

**Key Budgeting Reforms and
Tools in the Current Focus of
Finance Ministries**

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Preface and Acknowledgements

This paper is based on materials and discussions at the December 2023 meeting of the OECD Senior Budget Officials from Central, Eastern, and South-eastern Europe (OECD SBO CESEE) and the PEMPAL Budget Community of Practice (BCOP) workshop on budget openness in cooperation with the Global Initiative for Fiscal Transparency (GIFT). PEMPAL BCOP has a long-standing partnership with both the OECD SBO network and GIFT. These events provided the opportunity for BCOP members to i) learn about current budgeting practices in 22 participating countries, ii) learn about the OECD's newest research and good practices in the thematic areas of spending reviews, independent fiscal institutions (IFIs), and green budgeting, and iii) examine in detail GIFT's advice on budget openness measures.

The objective of BCOP's participation in the OECD CESEE SBO meeting was to learn about the experience of the OECD CESEE countries and the OECD's research and advice on current budgeting reforms, as well as for PEMPAL countries to share their progress and BCOP work. BCOP's content contribution to this OECD meeting included delivering a presentation of the work of its Program and Performance Budgeting Working Group on linking budget planning with strategic planning and a presentation on linking budget planning with strategic planning in Bulgaria, while all of the 15 participating BCOP countries also presented the news on budgeting reforms in their countries. In addition, senior budget officials from the Netherlands, Austria,

Latvia, Lithuania, Poland, Slovak Republic, and Slovenia also presented their current and planned budgeting reforms. Other meeting sessions included discussions on independent fiscal institutions, green budgeting, spending reviews, and the Croatian PFM reforms.

The objective of the BCOP's workshop on budget openness, organized within the Budget Literacy and Transparency Working Group (BLTWG) was to examine openness measures targeting different groups of external stakeholders. Earlier this year, BCOP members selected the topic of budget openness measures (including citizen budget material, budget literacy measures, and public participation measures) targeting different categories of the public as the most common top-priority topic. After having mostly implemented general citizens' budgets, PEMPAL member countries recognize the need to address diverse informational requirements and encourage active participation of various segments of the public. During the workshop, each of the three sessions (characteristics and importance of meaningful fiscal openness; public participation; and digital tools) started with an interactive presentation by the GIFT Coordination Team providing theoretical explanations and practical examples. This was followed by interactive Q&A sessions, where participants shared relevant country experiences. Participants then undertook different forms of exercises to brainstorm how the information relayed could be practically applied to current/planned initiatives.

The paper summarizes the key discussions to provide a brief outline of the key budgeting reforms that are the current focus of the Finance Ministries. Part 1 provides a brief review of the thematic budgeting areas that each of the 22 participating countries mentioned as their current reform/improvement focus. Part 2 gives some key advice from the OECD and GIFT experts on some budgeting tools that can assist Finance Ministries in their budgeting reforms. These include spending reviews, independent fiscal institutions (IFIs), green budgeting, and budget openness mechanisms. BCOP's current and planned work on linking strategic planning and budgeting that was discussed in the events is not covered in this paper, as it will be a separate knowledge product, expected to be published in mid-2024.



BCOP would like to thank BCOP members and external experts for their contributions to these events. We are particularly grateful to Mr. Andrew Blazey, Deputy Head of the OECD Budgeting and Public Management Division, and Mr. Brian Finn, Senior Policy Analyst in the OECD Public Management and Budgeting



Division, as well as Juan Pablo Guerrero, GIFT Network Director. We also thank the members from BCOP countries who attended and contributed to these events. This summary report was drafted by the BCOP Resource Team (Naida Carsimamovic Vukotic, World Bank PEMPAL BCOP Resource Team Member and Iryna Shcherbyna, World Bank Senior Public Sector Specialist and PEMPAL BCOP Resource Team Coordinator), with guidance from Aynura Bakaybaeva (BCOP Chair, Ministry of Finance of Uzbekistan) and Emil Nurgaliev (BCOP Deputy Chair, Ministry of Finance of Bulgaria).



Event agendas and materials are available on the PEMPAL website for the December 5-6, 2023 OECD SBO CESSE meeting¹ and the December 7-8, 2023 BCOP workshop.² BCOP facilitated the attendance of 32 budgeting officials from 15 BCOP member countries in these events (including Bulgaria, Croatia, Georgia, Kosovo, Kazakhstan, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Romania, Serbia, Türkiye, Tajikistan, Ukraine, and Uzbekistan).



¹ <https://www.pempal.org/events/bcop%E2%80%99s-participation-oecd-cesee-sbo-meeting>

² <https://www.pempal.org/events/bcop%E2%80%99s-participation-oecd-cesee-sbo-meeting-and-bcop-workshop-budget-openness-measures>



Brief Background on PEMPAL and BCOP

Public Expenditure Management Peer Assisted Learning (PEMPAL) is a network that facilitates the exchange of professional experience and knowledge transfer among public finance management (PFM) practitioners across Europe and Central Asia (ECA) countries. The network, launched in 2006 and currently operating under the 2017-2025 PEMPAL Strategy, aims to contribute to strengthening PFM practices in the member countries through developing and disseminating information on good PFM practices and their application.

The network is organized around three thematic communities of practice:

- Budget Community of Practice (BCOP),
- Treasury Community of Practice (TCOP), and
- Internal Audit Community of Practice (IACOP).

The main overall objective of BCOP is to strengthen budget methodology, planning, and transparency in member countries. Demand-driven peer-to-peer learning is the main instrument used. Participants work together face-to-face and online to share

knowledge and develop approaches to addressing common PFM problems. In contrast with traditional training approaches, participants formulate their own activity plans and play the role of experts within the peer groups, so they are not only receivers but also providers of technical assistance. BCOP activity plans include sharing and creating knowledge through face-to-face learning events, virtual meetings, and study visits, and through the development of knowledge products.

