



BUDAPEST PARTICIPATORY BUDGET

CASE STUDY REPORT



Participatory Budgeting
for Sustainable Development
of V4 Capital Cities

Prepared by Mindspace in collaboration with Budapest Institute



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inicjatywy



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ABOUT PARTICIPATORY BUDGETING IN BUDAPEST

INTRODUCTION

The case of Budapest is slightly different from the other Visegrad capital cities. Although there are many initiatives and intentions to involve citizens and other stakeholders in the decision processes of the city, we still do not have participatory budgeting in Budapest nor even in Hungary.

There are many reasons for this situation. One of the main reasons, is the lack of political will and no commitment to introduce such innovative policy making techniques – neither at the national, nor at the local level. The lack of transparency in budget data and complicated bureaucratic procedures do not help to promote this idea, either¹. This part of the case study shows the economic background and the current state of the economic system in Budapest which explains the reasons of not having PB in Budapest. Due to further sociological and economic reasons we still have not implemented this type of community-driven budgeting, where citizens could express their needs and preferences in a collaborative way. Reasons can be derived from politics, history, economics and many additional sociological elements. The corruption and the lack of transparency in the budget are the key elements of the problem: until politicians and people in charge are not open even to share the details of the budget, the income and the fields where they have spent the money, it would be idealistic to think that they are reflecting on or considering to introduce participatory budget. From our perspective introducing PB is always a decision of one person or a collective in charge. Until this zeroth step is not made, we cannot discuss the possibility of it. Although there is hope. In many other policy issues, municipalities and governments seem to start open up towards community-driven ideas,

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¹ For more on this, see the attached part on open budget in Hungary.

policy innovations and started to involve locals and local communities into the decision making processes. In the following part of our case study we will explain these processes and give some good examples. Most of the cases happened and are happening in the capital city, however we will mention some cases from the countryside as well. In the farther part of the study we will describe the state-of-play in open or participatory budgeting in Hungary, and if data allows, we will compare the Hungarian situation with those in other Visegrad countries.



PARTICIPATORY PROJECTS IN HUNGARY

Although PB still has not been introduced in Budapest, there are many examples of participatory projects in other fields, connected with city development. Urban planning is one of the fields where good practices can be found.

Passer-by

<https://jarokelo.hu/>

Aim of the project: This is an online platform for citizens to enable them to share their experiences, problems and concerns about the different functions of the city, especially the public spaces. It helps to connect citizens with the right department of the municipality in order to solve the problems occurring in public spaces. The platform was initiated by citizens who experienced difficulties with finding the best channel to communicate with the municipality.

Place: The platform works in Hungary. It is available in 18 different cities, including Budapest.

Time: The platform works since 2012.

Focus of the project: The main idea is, that many times the lack of knowledge of the bureaucratic system can be the reason why there are no reaction from the government in case of problems occurring in public spaces, announced by the citizens. These problems can include any infrastructural problems, social issues, organizational problems or any kind of problems occurring in public spaces and not solved by institutions. For example: broken dustbin, worn off zebra crossing signs, potholes etc. The state organizations in charge and responsible municipality institutions, due to the lack of human resource do not have the knowledge about particular issues and do not have a possibility to invest more time and energy to find and respond to the specific problems of the community. This non-profit organization with volunteer members, had the idea to help the first steps of the problem solving: they created a platform to make possible the inhabitants' involvement. The platform enables people to point out where a

help is needed. Also it is a great tool for the public institutions to gain the trust of the citizens and give them the feeling that they can influence the decisions and actions of the local government.

The other problem is that generally citizens do not know a concrete addressee of their problems. Many times different public spaces belong to different parts of the state institutions: can be district owned, capital city owned or other state related entities. Sometimes even governmental institutions do not know exactly which space belongs to which institution. It is easy to get lost and lose momentum in the bureaucratic systems chaos. This platform helps communicating with the right entity.

Content/ actions: This platform gives to inhabitants an opportunity and space to express their needs towards the municipality or the city council in order to get a solution. The organization is there to enable the citizens a contact with the ones who can notice, help and act in the problematic areas. They share on the webpage the answers of the institutions in charge so that the visitors could see them. The communication between the NGO and the state institutions, municipalities and government is different in each case and depends on the person who is sitting in the office and picks up the phone. The main factor on which these processes' length and success depends is the human side, people's openness and willingness to solve the problems. Another factor is the financial one. Each district's budget is different, each entity work with different resources. This data is also not public or if yes, it is not understandable for the citizens.

The process:

1. Page visitors share the problem faced. They have to write a short description, title, location, put some photo documentation. They can also upload a link to a video and they have to find a proper category of the problem: traffic, community etc.
2. The operators of the website revise the announced problem. They will investigate and if they have any further questions, they get back to the citizen, if not, they forward the message to the institution or person in charge – municipality and state administration.

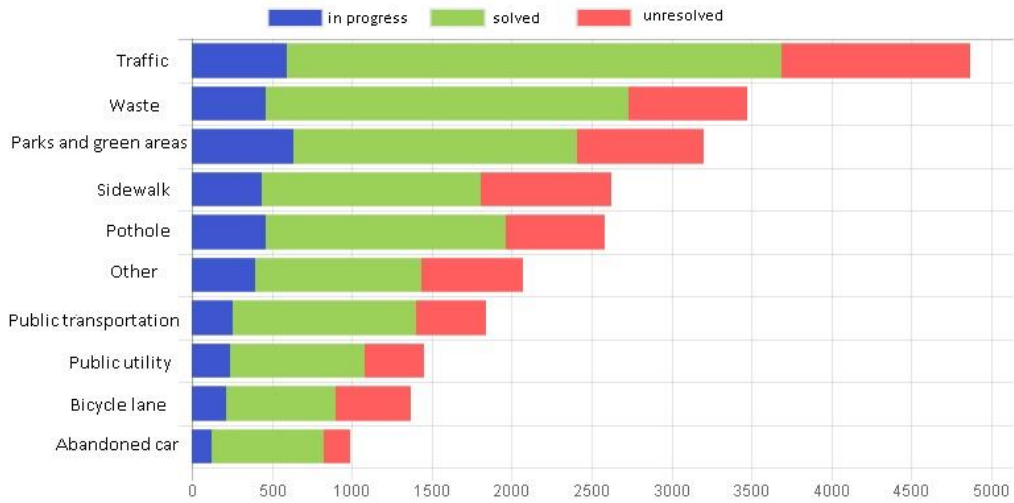


3. The announcer gets a reply from the webpage administrator that his/her problem was forwarded.
4. In an ideal case the response of the responsible entity will arrive. Ideally it includes the planned time and location when and where the problem would be solved. If the administrators do not get an answer in 30 days, then they resend the problem. If they still do not receive an answer in 60 days, the problem will be considered as an unsolved issue.
5. If the announcer notices that the problem was solved or if the organization jarokelo.hu does so they inform everybody of the fact.
6. If the problem is announced as solved, but there are still concerns and it is not proved, the volunteers from jarokelo.hu would check the results and visit the location of the issues personally and if they notice that it is still any problem, they send it again to the institution in charge.

