

Public Participation In Budget Policy

Authors: Zhanna Kulakova

Natallia Rabava

Svetlana Kulesh

KEY TAKEAWAYS:

The analysis of contemporary approaches to citizen participation in budget policy shows that:

- *public participation in budget policy brings about improved efficiency of the budgeting process, ensures its transparency and accountability, increases citizens' satisfaction with the quality of public administration, reduces tensions within society, fosters responsible behavior and strengthens the sense of ownership;*
- *participation in budget policy is possible at the national and local levels; it should cover the four main budgeting phases (development, approval, implementation, and audit); opportunities for participation should be provided by the executive and legislative authorities, as well as the supreme supervisory authority;*
- *there are certain differences between individual participation available to citizens and organized participation available to civil society organizations (CSOs). Furthermore, as a rule, CSOs have access to citizen participation mechanisms if they want it, whereas citizens may not always have access to CSO participation mechanisms. The contribution of CSOs to budget policy is often greater than that of the general public, as CSOs have more expertise.*

Belarus is not only lacking operational mechanisms for public participation in budget policy, but also sees opportunities for participation limited by the low level of budget literacy and deficit of data to effectively analyze and justify budget policy-related proposals.

Belarusians tend to overestimate their awareness of the budgeting process – 82% of the participants in the online survey noted that they either know well or have a general idea of what a local budget is. However, the survey showed that the real level of knowledge about local budgets is a lot lower, and the respondents are almost unfamiliar with the main expenditures of the lower level budgets.

The survey revealed a number of “budget myths”, which are manifested in a misconception of the main local budget expenditures. Of the five principal expenditures of basic level budgets, the respondents had four items wrong: spending on government agencies, courts and the police, as well as public debt receive no significant funding from local budgets,

whereas pensions and allowances are financed from extra-budgetary sources. However, these four areas were marked as those receiving most funds. Only one item was included in the top 5, which actually receives significant funding from basic level budgets – housing and utilities, housing construction and municipal improvement.

CSOs and citizens are not satisfied with current budget policy. Moreover, CSOs and citizens have a negative perception of support that local authorities provide for local citizens' initiatives.

One of the reasons behind citizens' low satisfaction with budget policy may be the low level of budget literacy of the population and associated widespread "budget myths". By informing citizens about budget policy that is being implemented, local authorities might be able to not only improve budget literacy of the population, but also bring down the level of discontent in society.

The low level of budget literacy of the population can be attributed to the lack of operational budget policy participation patterns. Being unable to influence budget decision-making people show little interest in budget-related matters; one additional result is citizens' increased tax evasion propensity.

CSOs and citizens are interested in being actively involved in budget policy. At the same time, most citizens prefer online engagement with government agencies with respect to budget policy issues, while CSOs are ready for face-to-face meetings and view the provision of government agencies with information about the needs of their target groups as one of their key functions during the current phase. Citizens believe it particularly important to allocate sufficient funding for education, healthcare and municipal improvement.

These are the areas that citizens would like to take to public hearings. The same three areas notably constitute the three main basic level budget expenditures.

Amid high centralization of public finances, politicized budgeting and low budget literacy of the population, participatory budgeting (civic participation budgets) may become one of the most effective tools for involving the public in budget policy at the local level in Belarus.

International best practices make it clear that participation in budget policy can take place at both national and local levels, and opportunities for such participation can be offered by the executive and legislative authorities, as well as by supervisory authorities that perform audits.

It is important to ensure participation at all of the four budget process phases:

- **Development:** *based on previously made forecasts and plans, with due consideration of the needs of citizens and expert assessments, a draft budget of the executive power is developed.*
- **Approval:** *the completed draft budget of the executive branch is subject to review, adjustment and approval procedures; open hearings in the parliament may be held to ensure public participation.*
- **Implementation:** *an important component of this phase is the presentation to the general public of reports on budget implementation and possible amendments to the previously approved budget.*
- **Supervision (audit):** *the supreme supervisory authority audits budget implementation and submits a respective report to the public.*

PARTICIPATION IN BUDGET POLICY: CIVIL SOCIETY¹

One of the factors that hinder public involvement in budget policy is the **low level of budget policy awareness** not only among the general public but also among activists. Civil society organizations see the following ways to address this challenge:

- *to speak about the budget in simpler and clearer terms;*
- *to speak about the budget on behalf of top level officials;*
- *to promote budget literacy as part of school education;*
- *people need to see how much they pay in taxes and understand that the budget is funded from taxes.*

Low satisfaction with the current budget policy at the level of both CSOs and their target groups. At present, however, CSOs and the broad public have virtually no opportunity to influence budget policy. There are few examples of the participation of CSOs in discussions of budget issues. CSOs believe the extremely low level of citizen engagement in budget policy may be attributed to the following:

- CSOs have limited opportunities to influence budget policy, including due to the lack of data;
- there is no fully operational mechanism for public participation in budget policy;
- low budget literacy hinders public participation in budget policy;
- opportunities for public participation in budget policy are limited by the “meagerness” of the budget;

¹ Results of a focus group discussion with representatives of CSOs from Minsk and city activists held in November 2019.

