

## GPSA Brown Bag Lunch Series

# *All About the Money: Public Participation in Fiscal Policy*

July 9, 2015 | World Bank HQ, Washington, D.C.

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COMMUNITY OF PRACTICE ON  
**FISCAL TRANSPARENCY**



**PRESENTERS:** Murray Petrie, Lead Technical Advisor, Global Initiative for Fiscal Transparency (GIFT) & Juan Pablo Guerrero, Network Director, GIFT  
**DISCUSSANT:** Svetlana Klimenko, Lead Financial Management Specialist, World Bank  
**CHAIR:** Olive Moore, Knowledge & Learning, Global Partnership for Social Accountability, World Bank



The BBL featured a presentation by Global Initiative for Fiscal Transparency (GIFT). Juan Pablo Guerrero, Network Director of GIFT gave a brief introduction of the organization and its mission. Murray Petrie, Lead technical advisor from GIFT, provided an overview of the draft principles for GIFT's work.

### KEY TAKE-AWAYS

- It is crucial and possible to find champions of public participation in fiscal policy in governments. When governments realize that public participation in fiscal policy can help them bolster internal accountability, curb corruption and make public spending more efficient for effective public service delivery, they are open to creating spaces where citizens can participate in an inclusive and informed fashion to impact decision-making.
- Transparency of fiscal information is crucial but at the same time who uses this information and for what purpose, is perhaps even more critical. In order to bridge this gap we need to look beyond the dichotomy of demand and supply. Rather, the focus should be on bringing citizens and state actors together so that citizens can effectively use the information that is being produced by the governments.

## I. GIFT: AN INTRODUCTION

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GIFT is a multi-stakeholder action network working to advance and institutionalize global norms and significant, continuous improvements on fiscal transparency, participation and accountability in countries around the world. It engages a broad range of stakeholders including international development organizations, ministries of finance in various countries, and other organizations aiming to improve public participation in fiscal policy.

## II. 10 PRINCIPLES OF PUBLIC PARTICIPATION IN FISCAL POLICY

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As a guidance for countries to improve their fiscal transparency, GIFT identified the characteristics that a robust fiscal transparency should have and compiled a set of guidelines. These guidelines, so-called 'High Level Principles', relate to the full scope of fiscal policy including budget-making processes; delivery of public services; and the planning, appraisal and implementation of public investment projects. In 2012, the UN General Assembly endorsed the following GIFT principle: "Public participation in fiscal policy as a right of citizens."

These guidelines were informed and drafted based upon a comparative review of cases studies in 8 countries (Brazil, Philippines, South Korea, Canada, Croatia, Kenya, Mexico, and South Africa). The review shows that different countries provide opportunities for public participation at different stage in the fiscal policy (for example at the pre-budget stage, planning phase, and budget implementation processes) and use a range of mechanisms such as legislature and Supreme Audit Institutions.

The principles of public participation in fiscal policy drafted by GIFT advocate that participation should be inclusive (1) and direct where public is able to speak for itself (2). The participation should also be open about the purpose, intended outcomes, and process (3) and should be invited in a timely manner to allow for sufficient time for public to provide inputs (4). Public participation should be facilitated and supported (5), including through provision of relevant and accessible information to the public (6). The governments should also try to ensure that public participation is meaningful (7) and that it is incorporated in decision-making processes (8). It should also not be a one-off incident rather it should be on-going and complementary to existing accountability systems (9). The last draft principle suggested by GIFT, and specifically relevant to GPSA, suggests that when non-state actors participate in the process, they should be open about their mission, the interest they seek to advance and who they represent (10).

## III. PUTTING PRINCIPLES TO PRACTICE: INCENTIVES AND CHALLENGES

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The presentation also highlighted some of the mechanisms through which these principles can be incorporated in formal structures. Legal rules providing public with formal voice, full disclosure of fiscal data and information, formally laying out the rules of engagement with the public, and promoting awareness among citizens about opportunities for participation are some of the practices that can promote the principles of public participation in fiscal policy. Supreme Audit Institutions can play an especially important role, for example, by designating a unit or officer with responsibility for public engagement and by providing opportunity for public directly affected by programs to provide inputs during performance audits.

Following the presentation, participants discussed the incentives of ministries of finance around the world to allow for public participation in fiscal policy. Ministries of finance respond to these principles when they realize that

public participation in fiscal policy can help them bolster internal accountability, curb corruption and make public spending more efficient for effective public service delivery. However, it was suggested, that having (and being able to identify) a clear champion from the government's side is crucial in being able form effective coalitions.

Participants also pointed out that the effectiveness of these approaches depends on how this information is used. There was a consensus that transparency of fiscal information is crucial but at the same time who uses this information and for what purpose is perhaps even more critical. Participants suggested that in order to bridge this gap we need to look beyond the dichotomy of demand and supply. Rather the focus should be on bringing citizens and state actors together so that citizens can effectively use the information that is being made public by the governments. One of the hurdles in this process, as suggested by the participants, is sometimes the absence of trust between citizens and state. This entails, it was suggested, that there should be a clear framework of engagement where all participants have the same expectations from the process. As this process is repeated, over time, trust between states and citizens can be established.

Participants pointed out another factor that mediates the effectiveness of public participation in fiscal policy – the need for specialized knowledge. Participation in some stages of fiscal policy sometimes requires specialized knowledge and general public may not have this knowledge. Therefore, it is important to identify the right stakeholders and citizen groups to invite for participation in various aspects of fiscal policy. For example, discussions on tax policy require technical knowledge and may be restricted to participation of certain groups. On the other hand, discussions that pertain to public service delivery issues should be open to all public. In that case, citizens' knowledge of their right to participate becomes fundamental. Changing the culture where citizens are empowered to participate in fiscal decision-making processes is a daunting task.

## Reflections

GPSA's framework fully resonates with GIFT's principles and the discussion that followed. Fiscal transparency and public participation is at the center of social accountability work in general, and of GPSA's work in particular. It is through inclusive, meaningful and informed engagement of citizens that governments can be held accountable.

The discussions also highlighted the importance of forming coalitions that cut across state and society – a core principle of GPSA's work. When citizens and state come together -- in the case of fiscal policy, government produces information and citizens use that information to hold governments accountable – effective solutions can be found.