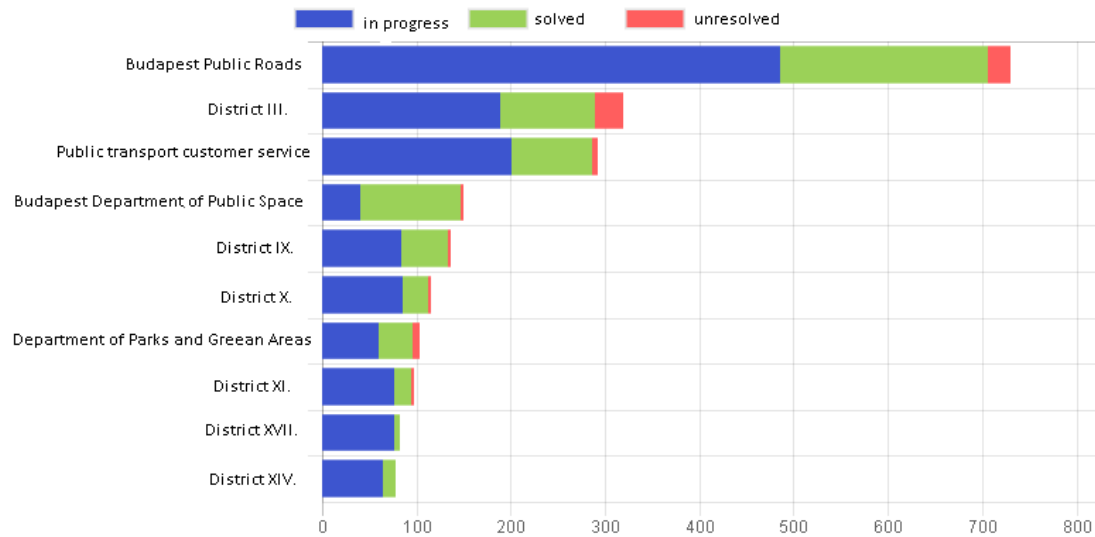
Outcomes, results: They have solved 17209 cases since 2012, there are 5257 cases under progress and they run the website with 7410 users. Most of the announcements are about public roads, public transportation system and services, garbage, parks and many more. They encourage people not just to announce the problems in the city but also to share the content and spread the information.

Lessons, good practice: one of the biggest advantages of the platform is that it provides a concrete and straight feedback for citizens towards state institutions on low budget. It channels the problem towards the right entity.

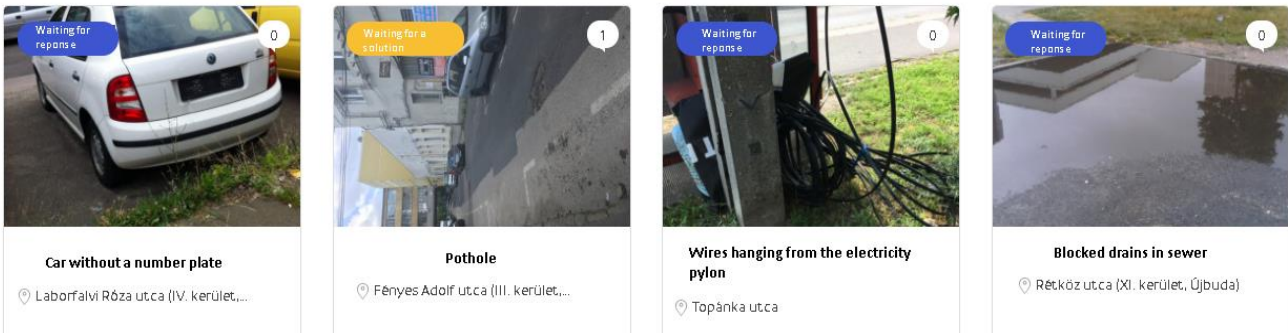
Statistics:



Number and ratio of announced problems by places between 2018 March-June.



Some examples:



What are the prospects for the further development?

The project could be expanded to a nationwide level. There are already more than 18 cities included in the system, but it can be always extended. The speed and smoothness of the process is still something which can be developed.

The webpage is now focusing on the issues of public space: for example a worn away zebra crossing sign, or a playground in bad condition. It could be expanded to different fields of the city life.

Individual private houses and buildings with more flats could have a channel where they express their needs and things they find as a problem in the building or in the surrounding of the building. There are existing companies in Budapest who are the representatives of individual buildings in the city.

Many times a bigger company is the representative of more buildings. People in these building face the problem many times, that the legal representative (this company) does not react to their letters, emails, phone calls. This could be a platform which helps people living in the buildings to keep contact with these companies and the companies could be able to sort and categorize different problems which occur in these buildings.

What factors may foster the development?

In many fields the feedback and point of view of the citizen becomes more and more important for the political actors and the ones in charge. If the audience and the voice of the users of the

platform gets bigger and louder, avoiding them would be more and more difficult. Increasing the number of people using the platform is a nice way to reach a critical mass, so politicians must reply somehow to the requests. Publicity and PR are key elements in order to be able to reach this goal.

Participatory and community based projects are more and more popular among politicians as well. This is a trend which could help politicians to realize the importance of these kind of platforms.

What factors may impede the development?

Although with certain governments the organization has already a good and well-working connection, it is really a fragile link. It depends many times on the person who is actually sitting in the municipality or government, whether he or she is willing to deal with these kinds of issues and forward them to the ones who can really do something. Many times if these kind of links and channels get lost, the platform can lose the contact with the given municipality's department or it would take a lot of time and energy to rebuild it again.

If the number of users is not growing organically and significantly it may cause the lack of interest from the already existing users as well, since there is no new content, no new input or solved problem showed by the platform.

These kind of small NGOs work with mainly volunteers who think that these kind of issues are important for the city life. Many times it happens that the organization cannot grow bigger because of the lack of resources, and because the members simply do not have enough time or they just lose the momentum due to the lack of resources or positive feedbacks.

Budapest dialog

<https://www.budapestdialog.hu/>



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Aim of the project:

This is a non-profit initiative with a strong support from Hungarian funds and governmental institutions. Budapest City Hall, Design Terminal, Department of Green Areas and Parks in Budapest are all among the supporters and sponsors of this project.

The platform aims to collect innovative ideas which can be developed together with the local stakeholders and municipalities.

Place: all the districts from Budapest.

Time: since 2013.

Focus of the project:

This is a similar platform to jarokelo.hu with some differences. It is a community based city developing platform where not only citizens but also municipalities can share their idea to improve the city. It is not focusing only on the problems but also ideas, projects and initiatives.

This interactive platform gives citizens a chance to find the right institution to cooperate with on a specific problem or idea. Municipalities can use it to gain followers among citizens to support the community based projects targeted at city development. Municipalities would like to support the community, the grassroots projects and also the projects started by the municipalities but open to the members of the community.

The planning process is completely supported by the services of the webpage, there are different forums where citizens, municipalities and volunteers can start and build up the procedure together. They can join existing, already uploaded projects as well offering their services like volunteering work.

For citizens it is really attractive, because they can express their needs, problems and anything related to the public spaces, services of the city. They can show municipalities the areas where help is needed and after that they can cooperate in the solution process as well.