BCOP members are typically mid- to high-level officials in budget planning or budget methodology/policy units in the budget departments/sectors in Ministries of Finance/central budget authorities. BCOP is led by the BCOP Executive Committee consisting of representatives from the Ministries of Finance of member countries, who elect a Chair on an annual basis. Technical expertise, coordination, and support are provided by the World Bank BCOP Resource Team, and administrative support is provided by the PEMPAL Secretariat.

Please refer to the BCOP Fact Sheet³ for additional information about BCOP.

³ <https://www.pempal.org/event/budget>

PART 1

What Budgeting Improvements Are Underway in Finance Ministries?



There are common threads in the current and planned budgeting reforms in the 22 countries that participated in the OECD event. These include:

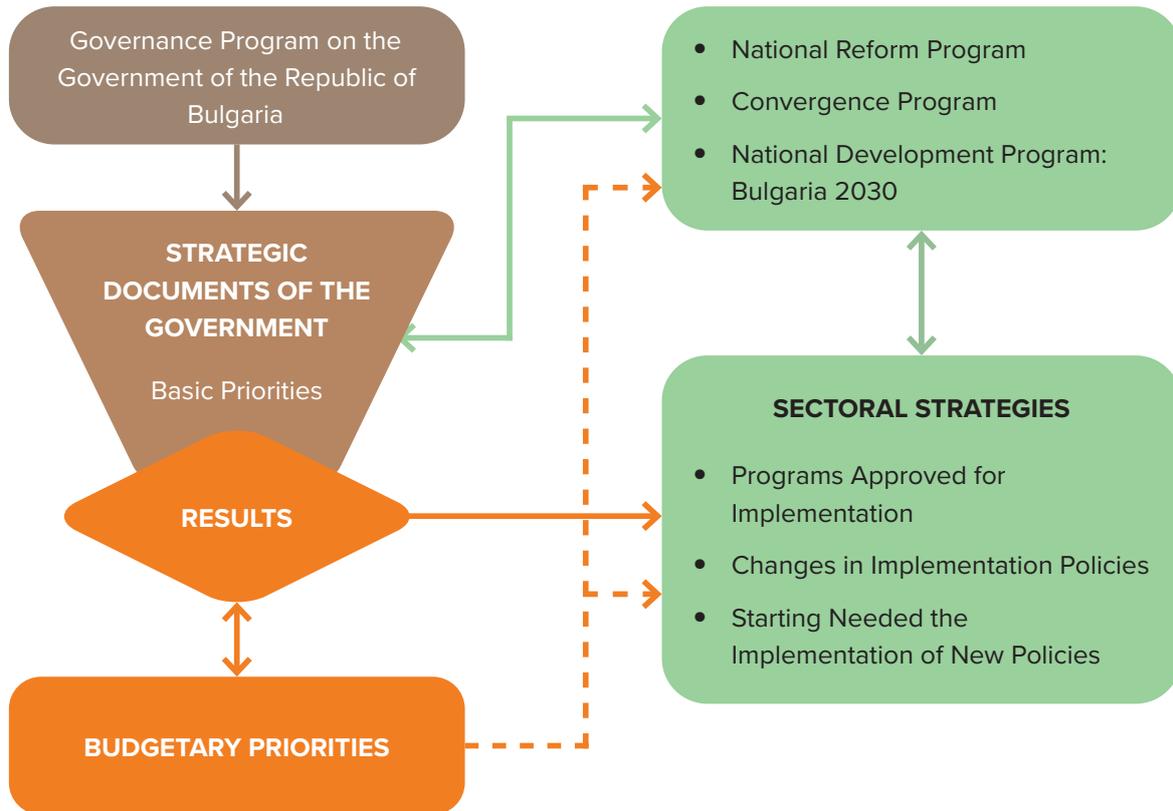
1. improving/expanding program and performance budgeting (PPB) systems and their usages by streamlining them, increasing the quality of performance information, and increasing linkages with strategic planning;
2. introducing or improving green budgeting/tagging;
3. consolidation and/or reprioritization of expenditures;
4. upgrades and integrations of IT systems;
5. improving mid-term budgeting and baseline budgeting; and
6. introducing more sophisticated/advanced budget transparency and public participation tools.

The Austrian government's focus over the mid-term is on reprioritizing expenditures while further reducing

deficit and public debt. Spending structure is being reprioritized, with current increases in spending for child care, and overall social and housing sectors. Going forward, internal security spending is expected to significantly increase. Consequently, consolidation and/or reprioritization of expenditures will be taking place.

The Bulgarian Ministry of Finance is focusing on public investment management (PIM), and further strengthening of program and performance budgeting. Findings and recommendations from a recent project with the OECD are being used to strengthen PIM. Priority projects under the Investment program for national projects as well as priority projects under the Investment program for municipal projects were determined with the annual budget law for 2024. Further efforts will be directed to risk assessment and priority selection and establishing project readiness to reduce under-execution. Within the cooperation with the EC, experiences have been exchanged with other EU countries in the area of

Exhibit 1. Relationship Between Strategic Policy Planning and Budgeting in Bulgaria