- the State Control Committee (SCC) blocks any initiatives associated with public participation in budget policy.

CSOs and activists are willing and ready to participate in budget policy; however, they are aware that they do not have sufficient expertise to ensure profoundly integrated participation. The bullet points of this issue:

- CSOs wish to participate in face-to-face meetings with municipal administration and discuss spending priorities together;
- CSOs are willing to collect and share with the government information on the needs of their target groups and can be very helpful in prioritizing budget expenditures because they have necessary data to do so;
- CSOs are not yet ready for comprehensive involvement in budget policy, but are willing to learn to do so;
- CSOs understand that they need to make louder and more insistent declarations of their willingness to be engaged in budget policy, but do not know how;
- CSOs have not expressed their wish to participate in budget revenue generation. By default, “participation in budget policy” implies involvement in decision-making associated with budget spending.

One of the key challenges to public participation in budget policy is the lack of a clear operational mechanism, through which budget-related decision-making can be influenced. CSOs propose the following solutions:

- Use online surveys to identify projects that need to be funded on a priority basis.
- Shift the overall focus to online format of discussions.
- Referenda can be held on global issues related to budget policy.
- Introduce the institution of civic participation budgets in Belarus.

WILLINGNESS OF CITIZENS TO PARTICIPATE IN BUDGET POLICY:

Population survey²

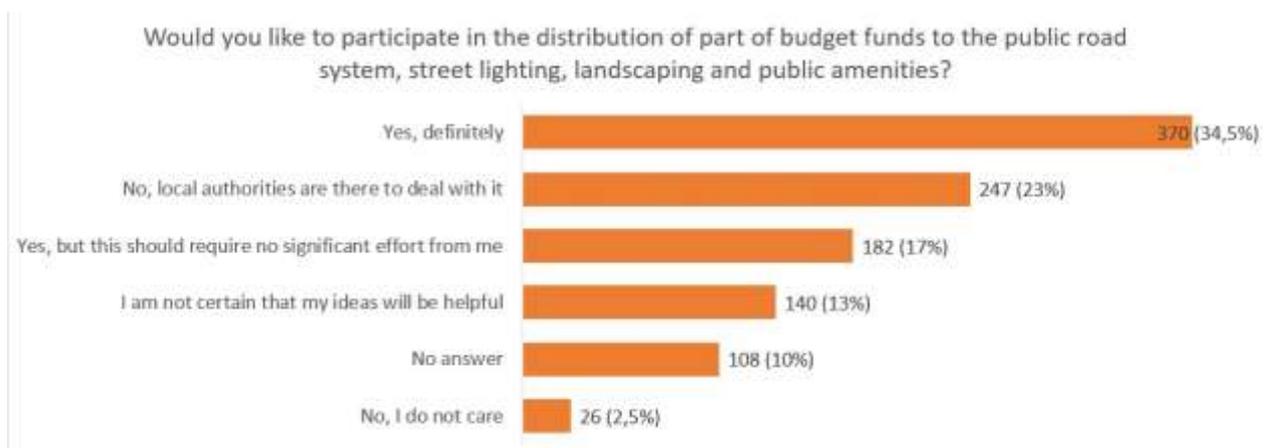
A significant portion of the population is not satisfied with the budget policy that is being put in place by local authorities. The average assessment of the level of satisfaction with spending on education was 2.84 points on a five-point scale, on municipal improvement, 2.77

² The survey of 1,073 respondents from various social groups was conducted by Baltic Internet Policy Initiative in November 2019 - January 2020 using the national sample in the pop-up format.

points, on healthcare, 2.39 points. Provision of information on budget policy received the lowest rank (1.93 points).

Besides, the overwhelming majority of the respondents share their negative assessment of the level of support that initiatives of residents addressing the problems of specific settlements receive from local authorities: 53% of the respondents are to a varying degree not satisfied with the support of local initiatives, and only 10% are satisfied. However, 37% of respondents found it difficult to reply. This very high share of uncertainty may indicate very rare, sporadic attempts of engagement between civil society and local authorities.