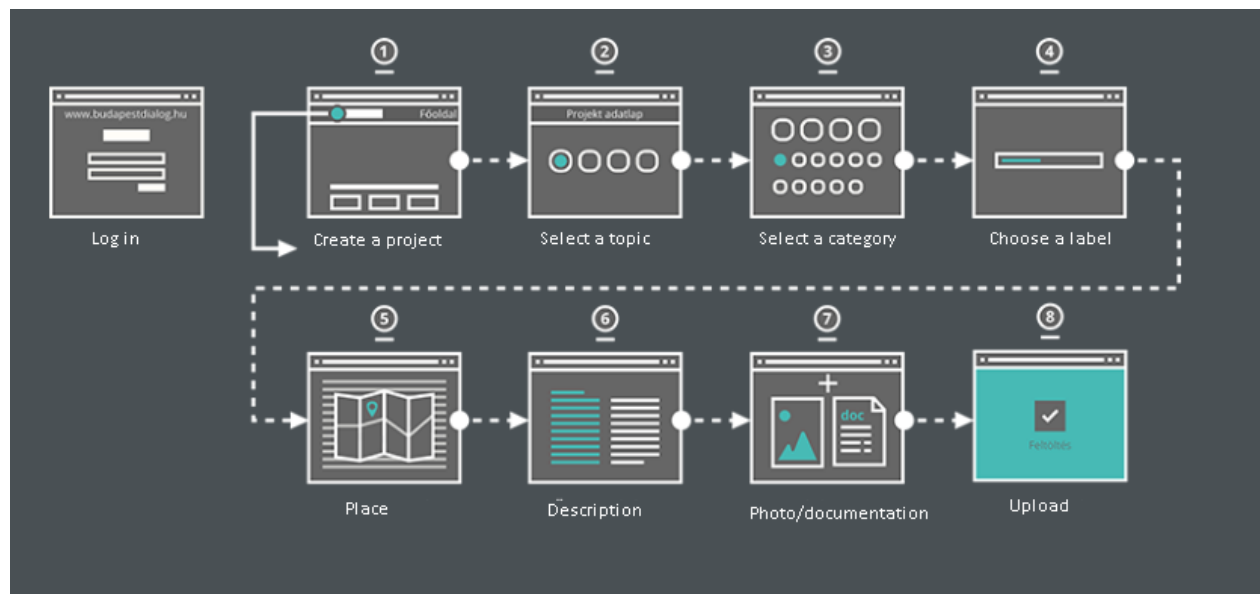
It is a really useful tool for the municipalities, since they can gain attention, involve locals and share their innovative ideas. It is a bigger and bigger trend nowadays to involve the community in the planning process as well and with the help of this platform it is easier to target the audience, find the interested group of inhabitants.

Content and actions:

Users can see the previous projects initiated by citizens or municipalities.

There is a possibility to comment on and share ideas on the platform. As a not registered member, you are not able to find whether specific initiatives are already solved or they are under process. This would surely keep the attention of the users. Even those ones who are not particularly interested in a certain case, if they visit the initiative's section on the webpage, they have a positive impression when the information about the status of the project is shared.

The process:



Lessons/good practice:

These kind of platforms are key elements for citizens and ideal for municipalities as well. A well-managed platform can be a really handy tool for both actors of the city life.



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What is really important that all the followers and actors of the different projects are informed regularly about the stage of the project in order to avoid disappointment. Bad news always spread the word faster than good ones.

Statistics:

There are no available summarized statistics on the webpage, but by counting the number of projects showed on the homepage, we can get the answer.

Citizen initiation: 174 planned, 19 completed

Municipality initiation: 84 planned, 23 completed

Some examples:

Municipality initiation

Renovation of Havana Market



Initiated by: XVIII. District Municipality

Time: 2016 July

Status: no information

Citizen initiation

Removal of un-used traffic sign



Initiated by: citizen

Time: 2017 March

Status: completed

What are the prospects of the further development?

There are very probably similar prospects as in the case of jarokelo.hu. In this case there is another additional factor: projects initiated by municipalities. These are the areas where more and more locals and local NGOs can be involved in certain projects, so the



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connection between them can be stronger and stronger and in this way more and more useful for the city and the district.

What factors may foster the development?

One more time it will be similar as in the case of jarokelo.hu.

What factors may impede the development?

Since the platform is used by municipalities as well, there is a risk that they would use it for showing mainly their projects influencing the life of numerous inhabitants. For example, cutting a ribbon in front of a new building, but not dealing with the problem of a smaller group of citizens, just because it cannot gain interest of such a big audience. The platform was created to deal with citizens' needs, regardless the number of people afflicted by the issue.

TÉR_KÖZ

<http://terkoz.budapest.hu/>

Aim of the project:

This project and initiative was started in 2013 in the City Council's Department of Urban Planning. Originally the project was supposed to be run only for one year but it has been now five years that it is still being organised.

The aim of the project consists in encouraging municipalities to renovate an unused part of the public space with an active involvement of the community.

Place: Budapest

Time: Since 2013

Focus of the project:

The whole idea came from the municipality owned flat-renovation project. During the project they realized that in case of public spaces they can do something for the community, not just for the private flats.

They keep going with the renovation of the flats and facades, although it causes really ambivalent feelings in citizens due to social and economic issues.

Their main focus areas are territories in the city, which were not used for a longer time or even abandoned ones and the ones which are used in a way, but with the help of the community and urban planning, it could have another function.

The planning process happens together with the local non-profit organization, citizens and the municipality. It is a complex procedure which tries to focus onto the area from different perspectives: economic, social and urban as well. With the help of many different actors, it is easier to do so.

Only municipalities from the capital city can go for the grant with the involvement of the community. The grant is for the rehabilitation of the built and natural environment and for saving the local original identity but renewing it in the same time. The winning projects always have to include the participation of the citizens.

This is the real rationale and added value of the projects. Municipalities can win a project-based grant where the resources can be spent flexibly taking into consideration the needs of the local community and with the participation of locals.



It is a really important initiative from many perspectives: in Hungary most of the state grants do not target the municipalities, especially for a community planned method. This grant encourages municipalities to think out of the box and cooperate with local organizations, NGOs and citizens like probably they have never thought before. Community planning is generally 10% longer and more expensive, but the positive results of it have been obvious for the municipalities and the citizens as well. People are more engaged to the project, more likely engaged to the space as well and taking care of it. They take it as their property, a place that they or the neighbour, or somebody they know worked for.

Content/actions:

Project proposals and ideas can be submitted in two different categories: complex renovation of public spaces in the frame of city rehabilitation or community based city rehabilitation projects. The aim of the call is to encourage and support projects that is willing to improve the city image, save the built and natural inheritance and fulfil programmes helping to preserve the local identity of places.

In the given areas local inhabitants and NGOs must be always involved in the planning process. On the given area new services should be created, which are economically, environmentally and socially sustainable.

The process:

TER_KOZ has an open call almost every year, where municipalities from Budapest can apply for the grant.

The whole process is really beneficial for the city life, since it involves a lot of actors and also gives the freedom for the municipalities how to spend this budget. This kind of flexibility in spending is really rare in the bureaucratic and rigid system of the municipality financial planning.