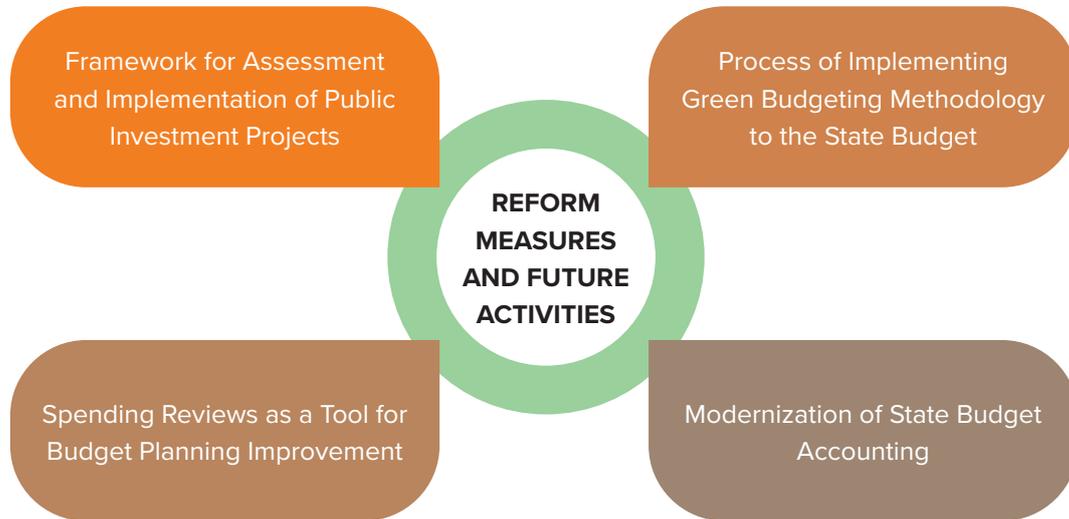
Source: Presentation by the Ministry of Finance of Bulgaria at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

green budgeting. Bulgaria also delivered a separate presentation on linking strategic planning to PPB in Bulgaria in this meeting. Overall linkages are shown in **Exhibit 1**. In previous stages, PPB has been streamlined and key performance indicators identified. A draft Law on Strategic Planning has been developed, to, inter alia, prescribe the hierarchy of strategic documents and their development and decrease their number; regulate the single national development program as the highest-level strategic document; prescribe standards for strategic document content and structure, including performance indicators; and introduce mandatory impact assessments.

Croatia has focused on PIM, green budgeting, and spending reviews, as shown in **Exhibit 2**. The government has been committed to strengthening fiscal sustainability through the continuous decrease of public debt and deficit, with the increased expenditures

expected in the next years to improve social protection and pension systems, public infrastructure, and energy sector decarbonization. Ministry of Finance of Croatia, as the host of the OECD CESEE SBO meeting in Zagreb, delivered separate presentations in the meeting, including the overview of the Croatian public finance system. Content and quality of data in budgetary processes will be improved. Framework for assessment and implementation of public investment projects will be supplemented with capacity building at the level of state and local budgets. Measures and tools that have been/will be developed for green budgeting include green budget tagging, green dimension in spending reviews, and ex-ante and ex-post environmental assessment. The spending review framework is being strengthened to enable the use of spending reviews (both comprehensive and targeted reviews) as a tool for budget planning improvement, on an annual basis.

Exhibit 2. Croatian Ongoing Reforms



Source: Presentation by the Ministry of Finance of the Republic of Croatia at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

Efforts in further strengthening of mid-term expenditure framework, program and performance budgeting, and IT system for budgeting and execution are being invested in Georgia. Expanding IT solutions and support will increase the availability of good quality data to inform reforms. A system of policy classifiers has been introduced within PPB to enable a better connection between policy and budget, which will also be reflected through the IT system. Assessment of the 4-year fiscal impact of new policies is submitted to Parliament. A new PIM methodology has also been developed.

In Kosovo, green budgeting, gender budgeting, and baseline expenditure planning are being developed, as well as improvements in capital project selections. IT system for budget planning and PIM is also being upgraded/developed. For the upcoming period, focus areas include strengthening the link between strategic planning and budgeting, and strengthening the mid-term expenditure framework. The World Bank is providing assistance in green budgeting and gender budgeting efforts.

Kazakhstan's efforts are in areas of strengthening program and performance budgeting and other tools for managing results, improving budget transparency and accountability, and linking budgeting with the ongoing reforms of the overall public administration and planning system. Findings and recommendations of the OECD's 2018 Budget Review of Kazakhstan were used to develop the Concept of Public Finance Management in the Republic of Kazakhstan until 2030 (CPFM) and the new Budget Code.

In the Kyrgyz Republic, activities for improving the effectiveness and efficiency of spending are considered. Tax and customs reforms have been implemented, resulting in notable revenue growth. In the upcoming period, the focus will be on increasing the effectiveness of government expenditures and prioritization. Digitalization and automatization of PFM processes are also planned.

A new IT solution for all budget processes has been developed in Latvia, to, inter alia, support the automatization and improvements in performance

analysis, mid-term budget planning, and institutional strategic planning documentation and processes.