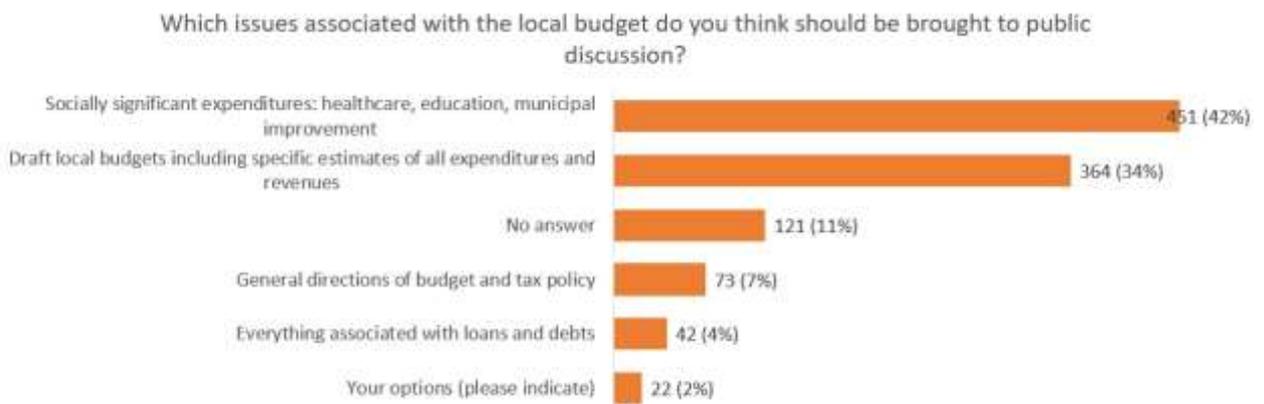
The survey showed that a considerable part of Belarusian citizens would like to participate in budget policy at the local level. Of all the respondents, 34% said that they would definitely like to take part in distributing some of the budget funds to finance the public road system, street lighting, landscaping and public amenities and other issues that have an impact on the living environment in any given settlement. Another 17% of respondents shared their wish to participate on condition that no significant effort is required. Thirteen per cent of the respondents expressed doubts that their ideas would be useful for their respective settlement, and 23% thought that budget funds should be distributed by local authorities. Only 3% of respondents said they were indifferent to the allocation of budget funds.



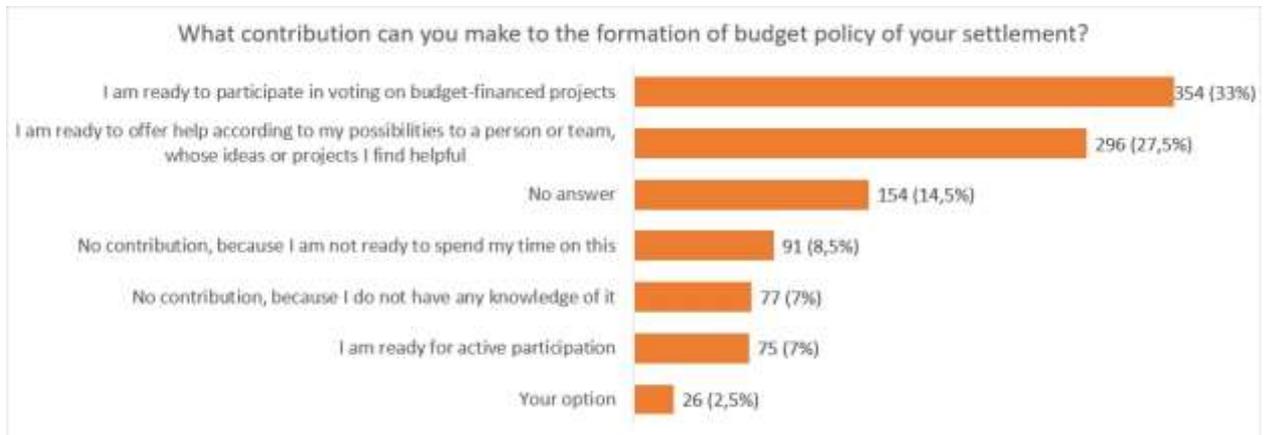
When asked about possible forms of citizen participation in budget policy at the local level, most of the respondents noted that they would prefer the online format. A total of 32% of the respondents declared their willingness to participate in discussions and voting on the Internet. At the same time, 11% of the respondents would prefer to attend personal meetings and meetings on budget policy issues, and 28% are willing to use both online and offline opportunities to participate in budget policy. Thirteen per cent of the respondents noted that

they would not take part in budget policy in any form, and 14% found it difficult to answer the question.

