.

Examples:

- *SA makes all key budget documents available to the public in the acceptable periods for publication, according to the OBS. E.g., the MTBPS is published at least four months in advance of the budget year (April 1), and one month before the EBP is introduced in the legislature.*
- *[The UK Office of Budget Responsibility \(OBR\)](#), the official independent fiscal institution, publishes all its work and underlying methodologies online.*
- *The UK HM Treasury presents the budget in full on [the government website](#) together with the key tables in excel format, plus details of all other data sources.*

Practical Steps to Advance Availability of Budget Information (2)



Step 4. Expand access to key budget documents for all users.

- ❑ **Open budget portals** allow for publication of budget documents in a more convenient way, and online access to budget information in open formats and in real time.
- ❑ **HTML format** for budget documentation boosts accessibility and convenience to a reader.
- ❑ **Assistive technologies** on the website/portal help people with disabilities to access budget information and communication in the manner in which they can comprehend and prefer.

Examples:

- *The Treasury of SA in partnership with a coalition of civil society organizations (CSO), the Imali Yethu, launched the [Vulekamali portal](#).*
- *An [Open Budget platform](#) entailing the Citizens Budget and an international financial institutions modules, and a budget analysis tool, BOOST, was established in Ukraine (presented by the Ministry of Finance of Ukraine on the October 2021 workshop).*

Open Budget Portal in South Africa, the Vulekamali

Source: South African online open budget data, <https://vulekamali.gov.za/>

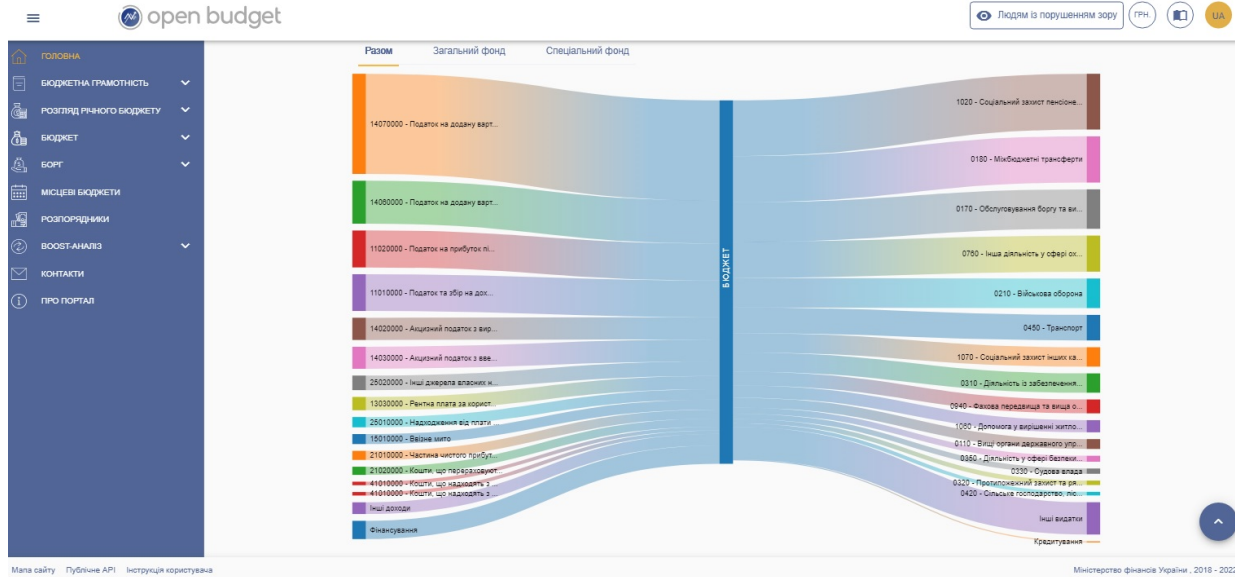
Practical Steps to Advance Availability of Budget Information (3)