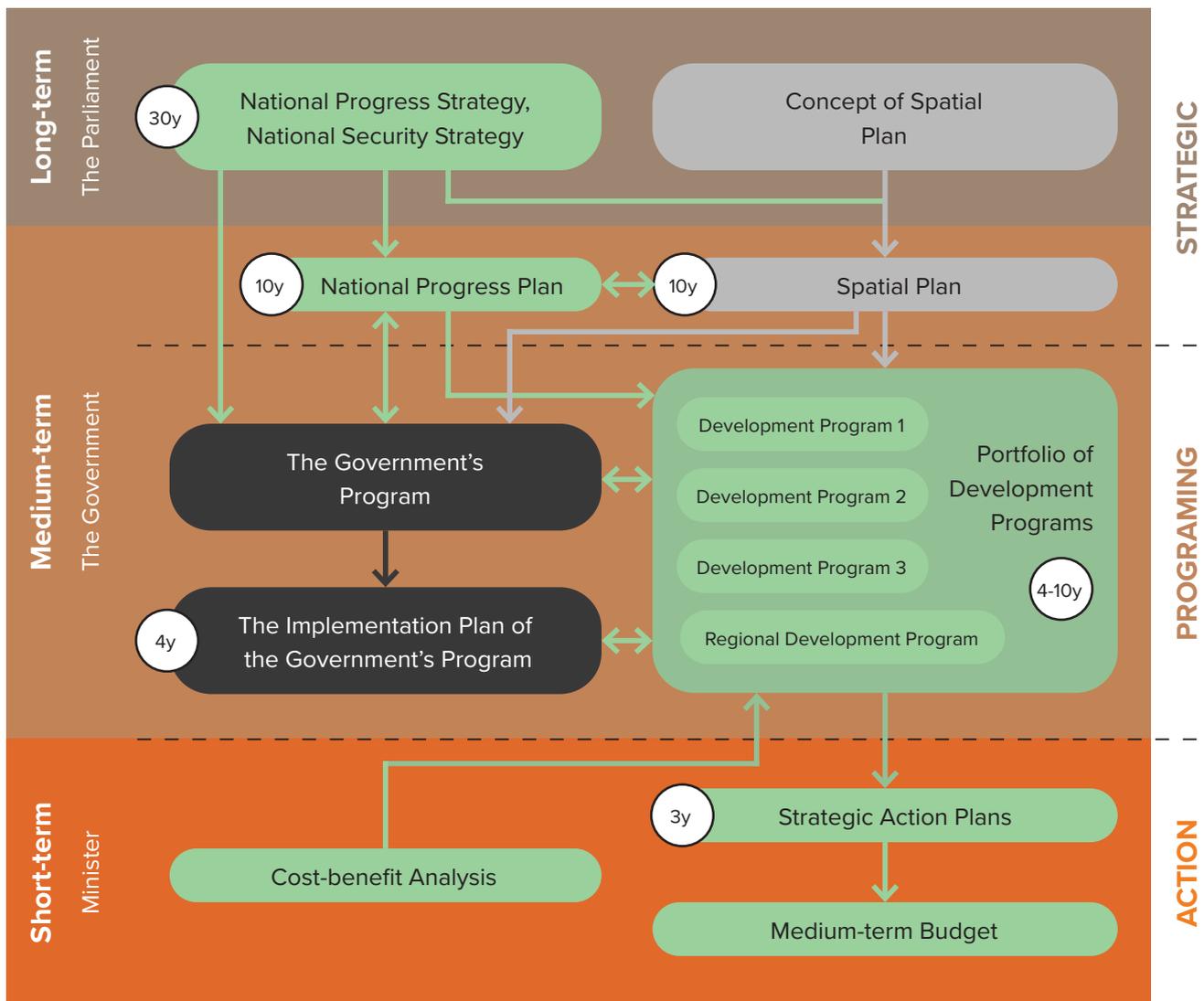
Automatization will free time for better analyses and integration of these processes. Increased usage of spending reviews is also notable in Latvia, including the conducted 2023 spending review, and reviews planned for 2024 and 2025. Strengthening of spending review methodology includes increased usage of performance information.

In Lithuania, the improvement of the mid-term budgetary framework will be the focus, following the recent efforts to strengthen the overall strategic

management system. These strategic management efforts include linking strategic, spatial, regional, and budget planning systems, as shown in **Exhibit 3**. Challenges that are being addressed include a large number of uncoordinated strategies with unrealistic financial demands, poor orientation to results, weak performance monitoring systems, insufficient use of performance information in decision-making, and overall lack of connection between budgeting and strategic planning.

Moldova will focus on decreasing the deficit, while at the same time continuing with the budgeting

Exhibit 3. New Top-Down Planning System in Lithuania with Linkages to Budgeting



Source: Presentation by the Ministry of Finance of Lithuania at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

reforms, including strengthening the use of spending reviews and improving PIM. Fiscal balance deterioration was fueled by the energy crisis, war in Ukraine, and droughts. Savings of 10% were identified in the three most recent spending reviews, which were reprioritized within the same sectors. In PIM, the focus is on improving project selection criteria.

Montenegro discussed the expansion, as well as the planned improvements in PIM, gender budgeting, and IT system, and the creation of an IFI. PPB was introduced a few years ago, but the early stages included a pilot approach with selected ministries, while in 2022 and 2023, it was rolled out to all budget units at the State level. The next stage is to expand to the local level. Value-for-money analyses for capital projects are also planned.

North Macedonia discussed recently established IFI, and planned efforts to improve budget transparency, mid-term planning, and IT system. Improvements are envisaged within the improved organic budget legislation adopted recently. The Fiscal Council was formed in late 2023, as an independent 3-member body. Members are appointed by the Parliament, upon proposal by the Macedonian Academy of Sciences and Arts, State Audit Office, and National Bank. Transparency efforts include budget documentation, budget execution reports, audit reports, citizens' budget portal, and open finance portal. In addition, special attention is given to increasing the transparency of state-owned enterprises.

In the Netherlands, the focus will be on budget openness, within the overall open governance policy. All budget-related documents will be published and the budget will be more accessible to the public. The Ministry is also working on user-friendly visualization of different budget documents. In terms of expenditure structure, the focus will be on vulnerable groups.

Poland has been working on overall budgeting modernization, including PPB with a new improved program structure, strengthening of the mid-term planning, and introduction of spending reviews. The new budget classification has been developed with the assistance of the IMF and EU, as the main building block of the new budgeting system. It is multi-dimensional, including statistical reporting needs. It includes administrative, source-of-funding, economic,

and program classifications, as well as coding for green budgeting, gender budgeting, etc. The next step will be to amend all relevant legislation. Spending reviews will be implemented as of 2024, after two pilots that will be conducted with the OECD assistance. Work will also be done on performance auditing.

Romania is undergoing fiscal and pension system reform. This, inter alia, includes digitalization efforts, improvements in PPB, customs system modernization, the creation of a national development bank, and fiscal framework reviews. IT system improvements include an e-budget system that facilitates improved management of financial and non-financial information, improved transparency, monitoring, and reporting, and interconnection with other related national IT systems.

Four interconnected budgeting areas in the focus of the Serbian Ministry of Finance include PPB, green budgeting, mid-term expenditure framework, and digital tools. PPB improvements include cooperation with the local self-governance level on analyzing and improving the uniform program structure for the local level, improvements of IT support, and capacity-building workshops. In addition, work is underway on PPB improvements for social security funds and the introduction of PPB in healthcare institutions. At the national level, program objectives and performance indicators will be strengthened, with a special focus on green objectives and indicators. Green tagging mechanisms are introduced in the IT system for budget planning, while the green tagging methodology and criteria are being developed. An action plan was developed for improving the medium-term expenditure framework, including strengthening baseline forecasting. The development of digital tools in the budgeting process for planning, forecasting, and simulations is planned.

