**PEMPAL BCOP Event of the Budget Literacy and Transparency Working Group (BLTWG) – October 15-17, 2018:**

**Learning Visit on Public Participation in the Budget Process in Portugal**

**and**

**Joint PEMPAL- GIFT Workshop**

**Cascais, Portugal**

**EVENT REPORT**

1. PEMPAL Budget Community of Practice (BCOP) Working Group on Budget Literacy and Transparency visited Cascais, Portugal, on October 15-17, 2018. The objective of the visit was to participate in a joint meeting with the Global Initiative for Fiscal Transparency (GIFT) network and learn from experience of Cascais Municipality on the mechanisms of public participation in the budget process.The participants of the meeting from PEMPAL included representatives of the Ministries of Finance from the following countries: *Armenia, Bosnia and Herzegovina, Belarus, Croatia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Ukraine and Uzbekistan*. The group was led by Maya Gusarova, Sr. Public Sector Specialist and Coordinator of BCOP Resource Team, and was joined by Roberto Senderowitsch, Governance GP -West Practice Manager; Ivan Shulga, Sr. Social Protection Specialist and Task Team Leader for Russia Local Initiatives Support Program (LISP); Anna Sukhova, Social Protection Specialist and LISP team member and Ksenia Galantsova, PEMPAL Secretariat.
2. On October 15 PEMPAL and GIFT networks had an opportunity to exchange information about each network and share findings from the recent and on-going work. Presentations were delivered by Juan Pablo Guerrero, GIFT Network Director, Maya Gusarova, Coordinator of BCOP Resource Team, Anna Belenchuk, PEMPAL BCOP Chair, Russian Ministry of Finance and Lorena Rivero del Paso, Manager for Technical Collaboration and Cooperation in GIFT. Opening remarks were delivered by Roberto Senderowitsch, Governance GP - West Practice Manager of the World Bank, and Hon. Carlos Carreiras, Mayor of Cascais Municipality. In the afternoon, participants discussed in small groups how to motivate citizens to use technologies, supporting public participation in budget process. The discussion groups revealed that trust between government and citizens and budget literacy are important pre-conditions for implementing mechanism of public participation and if they are addressed, it is easier to engage citizens using technologies. Many of the participating countries admitted they had some experience with public participation mechanisms at the local level, while at the national level direct citizen engagement was seen less important. On the other hand, representatives of  countries known as advanced in fiscal transparency and participation, emphasized that engagement of stakeholder groups is more meaningful at the national level when it comes to proposing changes in policies (e.g. tax policy). It was also mentioned that responding to public comments and proposals is crucial for securing public trust and use of technologies can help to facilitate this process.
3. On October 16 the morning session was dedicated to learning from Portuguese government national level participatory budgeting initiatives. In 2017 the national government allocated 3 mil. Euro for 600 projects and in 2018 - 5 mil. Euro for 691 projects nation-wide through the Agency for Administrative Modernization. In addition, 300,000 Euro in 2017 and 500,000 Euro in 2018 was allocated to an additional instrument - Youth Budget initiative. National government considers that participatory budgeting initiatives empower citizens and provide the opportunity for democratic participation in development of the country.  In the same session Ivan Shulga, Task Team Leader of the World Bank Russia Local Initiatives Support Project and Anna Kharchenko,Minister of Finance of Sakhalin region of Russia explained how Portuguese participatory budgeting model was adapted for Russian multi-level budget system context. On October 17 Cascais municipality representatives shared with the participants lessons from Cascais local participatory budgeting initiative, which in their view led to change of how local policy was made, shifting focus to people values and restoring trust in local government institutions. The participants had an opportunity to visit one of the projects, selected for funding through participatory budgeting initiative and see the impact of participatory budgeting on the ground.
4. On October 16 in the afternoon, GIFT and PEMPAL had separate network meetings. PEMPAL participants discussed lessons from the knowledge exchange with GIFT and Portuguese government. PEMPAL members appreciated the opportunity to be included into the global dialogue on public participation. Specifically, the participants provided the following comments regarding lessons learnt for their countries:
5. **Ukraine** appreciated that, following GIFT practice, civil society was included into the discussion on public participation, which provided a great opportunity to hear civil society perspective. Ukraine expressed interest to learn local initiatives support project methodology, used in Portugal and Russia, in more details.
6. **Kazakhstan** acknowledged that the event provided opportunity to discuss details of public participation mechanisms, specifically responsibilities of different government and non-government stakeholders. While there is a general political will to implement mechanisms of public participation, in the absence of historical culture of public participation in governance of the country, it is important to formalize the process by identifying stakeholders, responsibilities and developing clear processes and procedures. Kazakhstan would appreciate the opportunity to review instrument and practices of public participation in budget process through PEMPAL.
7. For **Bosnia** the discussion at the meeting stimulated to reflect what kind of instruments of public participation could be used at the national level for better impact. The representative of the country emphasized importance of engaging public, knowledgeable about issues under discussion and emphasized interest to learn further on the ways of engaging relevant stakeholder groups.