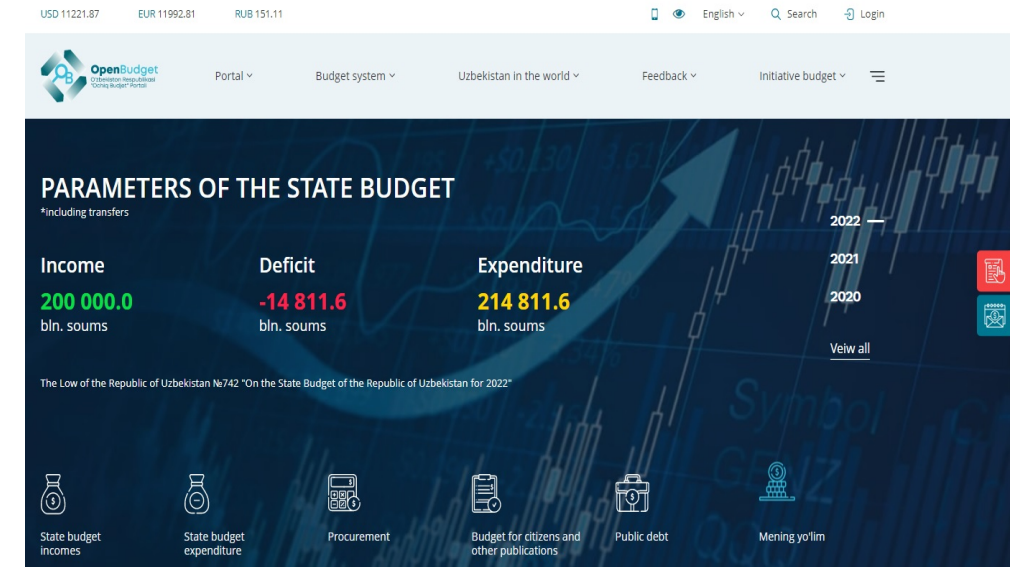
Step 5. Visualize budget information by using convenient formats for various users.

- ❑ **Widgets** (displaying the minimum amount of important information - getting information quickly).
 - ❑ **Infographics** (a graphical way of presenting information, data and knowledge), “numbers in pictures.”
 - ❑ **Dashboards** (a visual display of all of the data; the means to generate detailed reports with a single click).
 - ❑ **Scatter plots** (uses dots to represent values for two different numeric variables).
 - ❑ **Budget TreeMaps**, both static and interactive.
 - ❑ **Visual elements** (e.g., maps and graphs).
- **Data visualization, analysis and open data are specialist tools and working with experts is often necessary.** The quickest and easiest way to visualize information on one’s own is to show data in a chart, e.g., through **Datawrapper**, **Infogr.am** or **PiktoChart**.

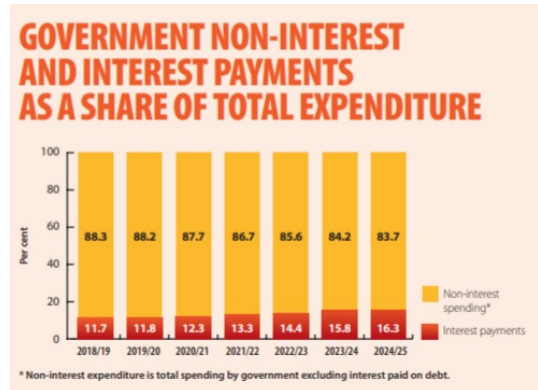
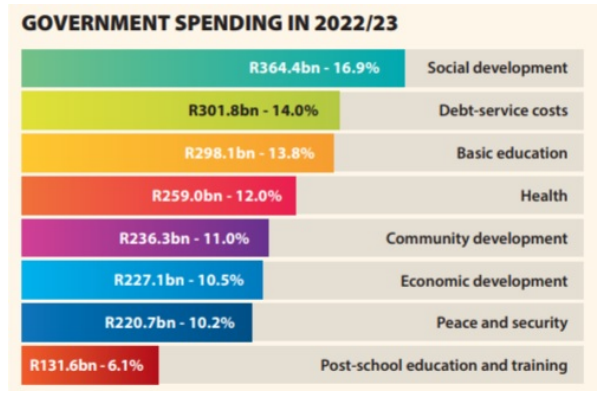
Practical Steps to Advance Availability of Budget Information (4)