The Slovak Republic continues to strengthen and expand its spending review system. The Value for Money Division, which conducts spending reviews, has been expanded from a staff of 5 in 2016 to 60. More than half of the total expenditure has been subjected to spending reviews so far, with savings of 2% of GDP being identified in the process. In addition, a comprehensive spending review has been conducted recently, with recommendations for expenditure reprioritization.

Slovenia is undergoing reforms in the wage bill system and green tagging and is implementing an IT system overhaul and expansion. The wage bill reform will be implemented over three years, and the negotiations with the unions are still ongoing. The use of the new IT system at the national level has just started. The IT system will also be moved down to the municipal level.

Tajikistan focuses on budget transparency and accountability, PPB expansion, and IT system improvements and integration. The IT system improvements include new budget planning models, as well as integration with public procurement and tax services. The PPB has initially been introduced on a pilot basis for six ministries. Now, performance indicators are being added, as well as the program budget classification. PPB is also being expanded to the remaining spending units. Simplified budget documentation is being developed and published. Gender and climate budgeting initiatives will be piloted.

PPB, gender-responsive budgeting, and children-focus budget analysis are in focus in Türkiye. In addition to program classification, and program performance information, attention is given to monitoring and evaluation within the PPB system. UN Women is assisting with gender-responsive planning and budgeting. Fifty-nine performance indicators are introduced within the PPB to monitor gender equality. Child-focused budget analyses were conducted with the assistance of UNICEF, examining education, health, and social protection expenditures allocated for children.

Ukraine is continuing efforts to strengthen the mid-term budgeting and spending review practices, after a brief stall in reforms due to the start of the war. Three-year budget is planned to be submitted to the parliament in 2024 for 2025-2027. Spending reviews covering 32 spending areas were conducted before the start of the war. In 2024, spending reviews of 6 spending areas will be conducted.

Uzbekistan will pilot the green budgeting and SDG tagging initiatives in 2024, and PPB will be introduced. Over the past four years, significant efforts were invested in improving the regulatory framework for strategic plans. A strategy for transitioning to a green economy by 2023 was adopted. Ministry of Economy and Finance, with the assistance of the French Agency for Development and the UNDP, has carried out several assessments including Climate Public Expenditure and Institutional Review, a roadmap for climate budget tagging modeling and methodology, and Climate Change Budget Integration Index assessment. Green bonds have been issued. PPB will be rolled out, including performance reporting.

PART 2

What Are Some of the Budgeting Tools That Can Assist Finance Ministries in Emerging Budgeting Reforms?



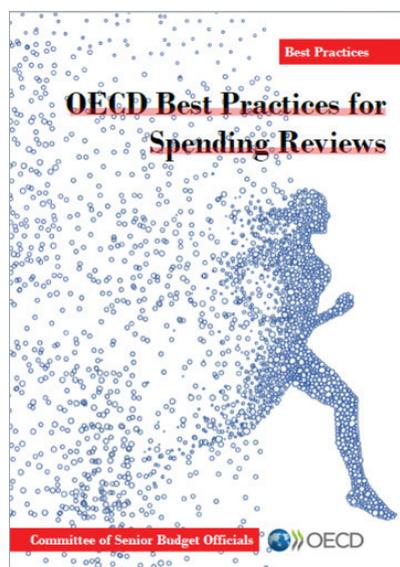
Budgeting tools that can assist Finance Ministries in their ongoing and planning budgeting reforms include spending reviews, independent fiscal institutions (IFIs), green budgeting, and budget openness mechanisms. This section provides some key advice for these budgeting tools presented by experts from the OECD and GIFT in Zagreb events.

As governments formulate responses to support economic recovery in the coming years, it is specifically important to have strong spending review processes in place. This was stressed by the OECD experts in their presentation on strengthening the impact of spending reviews. Fiscal consolidation will be needed for most governments in the next period, thus it is crucial to prepare for a good design of fiscal consolidation efforts. If applied well, strong spending review practices reinforce the capability of governments to make tough decisions. Systematically taking stock of existing expenditures can lead to a more productive public sector.

The impact of spending reviews needs to be strengthened by building on existing practices and ensuring the reviews play a role in budgetary decision-making. This, inter alia, includes increasing the reviews' scope, including an indicative savings target to focus the review process, making the reviews a regular part of the budget process, and engaging the political level. Carrying out comprehensive spending reviews to analyze the main spending areas of the government is advised, as well as reviewing policy areas that are a priority of the government. Spending reviews should conclude with options/recommendations that can be implemented in the budget. It should be ensured that the spending review decisions are considered as part of the budget discussion.

More detailed advice is available in the Best Practices for Spending Reviews developed by the OECD. They include seven pillars, as shown in **Exhibit 4**. The Best Practices were developed based on the experiences and lessons learned from OECD countries. At this point, almost all of the OECD countries are using

Exhibit 4. OECD's Best Practices for Spending Reviews



- 1 Formulate clear objectives and specify the scope of spending reviews
- 2 Identify distinct political and public service roles in the review process
- 3 Set up clear governance arrangements throughout the review process
- 4 Ensure alignment with the budget process
- 5 Implement recommendations in an accountable and transparent manner
- 6 Ensure full transparency of spending review reports and the review framework
- 7 Update the spending review framework periodically

Source: OECD Presentation at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

spending reviews. The growth of spending review practices in OECD countries places governments in a better position to consider these challenges.