Some examples:

Renovation of the Szilas Park

IV. Szilas park

Projekt összköltség: 328 454 100 Ft
Egyért támogatás: 200 000 000 Ft

TÉR_KÖZ

2016

Projekt célja:
Innovatív közterületrendezés és életminőség javítás a Szilas park komplex fejlesztésével

Projekt leírása:
A közterületrendezési terv alapján a Szilas parkot modern talajtakaró sport, rekreációs és szabadidős terület fejlesztése 34 ezer m² területen.

Építés és eszközbeszerzés:
• újfűves BMZ pályák kialakítása új nyírneművel díszítik földtől
• gőrpályák elősegített polimerbeton csippekkel, szegélykövekkel, csatornázással
• gyermekbarát tornapályák, óvodások tornapályái elemekkel
• fogadópályák kemény- és gőrpályák szerelvényekkel
• gyakorlati feladat liget Gyula úja felől
• állatkert rehabilitáció és fejlesztés, terület kibővítése
• Összesített útra mentés parkolóhelyek és járdák, Szilas-patak mentén sétány-pályákkal
• a közterület felújítását követően ültetvények, kőkövek

Új közterületrendezési terv:
• nyílt nap keretében közzététel BMZ és gőrpályák tervezése és építése
• extrém Szilas sportverseny
• kiegészítő átadás

Értékek:
• BMZ pályák építése köztérrel egyenértékű
• A sport funkcióknak megfelelő mentés, jó adottságú helyszín a Szilas-patak mentén
• Központi lakótelepek miatt sok emberrel
• Igény van a funkciókhoz a közterületen

Előnyök:
• Kiegészítő fejlesztésekkel, szolgáltatásokkal több területet szolgáltathatunk
• Új, köztérrel egyenértékű helyszín kialakításával, közös időtöltésre ad lehetőséget
• További fejlesztéseket generálhat

Összegzés:
• BMZ pályák mentésére tervezett, mint a terület adottságai lehetővé teszik

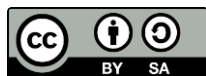
Újítások:
• Tervek rögzítése közzététel után
• Tervek rögzítése közzététel után
• Tervek rögzítése közzététel után

The image contains several visual elements: a map of the park area with a red highlight, two detailed site plans showing different zones and pathways, a 3D architectural rendering of a modern playground with yellow and blue equipment, a cross-section diagram of a drainage system with blue water flow, a photograph of a concrete drainage channel with a metal grate, and a photograph of a dirt area with some equipment and trees.

Whole budget for the project: 328 454 100 HUF (=1 049 374 EUR)

Grant support: 200 000 000 HUF (638 977 EUR)

Time: 2016



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Renovation of Danube bank, Nehru section

IX. Nehru part

TÉR_KÖZ



Projektneve
Nehru projekt

Projekt leírása

A terv egy egyesítendő, bevándorló városi terület megújítását célozza, melynek központi célja a városi élet újraszervezése és a lakosságban jellemzően változó fog. A szűkös városi terület lehetőségei kihasználásával a terület első Budapesti állomásait jelentő környezetet megújítására törekvés a cél. A park jelentős zöldfelület-átalakítását, a megújított parkhasználati szokások figyelembe vételével.

Projektösszege

- Zöldfelületek, bukátorok teljes megújítása, a park területén lévő emlékművek mellő környezet kialakítása, Duna-part parkjainak átnevezése, a park és a Buda kapcsolatainak kialakítása lépcsős felülettel
- Rekreáció: magános jeltűzők átalakítása, sportpályák megújítása, kültéri fitness-elemek elhelyezése, sokaságok elhelyezése, egyes funkciók elhelyezése, egyedi kiegészítők kialakítása
- Alkoholfogyasztás: a Petőfi-ház alatti szakszék elhelyezése, a területen szűkített szociális és SMOX pályák elhelyezése, kutyafutató kialakítása a Petőfi-ház déli oldalán lévő és megújított kutyafutató
- Parton telepítés, egyedi elhelyezési kialakítás
- Új közterület kialakítása

Projekt költségvetése: 599 528 000 HUF

Előírt támogatás: 580 535 000 HUF

Szakmai értékelés

A pályázat alapján a fővárosi koncepcióba illeszkedő, innovatív és közösségi hatással rendelkező park. A park az új közterület-átalakítások kialakítását szolgálja, a városi élet újraszervezését, a városi élet újraszervezését, a városi élet újraszervezését. A park az új közterület-átalakítások kialakítását szolgálja, a városi élet újraszervezését, a városi élet újraszervezését.







lépcsős terep











Whole budget for the project: 599 528 000 HUF (=1 915 424 EUR)

Grant support: 580 535 000 HUF (1 854 744 EUR)

Time: 2013

Újirány

<http://www.ujirany.com/>

Place: Budapest

Time: since 2001

It is another good example Mindspace has a strong connection with, and experience in collaborating.

Újirány is an organization being very active in the capital city. They started to deal with community based urban planning in a very early stage under the umbrella of Tér-köz grant. Harmonizing the local needs with the decisions of the municipalities and policymakers is a new trend, which they started to apply. The first time they used community planning in the Magdolna Quarter Project III, where they renovated the Teleki square. They tried to involve citizens and local stakeholders via workshops during 10 weeks in 2013. They applied a wide range of toolkit, like conversations, discussions, group interviews, drawing and many other facilitation tools. These tools helped them gain the opinion of the ones who are intent on.

During the project not only people from the surrounding area were involved, but also other members of the municipality. They all participated at the same level. Due to the mixture of the participants and the fact, that they were involved from the beginning of the process, the public space became something with a great value towards the citizens.

Description of the process:

Teleki Square is one of the Budapest's urban oldest squares, located in the centre, but in one of the most bad-reputed and seedy neighbourhoods. The aim of the inclusive community-based planning process was to help residents living nearby to take part in developing the design of their own Community Park in a derelict, suspect and functionless space. The series of workshops spanning 10 weeks were open for anyone interested to join. Posters with the question „What Should Teleki Square Look Like?” were placed around the neighbourhood. The design method used was the same as a professional one, hence it can be said that the people taking part had truly become design partners, and finally had the chance to envisage a better future for themselves. Not only the meetings, but an onsite exhibition and a Facebook page served as the main modes of communication. Apart from reaching the goal of realizing a common design, the local residents formed the Teleki Square Association to take part in the design process and to be



able to continue in contributing to the square's management and ongoing improvement once the renovation is completed in spring 2014. For a landscape architect working with a community is an equally illuminating experience, where authenticity and responsibility become more tangible opposed to when designing for the 'unknown public'.

The community planning process spanned 12 meetings over two months and engaged a diverse neighbourhood team, including: elderly people who have lived there for fifty years and still remember the horse-drawn carriages bringing goods to the old square's market; the young rabbi from the neighbourhood's synagogue, young intellectuals; Roma parents and children, and a horticulture graduate student who grew up in the area. The meetings were held in turns in a local community house called the Glove Factory and on the targeted spot itself, and the Facebook page served as the main mode of communication. The use of social media has rapidly escalated in the last few years, not just among young but the older residents as well, thus it should be seriously considered as an inclusive communications tool. The project's Facebook page was soon joined by the page of the Teleki Square Association, which local residents formed to be able to continue to contribute to the square's management and ongoing improvement once the renovation is completed in summer 2014.

year of design / realization: 2013/ 2014

area: 14 000 m²

CONCLUSION

There are many examples for participatory projects in Budapest and in the countryside of Hungary as well. There is hope that from the side of the state there will be the will to involve citizens in the decision making processes and not just present the final outcome without asking anyone's opinion.