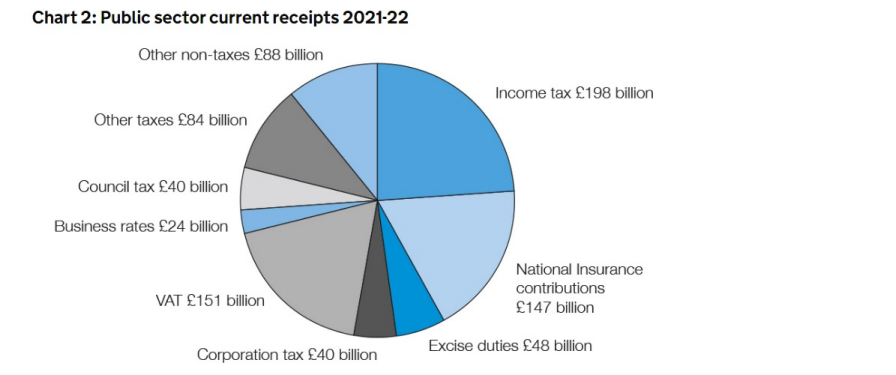
Source: State Budget Web Portal for Citizens, Ukraine. <https://openbudget.gov.ua>



Source: Open Budget Portal of Uzbekistan. <https://openbudget.uz/en>



Source: People's Guide to the National Budget – 2022. <http://www.treasury.gov.za/>



Source: UK Office of Budget Responsibility and HM Treasury Calculations

3. Budget Visibility and Communications



- ❑ Budget visibility means the publicity the budget receives among **the broad public** because of communication activities by ministries of finance (MoF).
- ❑ Good budget communication requires modern mass communication channels such as [social media](#).
- ❑ **Budget topics are complicated**, not easy to break down, and hard to visualize; therefore, intermediary institutions, i.e., the academic researchers, NGOs, CSOs, and especially the media and journalists, should be given substantial weight to increase budget visibility.
- ❑ The role of **journalists** and **bloggers** in budget communications is critical and increasing to assist in generating more interest from citizens.
- ❑ The use of budget storytelling was highlighted by [Mr. Rosenberg at the recent BCOP BLTWG VC Meeting](#) to help citizens see a clearer connection between the public services they regularly receive and the budget policies discussed.
- ❑ MoFs can empower more **staff to communicate** with the public through social media to strengthen capacities to improve budget communications.

Practical Steps to Advance Budget Visibility and Communications (1)

Step 6. Use modern mass communications channels to transmit budget information to journalists and bloggers.

- ❑ The majority of people access and consume information through radio and television, and social media platforms: Facebook, Twitter, YouTube, LinkedIn, Instagram, and blogs.
- ❑ More targeted tools: email alerts, newsletters, articles in press, conferences, events.
- ❑ Work of the MoF with the media and journalists, including “citizen journalists” is needed to enable better media coverage.



Source: <https://twitter.com/vulekamali>

Practical Steps to Advance Budget Visibility and Communications (2)



Step 7. Supply citizens, journalists and other users with the budget information they need.

- ❑ Openness implies that budget information is intended for the broad public.
- ❑ It is important to seek feedback from the public about the types of information it prefers.
- ❑ Opportunities to learn what the public needs are available through social media, meetings and activities with CSOs and other relevant stakeholders on a regular basis.



Title

Name

Surname

Gender

Age Group

Contact Number

Email

Province

City close to you

Category

Tip

Practical Steps to Advance Budget Visibility and Communications (3)



Step 8. Make efficient use of MoFs staff to disseminate budget information to the public.

- MoFs staff can comment on the budget information on their private social media accounts, write to a blog, or place news.
- The SA Department of Government Communication established the [Policy Guidelines for government employees using social media](#) for official government communication and personal use, when the employee's affiliation is known.
- The UK Government published the [Communication Functional Standard](#) with the guidance on how to use social media, and offers various related training to employees.



THANK YOU!