Independent fiscal institutions (IFIs) have a role in promoting fiscal sustainability and they can help Ministries of Finance achieve their goals concerning budgetary governance and better spending. The nine OECD Principles for IFIs were presented in the meeting. They include:

1. **local ownership** to ensure that role and structure are in line with the local needs
2. **independence and non-partisanship**, to distinguish from policy-making responsibilities and ensure merit-based appointments
3. **clearly defined mandate**, making sure that IFI can work at own initiative (clear links to the budget process should be established within the mandate; IFIs might do: economic and fiscal projections; baseline projections; analysis of budget proposal; monitoring of the compliance with fiscal rules; costing major legislative proposals; and analytical studies on selected issues).
4. **IFI resources**, which should correspond to the mandate and be free from political pressure
5. **relationship with the legislature** should be defined, including appropriate accountability and reporting to the legislature defined in legislation (roles/relationships include IFI submitting reports to

the legislature and appearing before committees, parliamentary scrutiny of IFI budget, the role of parliament in appointing IFI members, etc.)

- 6. **access to information** should be guaranteed to IFI in legislation
- 7. **transparency** should be ensured in all of the IFI work, with all reports published and presented to the public
- 8. **effective communication channels** should be ensured, especially with media
- 9. **external evaluation mechanism** should be in place (e.g., a permanent advisory panel or peer review)

Ministries of Finance and IFIs share several important common goals and should cooperate at the technical level. These are shown in **Exhibit 5**. While many

IFIs have a strong record in delivering their “fiscal watchdog” role (monitoring compliance with fiscal rules), promoting a culture change to improve outreach and visibility towards the public and key stakeholders will help strengthen their ability to serve as “fiscal advocates” (advocates for fiscal sustainability).

The OECD Green Budgeting Framework is one of the resources the OECD Paris Collaborative on Green Budgeting developed to support ministries of finance and environment to integrate climate and environmental considerations into budget frameworks and processes. Seven key orientations are:

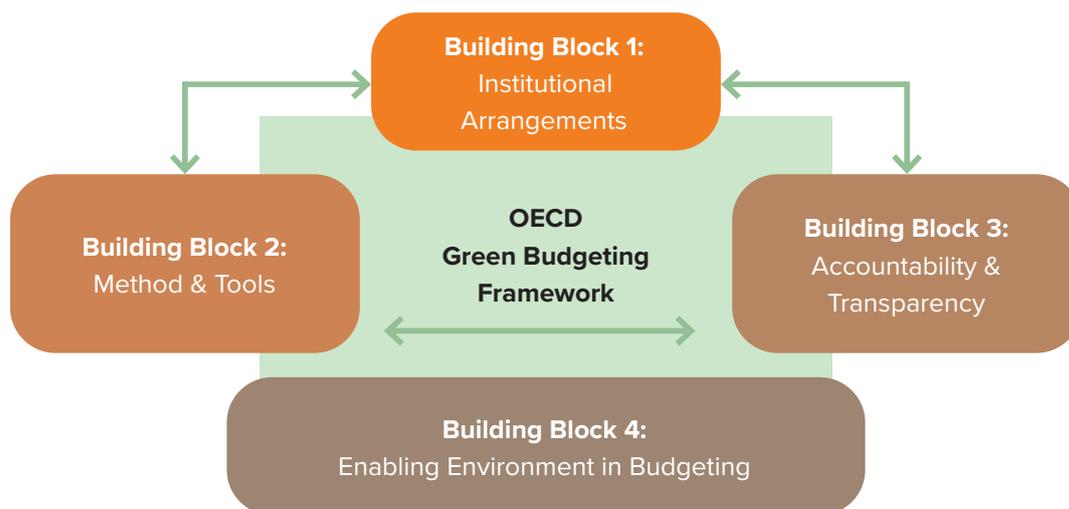
1. defining green in terms of the expected results,
2. integrating green impacts into all governmental policies,

Exhibit 5. Shared Mutually Reinforcing Goals of Finance Ministries and IFIs



Source: OECD Presentation at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

Exhibit 6. Main Building Blocks in Green Budgeting Initiatives



Source: OECD Presentation at the OECD CESEE SBO meeting in December 2023 in Zagreb, Croatia

3. coordinating climate and environmental commitments and budgets,
4. applying a consistent basis to prioritizing the activities that matter most to climate and environmental goals,
5. analyzing green budget proposals on merit, separate from funding,
6. leveraging existing budgetary frameworks to implement green budgeting, and
7. strengthening accountability and transparency requirements for the implementation of green initiatives.

