



**Opinion of the European Economic and Social Committee**  
**Enhancing Fiscal Transparency through Participatory Budgeting in the EU**  
**(own-initiative opinion)**

(C/2025/101)

Rapporteur: **Elena-Alexandra CALISTRU**

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Section responsible	Economic and Monetary Union and Economic and Social Cohesion
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## 1. **Conclusions and recommendations**

1.1. The EESC recognises the crucial role of fiscal transparency and participatory budgeting in enhancing democratic processes and building trust in EU institutions. While acknowledging the EU's existing commitment to these principles, the EESC identifies significant opportunities for improvement and standardisation across Member States.

1.2. The EU should establish a common framework for fiscal transparency across all programmes financed through the multiannual financial framework (MFF). This framework should: a) set clear standards and guidelines for fiscal transparency applicable to all Member States; b) emphasise mechanisms and best practices rather than introducing new regulations; and c) ensure consistency in reporting and accessibility of budgetary information across different EU funds and programmes. Additionally, the EU should encourage and support Member States in publishing high-quality data sets on their budgets and the use of European funds, as this is crucial for the success of any EU-wide fiscal transparency platform.

1.3. The EU should promote and support participatory budgeting initiatives, particularly at the local and regional levels where they have proven most effective. This includes: a) providing guidance and resources for implementing participatory budgeting processes; b) encouraging knowledge-sharing and best practices among Member States; and c) integrating participatory elements into EU-level budgeting processes where appropriate through the involvement of organised civil society, such as in cohesion policy funding decisions.

1.4. The EU should develop and promote the use of digital platforms to enhance fiscal transparency and citizen engagement. This involves: a) creating a user-friendly, EU-wide digital platform for accessing and understanding budgetary information; b) utilising data analytics and AI to provide deeper insights into budgetary data and improve decision-making; and c) ensuring these digital tools simplify complex information without oversimplifying or being populist.

1.5. The EESC recommends that the EU institutions bolster existing oversight and evaluation processes for fiscal transparency and participatory budgeting initiatives. This includes: a) empowering independent oversight bodies to monitor and audit public finances; b) implementing robust impact assessment and feedback mechanisms for transparency and participatory initiatives; and c) regularly reviewing and updating transparency standards and practices based on evaluation outcomes. The EESC emphasises the importance of the European Court of Auditors (ECA) in this process and recommends strengthening its role in promoting fiscal transparency.

1.6. The EESC stresses the importance of prioritising efforts to increase public awareness and engagement in fiscal matters. This involves: a) implementing comprehensive education and awareness-raising campaigns on fiscal transparency and participatory budgeting; b) providing training and capacity-building programmes for public officials and civil society organisations; and c) actively engaging young people and future leaders in fiscal transparency and participatory processes.

1.7. The EESC wants to ensure that fiscal transparency and participatory budgeting initiatives support and align with critical EU objectives, including: a) preparing for potential EU enlargement with transparent fiscal practices; b) balancing energy independence goals with Green Deal commitments through clear and participatory budgeting processes; c) enhancing the transparency and effectiveness of cohesion policy, which represents approximately one-third of the EU budget; and d) supporting the EU's sustainable competitiveness through transparent innovation funding and economic decision-making.

1.8. The EESC wants to encourage greater cooperation and knowledge-sharing on fiscal transparency and participatory budgeting across EU Member States by: a) facilitating EU-wide programmes for sharing best practices and successful models; b) supporting regional collaborations to address common transparency challenges; and c) fostering partnerships between established and emerging democracies to strengthen fiscal transparency practices.

1.9. By implementing these recommendations, the EU can significantly enhance fiscal transparency and participatory budgeting practices across its Member States. These efforts will contribute to increased public trust, more effective use of public resources, and a strengthened democratic process within the existing framework of representative democracy. The EESC emphasises that these measures are designed to complement and enhance, not replace, the EU's current governance structures, ultimately leading to a more engaged and informed citizenry and more responsive and accountable institutions.

## 2. Background and general comments

2.1. Fiscal transparency and participatory budgeting are critical components of good governance, enhancing democratic processes that complement the representative democracy structures.