Among the respondents who said they were willing to participate in the budget policy in some form, the majority – 43% – noted that the most important issues requiring public discussion included spending on socially significant matters: healthcare, education, and municipal improvement. Thirty-five per cent of the respondents believe that draft local budgets containing estimates of all incomes and expenditures require public discussion the most. Seven per cent of the respondents mentioned that the general directions of budget and tax policy call for public discussions, and 4% claimed everything associated with borrowings is subject to public discussions, whereas 9% found it difficult to answer the question.



When assessing their own possible contribution to shaping budget policies in settlements, a third of the respondents expressed their willingness to participate in voting on projects that require budget financing. Twenty-eight per cent of the respondents said they could help people, whose ideas and projects seem to be useful, and 7% shared their commitment to participate actively: generate ideas independently, present their projects, find like-minded people and participate in projects that require budget financing. Sixteen per cent of the respondents noted that they are not ready to contribute to drafting the budget policy of their settlement, of them 9% because they are unwilling to spend their time on it and 7% because they have little knowledge of budget issues.



Among the sectors that should be in the focus when local budgets are planned, the majority of respondents pointed to healthcare (66.6% of the votes), followed by education (42.1%), housing and utilities and municipal improvement (42%). It is notable that these three areas as a rule represent the top 3 basic level budget expenditures. It is these very expenditures that the respondents believe it important to bring to public discussion. Among other crucial sectors requiring increased attention they also mention social support for citizens (32.7%), economic support (15.6%), and culture (11.9%).

The survey also revealed a number of “budget myths”, which constitute misconceptions about the main expenditures of lower level budgets. Of the total number of the respondents, 46.9% noted that local budget funds were primarily spent on government agencies, 31.1% on the police and courts, and 16.6% to service public debt. However, these sectors traditionally do not receive significant financing from basic level budgets. In addition, pensions and allowances were mentioned among the “most funded” segments, while they are actually financed from the non-budgetary Social Protection Fund. It appears that in terms of the five main expenditures of basic level budgets the respondents were wrong four times. Only one item which actually receives significant financing from basic level budgets – housing and utilities, housing construction and municipal improvement – was in the top 5.

RECOMMENDATIONS

The national and local authorities are recommended:

1. To develop and put in place, with the involvement of concerned public, a package of actions aimed at improving the budget literacy of the population; perform consistent work in this area. Specifically, it is recommended to take measures to promote “Budgets for Citizens” published by the Ministry of Finance and ensure broader coverage.

2. To improve the transparency of public finances, namely:

- regularly publish actual data on expenditures of the national (republican) and local budgets with department-specific breakdown;
- regularly publish planned revenues and expenditures of the consolidated budget with functional, economic and departmental breakdown;
- oblige budget owners to publish detailed reports on expenditures.

3. Provide budget data in any detail at the request of citizens and companies. In case of mass requests for the same data (from 10 requests per year), provide public access to such data on a regular basis.

4. Executive authorities are recommended to consult with the expert community and CSOs on budget policy issues by establishing special advisory committees (councils), take into account the results of consultations when developing draft national and local budgets. When setting up committees (councils), draw on international experience in this area (e.g. the experience of South Korea, the Philippines – see the relevant chapter of the study “Public Participation in Budget Policy in Belarus and in the World” for additional details).

5. Legislative authorities are recommended to hold open discussions of draft national and local budgets of the executive branch with the involvement of the expert community and CSOs.

6. Executive and legislative authorities are recommended to monitor public opinion on budget policy, collect feedback from citizens and individual social groups via surveys, personal and online discussions; take into account information received when developing and approving the national and local budgets; report on how the ideas and opinions collected have been taken into account or not taken into account in budget policy.

7. Test participatory budgeting (civic participation budgets) at the local level in the scope of pilot projects.

8. The supreme supervisory authority is recommended to expand the toolkit enabling the public to signal possible violations related to budget policy by way of creating an interactive internet portal with functionality for submitting complaints/appeals; publish reports on the results of all budget-related inspections on the portal, including inspections initiated by citizens and companies. When developing the Internet portal, draw on international experience in this area (e.g., the experience of South Korea, Georgia – see the relevant chapter of the study “Public Participation in Budget Policy in Belarus and in the World” for additional details).



Civil society organizations interested in budget policy participation are recommended to:

1. Work to improve their own budget literacy; advise their target groups on budget policy issues.
2. Actively share their willingness to participate in current budget policy; use any available opportunities for participation; inform state authorities about the needs of their target groups related to budget financing.
3. Research institutes are recommended to educate citizens and CSOs on budget policy and citizen participation.