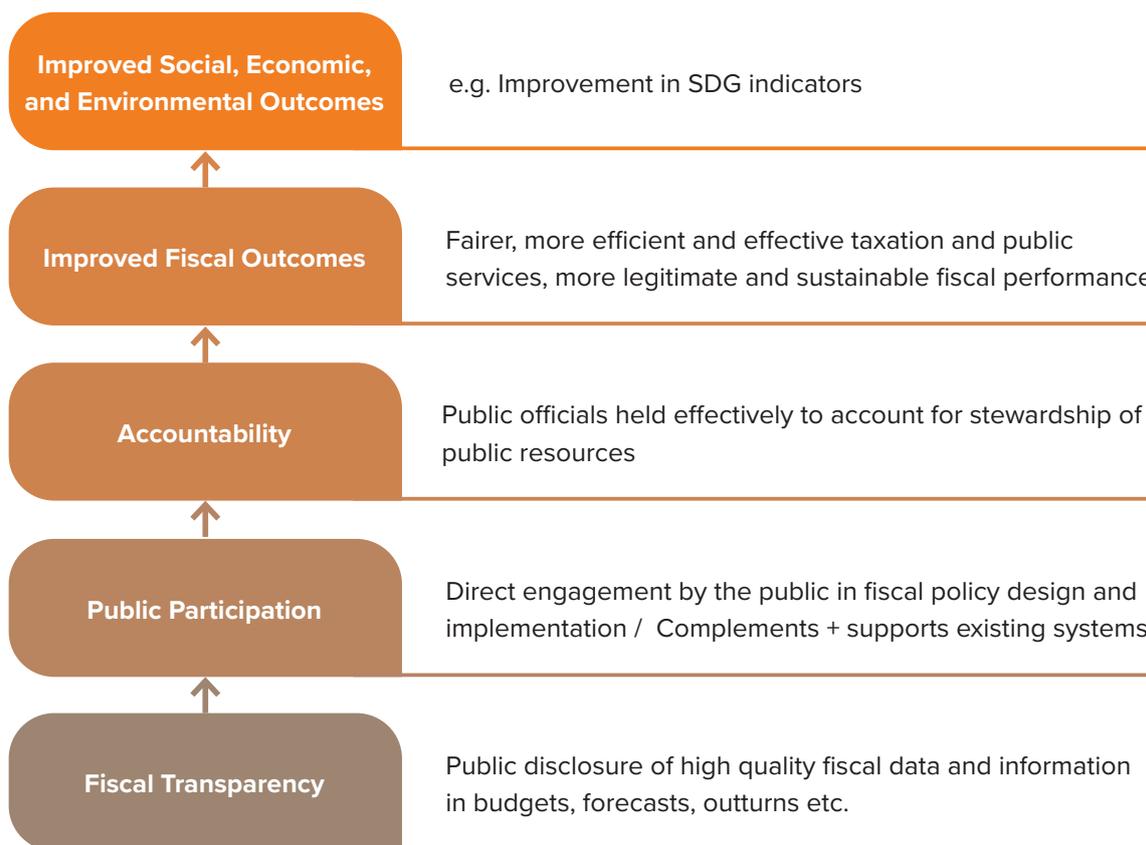
Nearly two-thirds of OECD countries have adopted green budgeting, but there is no single approach to green budgeting as budgeting, priorities, and capacities differ across countries. Initiatives are recommended to be adopted in the four main building blocks of green budgeting, as shown in **Exhibit 6**. Some of the lessons so far are to focus on a small number of objectives and to be aware that relevance for decision-making can require additional analysis and that implementation requires investment in systems, coordination, and communication. Weaknesses include a lack of international comparability, optimism bias, and costly implementation. Some ministries of finance are also developing advanced practices in

green budgeting, including forecasting and modeling, fiscal risk management, and impact assessment and reporting.

There is a plethora of recent innovative good practices in budget openness, including customized measures for different audiences. BCOP's 1.5-day BLWTG workshop held on December 7-8, 2023, with multiple presentations delivered by GIFT, examined ways to tailor budget openness measures to identify and engage diverse external stakeholders in the budgeting process. It included a discussion on the benefits derived from fiscal transparency and public participation and the role that diverse stakeholders play as producers/suppliers, stewards, and users of information. When implemented meaningfully, openness can contribute to spending effectiveness and improvement in development goals, as shown in **Exhibit 7**.

Different stakeholders can provide unique contributions as users and suppliers of fiscal information, and the effectiveness of the multi-stakeholder approach depends on country specificities. This, inter alia, includes the extent of availability of quality information; legal, social, economic, political, cultural, and technological country context; demand for information; types of public participation spaces; the extent of use of information

Exhibit 7. Fiscal Openness Theory of Change



Source: GIFT presentation at the BCOP BLTWG workshop in December 2023 in Zagreb, Croatia

and participation to influence fiscal policy; and the extent and ways in which stakeholders interoperate. It is important to carefully take these elements into account when designing budget openness measures for different stakeholder groups in each country.

Effective public participation mechanisms can be established for multiple types of external stakeholders. They include oversight institutions of parliament and supreme audit institutions, civil society (civil society organizations, academic institutions, think tanks, non-profit organizations, etc., of which each can have different needs and roles), the general public, including significant funding recipient groups (e.g., agriculture subsidies, welfare transfers), private sector organizations managed by individuals and companies for profit, media, and international financial institutions and donors. It is essential to enable effective feedback loop mechanisms. Public participation processes create a platform for stakeholders, who have traditionally been skeptical of each other, to cultivate trust; the joint work in turn can lead to finding better solutions and overcoming reform resistance.

Government (including the Ministry of Finance, but, importantly, also line ministries) and oversight institutions should actively use public participation at different moments of the budget and fiscal policy cycle to address distinctive goals and challenges.

There are different purposes for public participation across different stages of the fiscal policy cycle, with distinct tools that can be used to design, plan, and implement appropriate participation mechanisms. The stages include the government's budget and fiscal policy formulation, legislative approval and amendment, budget and fiscal policy implementation, and audit and oversight. Different examples (across the world) of different external stakeholders and the ways in which they can use and provide information and inputs in different fiscal policy/budget cycle stages were discussed in the workshop.

Public participation initiative success depends largely on the thoroughness and thoughtfulness of its planning. Drawing from the experience of the GIFT network, the GIFT team presented advised steps for designing and rolling out fiscal policy

public participation mechanisms. Four general steps include: i) defining the objectives of public participation mechanisms (noting that objectives should align with, reinforce, and complement fiscal policy goals and higher development objectives), ii) determining which stakeholders should be targeted depending on the objectives (key stakeholders must be identified, given access to quality fiscal information, and collaboration opportunities throughout the process), iii) setting the timing of public participation initiative, iv) determining scope, format, and degree of

participation, v) closing the feedback loop (increasing government responsiveness to expressed needs), and vi) measuring results towards impact-oriented public participation (as opposed to public participation being objective in itself). For each step, specific elements that should be taken into account and decided were presented, as well as good practice examples from different countries across the globe. **Exhibit 8** shows different formats of public participation, while **Exhibit 9** shows the public participation spectrum.