2.2. For the purposes of this opinion:

- Fiscal transparency refers to the openness of government in disclosing financial information. It includes making budgetary data accessible to the public, providing clear and comprehensive reports on government revenues and expenditures and ensuring that financial decisions are transparent.
- Participatory budgeting is a democratic process in which members of the public directly decide how to allocate part of a public budget. It allows for community involvement in budgetary decisions, ensuring that public funds are spent in ways that reflect the priorities of the populace.

2.3. Despite the EU's commitment to transparency, significant disparities exist in fiscal transparency across various spending areas (e.g. agriculture, cohesion policy) in the MFF. Not only are there significant differences between funds that are managed directly by the EU and those that are under shared management, but there are even major differences within tools and levels. For example, for cohesion policy, at EU level there are two examples of platforms that offer extensive transparency tools to monitor spending: Cohesiondata<sup>(1)</sup> and Kohesio<sup>(2)</sup> track spending almost in real time, but with different levels of detail, also depending on the data collected at Member State level. At the same time, the Recovery and Resilience Scoreboard<sup>(3)</sup> does not provide real-time data, but only an *ex post* snapshot of RRF expenditure, due to its performance-based nature, which ties reporting to the achievement of milestones and targets.

2.4. The EU already employs several accountability mechanisms, including the discharge procedure to review how the budget is implemented, the partnership principle to get citizens and civil society involved in EU fund planning, and citizens' panels to give the public a say in budget issues. The latter particularly emphasises youth participation, with a target of one-third of panel members representing young people. These existing tools provide a foundation for enhancing fiscal transparency and participatory processes at the EU level.

2.5. In the EU, participatory budgeting has been implemented at various scales, proving most effective at the local level where it serves as both a decision-making tool and an educational opportunity for citizens. While the European Parliament and some Member States have experimented with this approach, practices vary widely across the EU. In some countries, participatory budgeting is well-established and integrated into governance structures, while in others it remains marginal. This diverse landscape, particularly at the sub-national level, underscores the critical need for a comprehensive, integrative approach to fiscal transparency and participatory budgeting across the EU, aiming to increase public involvement, transparency, and accountability in budgetary processes.

2.6. It is important to recognise the various levels of participatory budgeting, from local to EU level. As we expand these practices, the EESC and organised civil society play a crucial role in ensuring effective and inclusive participation. Their expertise and established networks can help bridge the gap between citizens and EU-level decision-making processes. At the EU level, we should leverage these organisations to develop models that encourage broad, meaningful participation while maintaining the integrity of the process.

### 3. General observations and recommendations

3.1. In light of the challenges facing democratic institutions across Europe, transparency and participation initiatives offer an opportunity to rebuild trust. The EESC, as a bridge between civil society and EU institutions, can play a pivotal role in this process. By actively involving organised civil society in budgetary discussions and clearly demonstrating how their input shapes decisions, we can create a more inclusive and responsive EU.

3.2. The EESC argues for developing a common framework for fiscal transparency across all programmes that are financed through the MFF, irrespective of the management level. A common framework for fiscal transparency could help ensure that all EU Member States have similar standards and guidelines for fiscal transparency. This could help increase transparency and accountability in public spending and reduce the risk of tax evasion and corruption.

3.3. The most recent Open Budget Survey (2023) highlights insufficient legislative frameworks and oversight mechanisms for fiscal transparency and participatory budgeting across the EU. The EESC recommends establishing uniform EU-wide standards through legislation, ensuring consistent transparency regardless of where EU funds are spent. It also advocates empowering existing independent fiscal institutions to oversee and audit public finances, rather than creating new bureaucratic layers. These measures should be tailored to the different phases of the budgetary process – planning, execution, and audit – which each require distinct participatory approaches. The EESC recommends developing specific toolboxes for each phase to ensure effective citizen engagement throughout the entire budgetary cycle. These measures aim to address the current disparity in transparency practices among EU countries and strengthen overall fiscal accountability.

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<sup>(1)</sup> Cohesiondata.

<sup>(2)</sup> Kohesio.

<sup>(3)</sup> Recovery and Resilience Scoreboard.