8. **Croatia** indicated they had participatory budgeting initiatives at the local level but not at the national level. Portuguese government experience showed that national level government could also use participatory budgeting approaches. Croatia found interesting an idea of using contest of projects as an opportunity to foster citizen participation.
9. **Belarus** appreciated the opportunity to review global trends and mechanisms of public participation in the budget process. The country representative acknowledged that participation in PEMPAL meetings allows addressing challenges in implementing new instruments quicker as it was the case with introducing citizen budget. PEMPAL-GIFT meeting in Portugal raised interest to exploring more in depth participatory budgeting mechanisms.
10. **Armenia** found that participation of civil society representatives in the meeting was useful for better understanding of civil society perspective in the context of implementing citizen budget. There is high interest to learning more about participatory budgeting approaches that may fit well Armenia context and could be next step in enhancing fiscal transparency and public participation in the country.
11. For **Kyrgyz Republic** the meeting confirmed that direct citizen engagement at the local level matters more than at the central level as engagement focuses on immediate issues that are important for citizens. There is a mechanism in Kyrgyz Republic, that is aimed for local revenue mobilization to address local needs. This can be a good basis to implement participatory budgeting, as it is being implemented in Russia. However, capacity of 450 municipalities is mixed and needs to be addressed. The meeting confirmed that mechanisms at the central level should be more targeted to stakeholder groups and experts. Kyrgyz Republic legislation lays the basis for public participation in budget process, allowing involvement of non-governmental sector including public councils and public hearings on sector strategies before approval of three-year budget.
12. **Moldova** found that the meeting provided many useful practical examples of public participation mechanisms. Until now Moldova Ministry of Finance focused on making budget information accessible for public. Participatory budgeting approaches discussed at the meeting looked very attractive for Moldova context, however representative from Moldova noted it would be necessary to assess risks of potentially reduced responsibility of local governments for addressing local issues and think how to ensure sustainability of the mechanism through institutionalization of it in legislation. Moldova will appreciate a separate event on methodology of participatory budgeting and more information on the challenges countries have, implementing participatory budgeting, and how they are addressed.
13. In the past year **Uzbekistan** made progress in introducing public participation issuing a President’s Decree that endorsed public consultations on budget issues. This initiative was inspired by the discussion at the last BCOP plenary meeting in March 2018. Uzbekistan found appealing the message of Portuguese government “get out of office and co-create” and would like to consider implementing participatory budgeting approaches in Uzbekistan. Other mechanisms that Uzbekistan found interesting included use of mobile phones and text-messages in mobilizing public participation and budget literacy school curriculum in Russia.
14. Representative from **Russia** appreciated different mechanisms presented by GIFT and civil society perspective in the meeting. Given that over 50 regions of Russia were reached out on participatory budgeting approaches and many of Russian regions introduced these approaches, Russian Ministry of Finance proposed compiling a package of legal acts from 1-2 regions and sharing it with BCOP Budget Transparency and Literacy Working Group members as well as inviting one of the regions to the next BCOP plenary meeting in Tashkent. Russian Ministry of Finance also expressed readiness to share budget literacy teaching and learning aids with interested countries.
15. PEMPAL BCOP members discussed that given interest of the majority of member countries in reviewing more in depth methodology of participatory budgeting, it will be useful to invite Russia Local Initiative Project task team leader from the World Bank to share lessons and practical approaches used in Russia under the upcoming BCOP annual plenary meeting in Uzbekistan in March 2019. Going forward, it will also be useful to make a collection of PEMPAL countries public participation practices with legislative acts, supporting their implementation. Some members mentioned they would be still interested to continue discussion of mechanisms of fiscal transparency, especially in the context of countries ratings in the Open Budget Index, as there is still a large room for improvement for many PEMPAL countries. The participants also agreed on the agenda of the Budget Transparency and Literacy Working Group day at the annual plenary meeting in Uzbekistan, which would be dedicated to innovative mechanisms of public participation and their implementation in PEMPAL countries. Finally, the participants expressed interest to continue co-organizing meetings with GIFT stewards and agreed to invite GIFT expert to the annual plenary meeting to discuss engagement of stakeholder groups in discussion on fiscal policies.

*The agenda, list of participants and presentations from the event are available at* [*https://www.pempal.org/events/bcop-budget-literacy-and-transparency-working-group-bltwg-learning-visit-public-participation*](https://www.pempal.org/events/bcop-budget-literacy-and-transparency-working-group-bltwg-learning-visit-public-participation)