Exhibit 8. Public Participation Formats

ONLINE, ELECTRONIC PARTICIPATION MECHANISMS

Citizen survey	A collection of questions designed to collect information on targeted topics. Tools: questionnaires, forms; open-ended surveys (qualitative); multiple-choice questions (quantitative); polling surveys
E-consultations and User-engagement / On crowdsourcing campaigns	Online channels for citizens to send their comments, ideas and recommendations Tools: online portals; mobile applications, websites; online forums, social media

DELIBERATIVE PARTICIPATION MECHANISMS

Public consultations	Two-way exchange of information between government representatives and citizens, where citizens can offer inputs, ideas and recommendations. Tools: pre-budget hearings; town-hall meetings; budget deliberations
Participatory budgeting (PB)	Citizens participate directly through discussions and negotiations in formulation, execution and monitoring parts of the public budget
Social audits	Using official records, citizens monitor, analyze and verify government records against ground realities. Information is shared and discussed in a participatory manner

EXPERT BASED MECHANISMS (draws on the idea of selected and appointed representation from civil society)

Advisory groups	Multi-stakeholder group of representatives selected to provide comments or advice on a broad range of topics or an issue. Representatives could be elected members of a council or stakeholders coming together to form a committee or board. Tools: public councils; focus group discussions; workshops
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Source: GIFT presentation at the BCOP BLTWG workshop in December 2023 in Zagreb, Croatia

Exhibit 9. GIFT Public Participation Spectrum

	LEVEL OF PUBLIC INVOLVEMENT				
	(-)				(+)
	Inform	Consult	Involve	Collaborate	Empower
Objective of citizen participation	To provide the public with balanced and objective information assisting them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public comments on analyses, alternatives, and/or decisions.	To work directly with the public throughout the process ensuring that public concerns and aspirations are consistently understood and considered.	To partner with the public in every aspect of the decision, including in the development of alternatives and in the identification of the preferred solution.	To place the final decision in the hands of the public.
Objective from the public's perspective	We will keep you informed.	We will keep you informed, listen to, and acknowledge your concerns and aspirations. We will provide feedback on how public inputs influenced decisions.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed. We will provide feedback on how public inputs influenced decisions.	We will seek the public's advice and ideas when formulating solutions. We will incorporate this advice and recommendations into decisions taken, to the maximum extent possible.	We will implement the decisions taken by the public.
Examples of mechanisms	Newsletters, e-mails, videos, websites, social networks, and virtual meetings.	Social media discussions, surveys, interviews and blogs.	Ideation, surveys, interviews, social media discussions and competitions.	Online forums, collaborative documents, mapping, twitter chats and video calls.	Decision making through online voting, participatory budgeting, and direct community actions through discussion forums.

Source: GIFT presentation at the BCOP BLTWG workshop in December 2023 in Zagreb, Croatia

Technology can contribute to more efficient, transparent, equitable, and impactful budget and fiscal policies. Budget documents are produced at specific time points and do not provide real-time information to keep the public continually informed

and able to participate at all times during the cycle. They are also often at a higher level of aggregation than may be required. Digital publication of budget information assists in closing this gap. Different uses of digital tools include information and (open) data

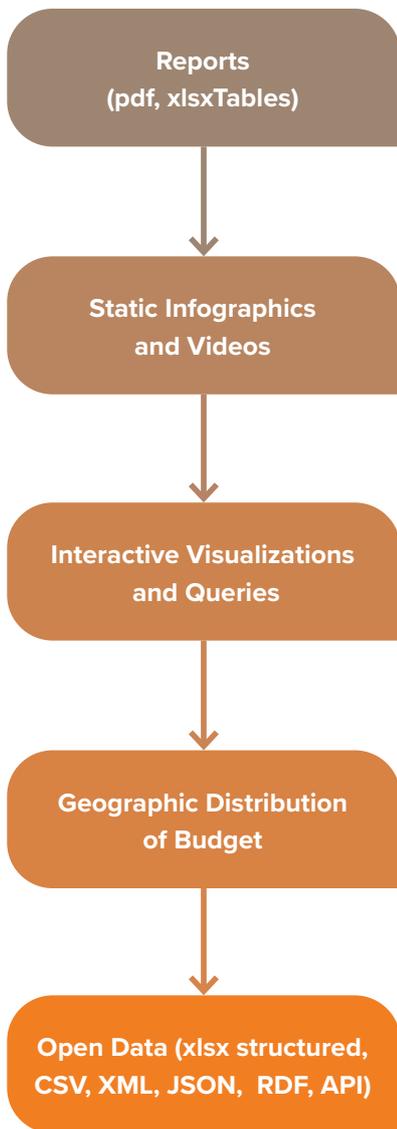
disclosure and dissemination, websites/portals, mobile apps, interactive infographics, artificial intelligence, public participation platforms, project monitoring, complaints and accountability platforms, etc.

Digital tools can assist in reaching different audiences, but care should be taken to use a user-centric design approach. Characteristics, levels, benefits, and uses (such as rallies and data quests) of open data were examined, as well as the way it should supplement (rather than replace) data aggregation and visualizations, given different purposes of the use of open data and data aggregation and visualizations. Good innovative practices for transparency portals were also discussed. It was stressed that progressive

disclosure of information should be enabled, starting from reports up to open data, as shown in **Exhibit 10**.

Innovative digital tools that can be used for more effective budget openness are continuously expanding. For example, there are tools for identifying information demands, such as personas and scenario techniques. Many adaptable/customizable open-source tools for digital participation platforms are continuously improved and upgraded. These include YourPriorities, Decidim, Citizen Lab, Bang the Table, Consul, etc. Artificial intelligence. Artificial intelligence is also emerging as a potentially useful tool. In Mexico, it is being used effectively to locate direct subsidies of government support.

Exhibit 10. Progressive Information Disclosure



Philippines (PDFs)
<https://www.dbm.gov.ph/>

Dominican Republic
<https://www.transparenciafiscal.gob.do/>

North Macedonia
<https://open.finance.gov.mk/mk/home>

Guatemala (Open Data)
<https://transparenciapresupuestaria.minfin.gob.gt/>

Source: GIFT presentation at the BCOP BLTWG workshop in December 2023 in Zagreb, Croatia