3.4. Increasing public participation in budgeting is crucial in order to make transparency a reality. Participatory budgeting is a powerful tool that can increase transparency and accountability in public spending. The EU could encourage more Member States to adopt participatory budgeting and provide support to those that are already implementing it.

3.5. To address the challenge of complex EU budgets, which are difficult for both citizens and specialists to understand, efforts should be made to simplify and clarify budgetary information. This could involve creating user-friendly summaries and visual presentations of budget data, as well as providing educational resources to help citizens better understand EU finances. The EESC recommends systematically referring to resources related to funding and transparency of the EU budget on sites detailing how citizens and businesses can use EU funds, ideally through FAQs, toolkits, and other accessible formats.

3.6. The EESC proposes developing an EU-wide digital platform for fiscal transparency to enhance public spending accountability. This user-friendly platform would integrate existing efforts, providing real-time access to budgetary data, procurement details, and project outcomes. By collaborating with civic tech organisations, civil society, and private sector partners, the platform could leverage expertise to create engaging and effective tools. To minimise the administrative burden, it should extract data directly from existing systems rather than requiring additional reporting from Member States. Such a platform would significantly improve public access to and understanding of EU financial information.

3.7. To make an impact with these tools, stakeholder engagement is key. The EU could encourage stakeholder engagement by providing opportunities for members of the public and civil society organisations to participate in the budgeting process and provide input on fiscal policies. This should complement, not replace, the formal consultation processes with representative organisations of civil society. The involvement of organised civil society should be the minimum requirement for establishing budget priorities.

3.8. Providing training and capacity-building for public officials, at all levels that manage funds coming from the MFF, as well as for civil society organisations, could help increase fiscal transparency and accountability. The EU could provide training and capacity-building programmes to help public officials and civil society organisations understand the importance of fiscal transparency and how to implement it effectively.

3.9. A significant barrier to effective fiscal transparency and participatory budgeting is the low level of public awareness and engagement. Many people are not informed about their right to participate or how to access fiscal information. Significant support should be provided under each major fund to implement comprehensive education and awareness-raising campaigns together with civil society, and capacity-building programmes for government officials and civil servants on best practices for transparency and citizen engagement. These campaigns should target not only citizens but also businesses, recognising their role as key stakeholders in the EU's economic landscape.

3.10. The EU should prioritise engaging young people in participatory budgeting processes, as they are the future stakeholders and decision-makers. This can be achieved by developing youth-friendly digital platforms and tools for participatory budgeting, conducting targeted outreach and awareness-raising campaigns to inform and engage young people and working together with youth organisations and educational institutions to promote youth participation. As a concrete step, the EU could consider piloting a programme where young people decide on a small percentage of a relevant budget through youth organisations.

#### 4. Specific observations and recommendations

4.1. While there are many innovative tools for fiscal transparency and participatory budgeting, they are often fragmented and not widely adopted across the EU. There is a need for greater coordination and support for civic technology (tech) initiatives. This can be achieved through events that bring together tech experts, government officials and civil society to create solutions for fiscal transparency and public engagement. At the same time, effective platforms at Member State or EU level such as [opencoesione.it](http://opencoesione.it) <sup>(4)</sup> and [cohesiondata.ec.europa.eu](http://cohesiondata.ec.europa.eu) <sup>(5)</sup> could and should become standard.

<sup>(4)</sup> OpenCoesione.

<sup>(5)</sup> Cohesiondata.

4.2. Many governments are not fully utilising data analytics and Artificial Intelligence (AI) to enhance fiscal transparency and participatory budgeting. These technologies can provide deeper insights into budgetary data and improve decision-making. With the need to take further action towards a digital deal, this area should be one of the first to integrate advanced data analytics and AI. Data analytics can be used to provide insights into spending patterns, forecast budget outcomes and identify potential issues. AI-driven tools can be used to analyse large data sets, detect anomalies and suggest improvements in budget allocations.

4.3. Cross-border collaboration and knowledge-sharing on fiscal transparency and participatory budgeting among EU Member States remain limited. The EESC recommends increasing opportunities for such collaboration under MFF-funded programmes through EU-wide initiatives or regional partnerships. These efforts should facilitate the exchange of best practices and the development of joint solutions to common transparency challenges. Special emphasis should be placed on fostering cross-border collaborations among youth organisations and young leaders in this field, ensuring the next generation is actively involved in advancing fiscal transparency and participatory budgeting across the EU.