The presented above projects are examples of positive experiences in the participatory field of the urban planning sector.

In the field of participatory budgeting we have not seen any steps so far. The financial sector and questions connected with the budget of individual districts or the whole city are closed doors in front of the public. As you can read in the financial part of this document, there is a lack of will from the political parties or the ones in charge to share the information about the budget, spending and income of the state. Until these kind of information is not public, we cannot count for introduction of participatory budgeting.

The other important factor and probably the main reason why the PB has not been introduced is the lack of political will. There have been until now no politicians, mayors or any important actors of the political life open to the idea of the participatory budgeting.

Although the experiences of the constantly growing trend towards involving the community in the decision making process gives us some good prospects for the future



OPEN BUDGETS AND FISCAL TRANSPARENCY IN HUNGARY

INTRODUCTION

The transparency of public budgeting, in addition to contributing to making the community a more democratic one, also helps reduce the risk of corruption, spot dysfunctions, and thus can make the public government more efficient by not wasting public money. Public budgets – may they be national or local ones, are the most effective policy tool that public governments can use to improve the welfare of its citizens. Budget decisions are about using public resources to meet community needs.

The budgeting process is a framework where decisions about cutting or raising taxes or spendings turn political promises into actions – that means, into public investments, projects and services. Citizens have the right to know how their elected government is spending public money. But they can also play an essential role in improving these decisions, collaborating in implementation, and along this process making public decision-makers and civil servants accountable. If open and effective government is a political goal, politicians must have open and accountable budgets.

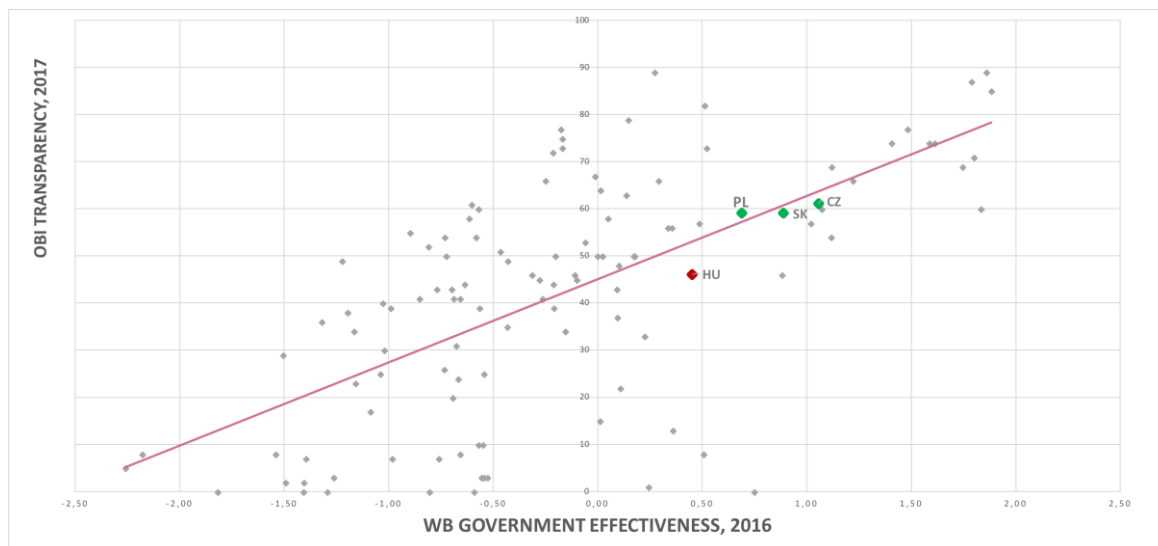
GOVERNMENT EFFECTIVENESS AND OPEN BUDGETING

Based on international data, the quality of public government seems to be in a strong correlation with fiscal transparency and open budgeting. As Graph 1 below shows, the more transparent the public budgeting process and the more accessible the budget data are in a country, the better the perceptions on the government effectiveness and quality are in the corresponding country. There seems to be a correlation (even if not a one-way causation) between open budgets and government effectiveness. Clearly, opening up the magic black box of the budgetary process and putting budget data to sunshine may not be enough for improving the public sector, these are, however, good first steps for a politician to signal his commitment to better, accountable government – and, *vice versa*. Politicians driven by public interest and working for common good, may be less reluctant to give access to budget data and to hide budget decisions from the civic eyes, from the civic watchdogs.

Graph 1. Government effectiveness and open budget

Source: World Bank Worldwide Governance Indicator, <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators>,

International Budget Partnership, Open Budget Index: <https://www.internationalbudget.org/open-budget-survey/open-budget-index-rankings/>



Note: The red dot marks Hungary, and the green ones indicate the position of the other Visegrad countries.



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STATE-OF-PLAY OF FISCAL TRANSPARENCY IN HUNGARY

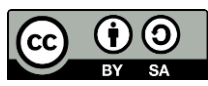
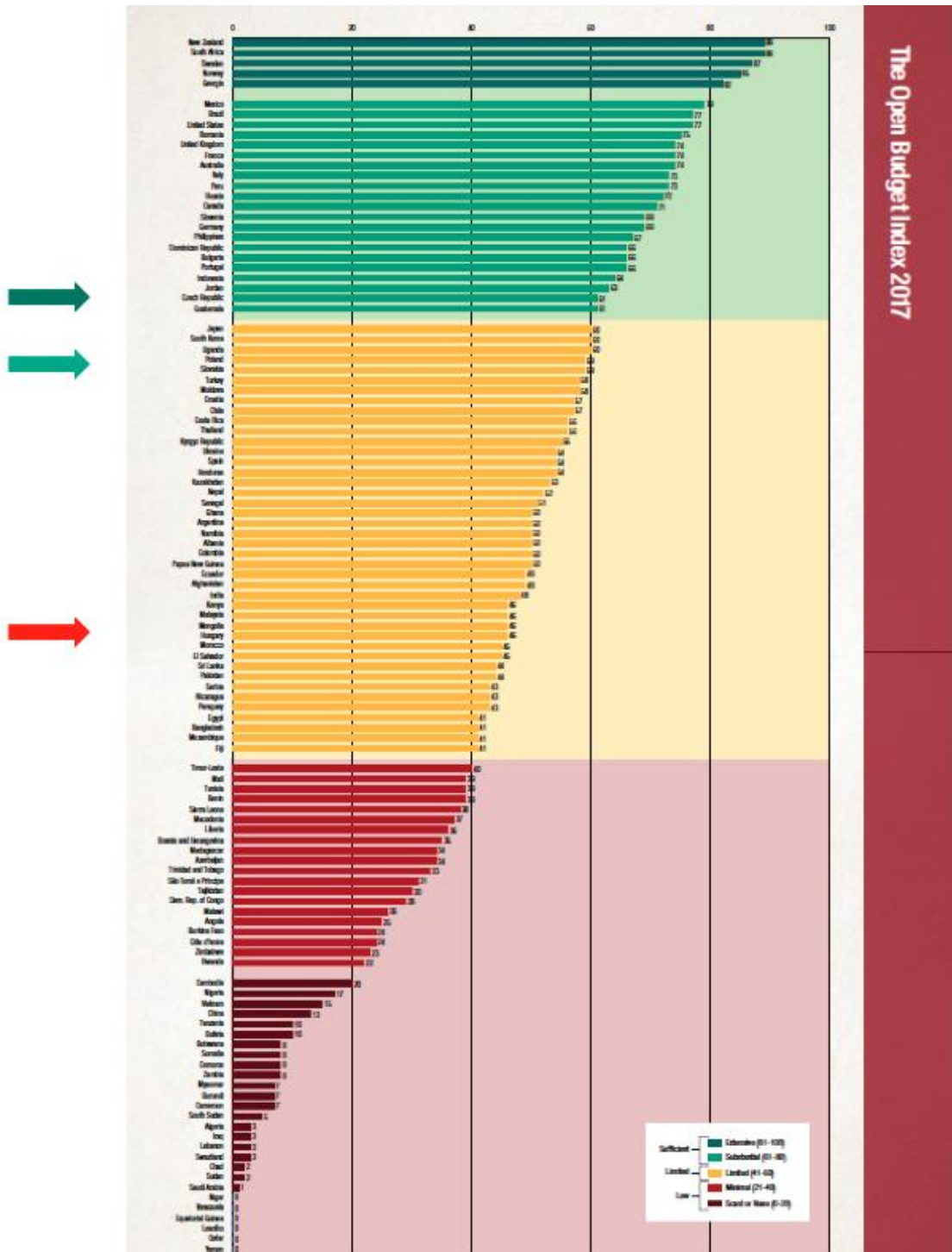
As indicated by the Open Budget Index 2017, Hungary is not a regional champion in fiscal transparency. While the Czech Republic belongs to the relatively good performers (with his index of 61), Slovakia and Poland take the same place in the ranking among countries with rather limited information on public budgets available (both with indexes of 59), Hungary is far below its regional peers (46). The country's index is even on the fall since the first (not official) assessment in 2012 (KFIB 2012).

What conscious citizen eager to follow the budget data and decisions can may miss the most in Hungary. The reasons are the followings: as opposed to almost all the EU and Visegrad countries, the Hungarian government was for long not publishing any pre-budgetary statement (they did with a considerable delay), does not provide any citizen budget, and did not publish any Mid-year Review until 2017. The availability of these documents helps citizens to understand the budget priorities, the main budget items and these would help them tracking the budgetary process on an ongoing basis – all of that contributing to their ability to be informed about the main budgetary process in due time.

Graph 2. Open Budget Index, 2017.

Source: International Budget Partnership, Open Budget Index:

<https://www.internationalbudget.org/open-budget-survey/open-budget-index-rankings/>



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Table 1. Public availability of budget documents in the Visegrad countries, 2017

Source: Open Budget Survey 2017

Document	CZ	HU	PL	SK
Pre-Budget Statement	●	●	●	●
Executive's Budget Proposal	●	●	●	●
Enacted Budget	●	●	●	●
Citizens Budget	●	●	●	●
In-Year Report	●	●	●	●
Mid-Year Review	●	●	●	●
Year-End Report	●	●	●	●
Audit Report	●	●	●	●

Legend: Available to the public - ● Not produced - ● Published late - ●

There are three official sources for Hungarian budget data. The *Hungarian Central Statistical Office* publishes budget data on a monthly basis. The categorisation of the revenues and expenditures is relatively broad (and notably, they are not in line with the ESA95 standard promoted by the European Union). The data is downloadable online. The *Hungarian Gazette* is the official journal publishing all the enacted laws and bills in Hungary, and it is published both online and offline. The format is not user-friendly, since it is not possible to download data from the official website in a machine-readable format. In addition, the appendices of the budget act detail the various budget chapters and share data on the main budget items, though only about the planned items. This is not a functional breakdown, so just based on the

published information readers cannot know what kind of government programmes or policy directions the given budget item is spent for. In addition, data has to be tracked manually, since the publication format is not machine-readable. The *Eurostat database* is a powerful source for budget data both in annual and quarterly breakdown. It contains different categorisations of the revenues (by taxes and sub-sectors) and expenditures (in ESA95 standard and in COFOG classifications) for Hungary as well as for all the other European Union member states. The data is easily comparable across different countries and years, and can be downloaded in various formats, the only disadvantage of this source is that it misses recent datasets and there is usually a delay of ca. one or two fiscal year in the publications.

Survey studies from Hungary show that national stakeholders use the enacted Budget Act and the budget proposal submitted by the government to the parliament and published in the *Hungarian Gasette* as the key references source for budget data the most frequently. The website of the parliament (www.parlament.hu) is the primary source for accessing budget documents (BI 2014).

Hungarian stakeholders seem to be relatively more satisfied with the quality of budget documents that with that of the available budget data. While the perceived quality of the available budget documents in general is in the mid-range (with weaker assessments in user-friendliness and detailed content, see Graph 3), national stakeholders have a very low assessment on the quality of budget data (Graph 4). As our study also shows (BI2014) data users have severe concerns about the following facts:

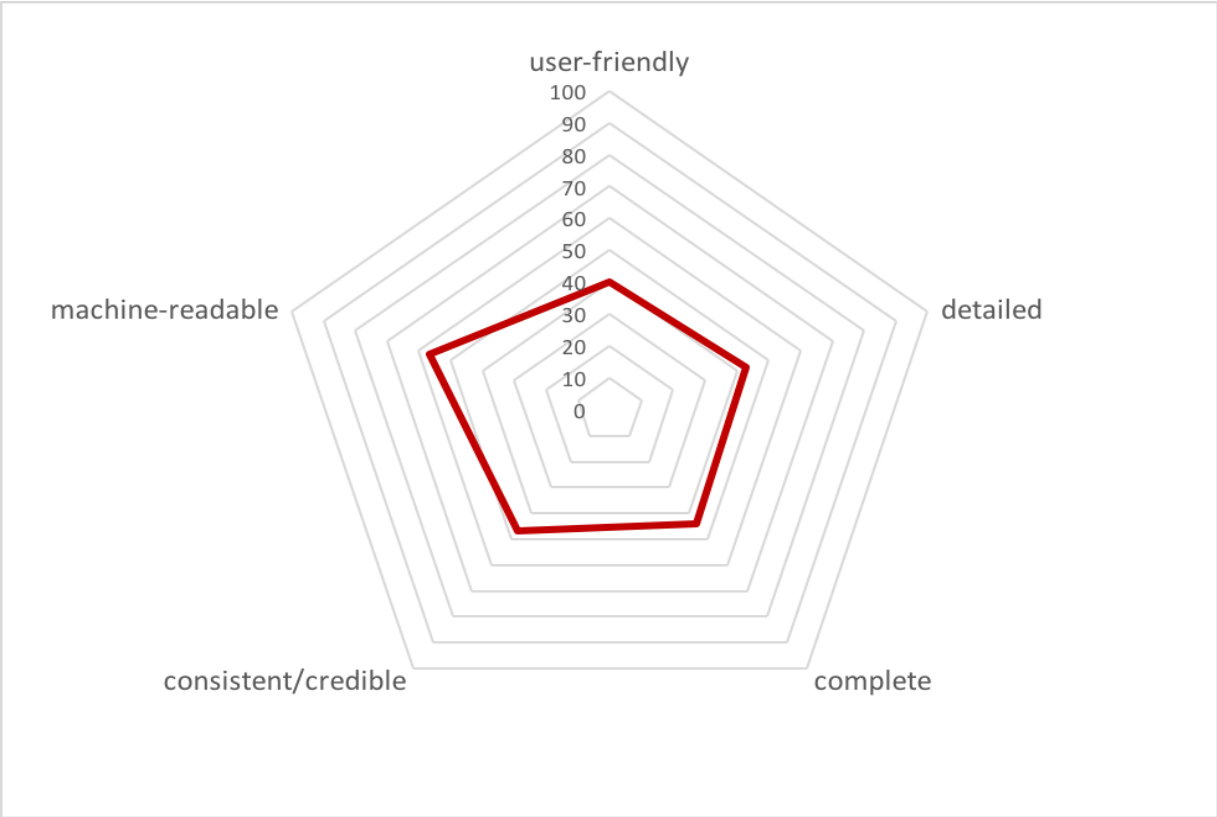
- how much effort they have to spend on data cleaning and mining due to inconsistencies in the published /requested data;
- why the publication of data is not done in a machine-readable format;
- why the data structure and categories are not consistent across fiscal years;
- why the interpretation of the available data usually requires additional consultation and



information with public agencies taking even more time before actual data analysis.

Graph 3. Perceived quality of budget documents

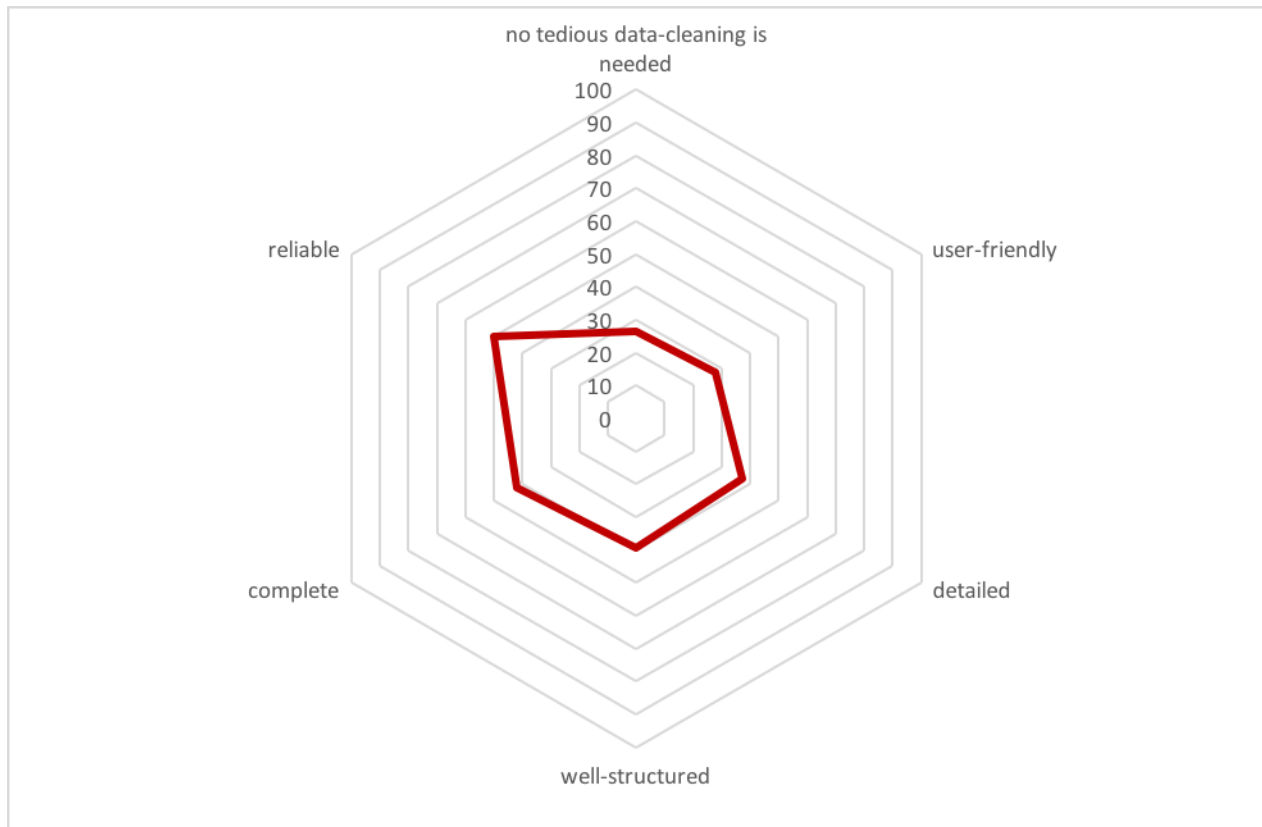
Source: BI 2015



Note: The scale of the assessment was 1 to 100, indicating minimum or maximum degree of satisfaction in the given dimension. The scores are normalised by the number of respondents. Labels indicated in this figure are the shortened versions of the original statements from the survey. For definition of the assessment criteria, see Table 1 in Annex.

Graph 4. Perceived quality of budget data in Hungary, 2015

Source: BI 2015. For definition of the assessment criteria, see Table 1 in Annex.



In sum, the main barriers to effective use of the official budget documents and data are i) the lack of detailed data on expenditures; ii) the lack of credibility and consistency of the relevant government documents, and iii) the low level of openness and cooperation from public offices. Interviews with Hungarian stakeholders point to the strong need of institutional reform in the budgetary process that should be aimed at:

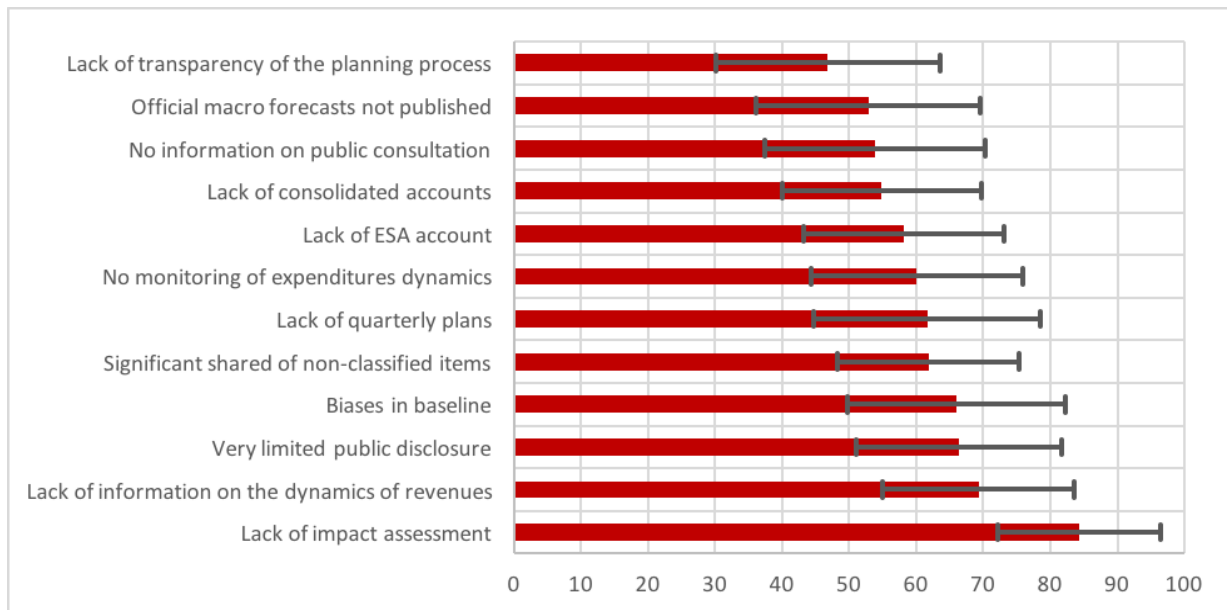
- giving access to more detailed budget data and also to the preparatory documents supporting the budgetary process (like to impact assessment studies on key policy programmes, measures financed by public funds);
- publishing more information on the development of the revenue side (esp. regular information on the tax revenues);

- creating more transparency in the planning and implementation phase, in general.

With this in mind, it is not surprising that participatory budgeting is at a very low level in Hungary. As the results of the most recent Open Budget Survey 2017 also show, Hungary performs even worse in public participation with its score of 11 (out of the maximum 100), than two years ago (score: 31). The country is weak in providing the public with opportunities and mechanism to engage in the budgetary process. The recommendations of the International Budget Partnership stress the need for the introduction of pilots to exchange views on budget matters between members/ institutions of the executive branch and civil society/private organisations in a formal and transparent way. Government should be open to such exchange during both the formulation of the national budget and the implementation phase. Legislative hearings could also take a more important role to open discussion for specific budget issues. Finally, according to these assessments, public audits are primarily guided by administrative rules and by technical criteria and there are no mechanism for the broader public to participate in the audit investigations, or at least to be consulted on the results of these investigations.

Graph 4. Most problematic aspects of the Hungarian budgetary framework, 2015

Source: BI 2015. Based on a national stakeholder survey conducted in 2015.



CONCLUSION

With regard to transparency of budget documents, Hungary is not performing well among the Visegrad countries. Budget documents are not available (see, citizen budget) or are published with considerable delay. While all of the Visegrad countries have problems with reviewing their budgetary process during the fiscal year (Mid-Year Review), Hungary could learn from Poland or Slovakia on how to start the budgetary planning process and pick up good practices from all the other Visegrad countries on increasing the online available information on budget data and providing generally more details on the financial position of the public government.

There could be a need to revisit how public government and citizens in Hungary interact, since public policies and programmes produce better long-term results if they are aligned with citizen preferences. This is true for budgetary process at the level of central governments as well as at local level. Meaningful public participation in the budgeting process is one way of meeting common needs and linking active citizens with their governments.

The very first step on this road is to give access to budget information and data, and then to let citizen use these information and data to participate in the decision-making process. While there is no participation without transparency, giving only access to budget data without opportunities for citizens, to participate may lead to (even) greater dissatisfaction and frustration.

As matter of fact, in Hungary the political commitment to put more sunshine into the black box of public budgeting is definitely missing. Access to budget data and documents is provided at a very minimum level, public disclosure follows the very statutory minimum and pays no or very low attention to user-friendliness. The online available documents are rarely machine-readable, time-consistency of the data and information in these documents is not guaranteed. Consequently, the re-use of budget data is not encouraged.

The public government is not used to give more insight into the decision-making process, either. Due to lack of such good practices, like pre-budget statement or citizen budget, the Hungarian



public, the national stakeholders of the budgetary process do not have the chance to voice their opinion and to try to influence the allocation of the public money in a transparency and accountable way. This lack of participation continue to dominate the whole budgetary cycle in the past period, even if just recently the government has started to publish Mid-term Review. The public authorities are in delay however with these publications in most of the cases, and the government websites are not helpful in informing the broader public on (the reasons and timing of) these delays.

Central governments might have an extremely important role in demonstrating the benefits of more participatory approaches – even at the scale of pilot projects, giving room to changes and more interactions linked to one or some budget line. It may though be not surprising that we could not identify any participatory budgeting project at local level, given even the very reluctance of the central government towards such public innovations.

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<https://www.internationalbudget.org/open-budget-survey/results-by-country/country-info/?country=pl>

Open Budget Survey 2017 – Slovakia



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<https://www.internationalbudget.org/open-budget-survey/results-by-country/country-info/?country=sk>

ANNEX - REGULATORY FRAMEWORK OF FISCAL POLICY IN HUNGARY

Table 1 Assessment criteria on the quality of budget documents and data

Label	Statement in the survey
User-friendly	The document is clearly structured and user-friendly – ie the information in it is easily accessible and easy-to-find.
Detailed	The document is detailed – ie all necessary and expected data appears in the appropriate breakdowns and with proper references.
Complete	The document is complete – ie it can be used for the user's initial purpose without any additional information.
Consistent/credible	The document is reliable – ie there is no need for double checks and the data/ information involved is consistent across time and sources.
Machine-readable	The document is easy to process – ie the data / information involved is easy to extract and the format helps the user to re-use the information in an efficient way.

Table 2 Most problematic aspects of the budgetary framework

Short label	Original statement from the stakeholder survey
Lack of impact assessment	Impact assessments establishing the basis of measures impacting certain budget line items are not available / not public.
Lack of information on the dynamics of revenues	There is very little available information on the dynamics of certain revenue items (i.e.: tax revenue)
Very limited public disclosure	The documentation of the budgeting process is not accessible by the general public.
Biases in baseline	In the different assessment reports planned budget items are compared to previous years and not to the



	accepted appropriations' figures (final accounts, monthly reports, State Audit Office reports).
Significant shared of non-classified items	Summary tables of the different budgetary documents (tables in functional / institutional break-down) often contain figures lacking a specific classification (i.e.: "other expenditures").
Lack of quarterly plans	The time period of analysis in budgeting documents is mostly annual and there are only a few documents referring to shorter time periods (i.e.: quarterly reports).
No monitoring of expenditures dynamics	It is difficult to track the changes of specific revenue/expenditure items real time.
Lack of ESA account	The central budget does not contain the ESA95 aggregates.
Lack of consolidated accounts	The central budget lacks consolidated accounts.
No information on public consultation	The information available on the procedure and content of negotiations with the civil and business sector actors is very limited.
Official macro forecasts not published	Information on the macro forecasts and calculations used for the accepted appropriations is not publicly available.
Lack of transparency of the planning process	The planning process, the ministerial and governmental negotiations cannot be easily tracked.