4.4. The EESC notes that many transparency and participatory budgeting initiatives lack robust evaluation and monitoring mechanisms, making it difficult to assess their effectiveness and make necessary improvements. To address this, it recommends implementing comprehensive monitoring frameworks that include regular impact assessments and public feedback channels. These measures would facilitate continuous improvement of these initiatives, ensuring their ongoing effectiveness and responsiveness. The EESC emphasises the importance of the ECA and of the discharge procedure in ensuring fiscal accountability and recommends that this process be given more detailed consideration and be made more accessible in the context of enhancing fiscal transparency.

### ***Integrating key EU policy angles***

4.5. The MFF sets the EU's long-term spending priorities and allocations, acting as both a constraint and enabler for fiscal transparency and participatory budgeting. The EESC advocates aligning fiscal transparency tools with the MFF's strategic priorities, using this as the main framework for implementing these principles. This alignment could help secure funding and institutional support for transparency initiatives while ensuring the next MFF incorporates the highest degree of transparency and participation. The EESC emphasises the importance of involving organised civil society in preparing the MFF, through structured consultations similar to those used for the Recovery and Resilience Facility.

4.6. Cohesion policy, crucial for reducing disparities between regions, is facing scrutiny amidst rising populism and criticism of EU bureaucracy. The EESC believes that enhancing transparency and participatory practices could strengthen cohesion policy's position within the MFF. This involves ensuring that cohesion funds are allocated transparently, with clear criteria and public reporting on outcomes, while also integrating participatory budgeting processes into funding decisions. By engaging local communities in determining how funds are allocated, the EU can foster greater understanding and support for cohesion policy, countering criticisms and reinforcing its importance in addressing regional inequalities. The EESC recognises that the implementation of participatory budgeting must consider the varying levels of decentralisation across the Member States. Approaches should be flexible enough to accommodate these differences while still promoting transparency and citizen engagement at all levels of governance.

4.7. The potential accession of Ukraine, Moldova, and Western Balkan countries by 2030 will significantly impact the EU's financial landscape. The EESC advocates transparent fiscal practices to prepare for this enlargement, supporting candidate countries in adopting EU standards for fiscal transparency and participatory budgeting. Adjustments to the MFF and cohesion policy should be made transparently, with civil society input, to accommodate future new Member States' financial needs. Additionally, actively involving young people from candidate countries in these discussions can foster a culture of transparency among future leaders, ensuring smooth integration and long-term commitment to these principles.

4.8. The Russian war against Ukraine has heightened the need for energy independence, potentially conflicting with Green Deal commitments. The EESC argues that transparent budgeting can help balance these competing priorities. The EU must clearly communicate how it plans to achieve both energy independence and Green Deal targets, ensuring public involvement in these critical decisions. Investments in energy infrastructure should be transparent and aligned with long-term sustainability goals, with input from youth organisations and climate activists on sustainable investment and budgeting practices.

4.9. The Enrico Letta report 'Much more than a market' underscores the importance of maintaining EU competitiveness through innovation, productivity, and economic stability. Transparent fiscal policies and practices are key to achieving these goals. The EESC advocates allocating innovation funding transparently and using participatory budgeting in economic decision-making. This approach can enhance public understanding and support for competitiveness initiatives while boosting the legitimacy and effectiveness of related policies. The EESC also acknowledges the complementary insights provided by the Draghi report on EU competitiveness, which further emphasises the need for the transparent and effective allocation of resources to boost the EU's economic resilience and innovation capacity.

4.10. When implementing participatory budgeting, it is essential to draw on the collective wisdom of civil society organisations. These groups, with their deep understanding of societal needs, can help balance short-term desires with long-term investments. The EESC can facilitate dialogue between diverse stakeholders, ensuring that participatory processes benefit from a wide range of perspectives and expertise. Regular evaluation of these processes, with input from participating organisations, will be crucial if they are to keep improving and remain effective.

Brussels, 23 October 2024.

*The President*  
*of the European Economic and Social Committee*  
Oliver RÖPKE

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