

# The People and the Budget

Empowering Public Understanding of Public Finances





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EMPOWERING PUBLIC UNDERSTANDING  
OF PUBLIC FINANCES

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# Preface

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Public finances in OECD countries are under pressure. Successive shocks, including the global financial crisis, the pandemic and the recent energy shock, have left many countries with historically high debt, averaging close to 110% of GDP across the OECD. Long-term spending pressures are also intensifying. Population ageing, rising defence needs, the need for growth-enhancing investment in infrastructure and digitalisation, risks related to extreme weather events and higher interest payments are reshaping fiscal outlooks.

While fiscal rules, medium-term frameworks, and spending reviews remain essential to keeping public spending in check, their effectiveness increasingly depends on securing support from citizens and civil society. This report highlights a key part of modern budgeting: enhancing public understanding on fiscal realities, long-term pressures and the trade-offs inherent in budget choices.

Drawing on new OECD evidence and comparative analysis, the report shows how clearer communication of public finances, stronger engagement with citizens, and more accessible budget information for key decision makers and the public can strengthen trust in budget decisions. It also underlines the important role of independent fiscal institutions in explaining long-term risks and the costs of inaction in ways that resonate beyond expert audiences, particularly in a rapidly changing communications environment.

This report is intended to support governments as they confront complex fiscal choices. By bringing insights from across the OECD on budgeting, communication, engagement and independent oversight, it offers practical guidance for strengthening decision making in an evolving policy environment. The OECD will continue to support countries in adapting these approaches to their own institutional and political contexts, so that fiscal policy can remain both sustainable over the long term and responsive to citizens' concerns today.



**Mathias Cormann**

OECD Secretary-General

# Foreword

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Public finances across the OECD are under strain, and the room for delaying action is narrowing. High public debt, ageing populations, rising defence needs and the growing cost of extreme weather events are no longer distant pressures. They are shaping fiscal choices today. Recent shocks, particularly the energy crisis and the surge in living costs, have further stretched budgets while heightening public expectations of government support.

This moment exposes a deeper challenge. Governments are being asked to manage long-term fiscal risks in an environment where public trust is fragile and tolerance for trade-offs is low. Emergency measures have helped protect households, but repeated reliance on short-term fixes risks eroding confidence in governments' ability to act with a clear direction and a long-term purpose.

OECD analysis shows that trust weakens when citizens do not understand why reforms are needed, how costs and benefits are shared, or how today's decisions fit into a longer-term strategy. At the same time, delaying action on long-term challenges only increases the scale of future adjustment. This creates a dangerous cycle: hesitation fuels mistrust, and mistrust makes action harder.

These pressures are magnified by a rapidly changing communications landscape. Fragmented media environments, declining trust in traditional intermediaries and polarised online debate make it harder to sustain attention on long-term fiscal challenges and to explain why difficult choices are unavoidable. In this context, even well-designed reforms

can falter if citizens do not recognise themselves, their concerns and their futures in government narratives.

Breaking this cycle is now central to both restoring public finances and rebuilding trust. Fiscal sustainability is not only a technical question of rules and institutions. It is also a political and social challenge that depends on whether people believe governments are making difficult choices transparently, fairly and with future generations in mind.

This report outlines that modern budgeting must place public understanding at its core. Budget processes, communication strategies and oversight arrangements all need to work together to explain fiscal realities, clarify trade-offs and give citizens a meaningful sense of voice. Doing so does not remove the difficulty of reform, but it can make reform more durable.

The report sets out four practical pillars to support this shift: demystifying the budget for key decision makers; communicating public finances clearly; fostering genuine citizen engagement to build legitimacy; and transforming independent fiscal institutions into proactive fiscal advocates. Together, these pillars offer a way to anchor fiscal policy in long-term thinking while retaining public confidence in periods of economic stress.

The choices facing governments are increasingly shaped by long-term forces that do not wait for electoral cycles to catch up. By investing now in public understanding, countries can reduce the risk that policy is paralysed. They can rebuild trust in public institutions, and create the conditions needed to secure their public finances for the years ahead.

# Acknowledgements

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# Executive summary

Empowering public understanding is becoming an essential part of modern budgeting.

Public finances in OECD countries are at a critical juncture. Successive crises have pushed public debt to record levels: near 110% of GDP. Governments are grappling with mounting spending pressures, including those related to cost-of-living concerns, urgent defence needs, extreme weather events and ageing populations. Delaying action costs more. Unless meaningful reforms are introduced, debt trajectories will continue to rise, further limiting the scope for governments to address priorities and support economies through future crises.

Well-designed rules and institutions remain essential for fiscal sustainability, but they are no longer sufficient. Governments are being asked to manage long-term fiscal risks in an environment where public trust and people's willingness to tolerate trade-offs are low. OECD analysis shows that trust weakens when citizens do not own reforms or understand why they are needed or how costs and benefits are shared. These pressures are magnified by a rapidly changing communications landscape. Fragmented media environments and polarised online debate make it harder to sustain attention on long-term fiscal challenges and to explain why difficult choices are unavoidable.

This report builds on the OECD's work on restoring public finances and the drivers of trust in government. It uses new survey data from sources such as the 2025 OECD Survey of Government Communicators, the 2025 OECD Survey on Parliamentary Budget Oversight, the 2024 OECD Trust Survey, and the 2024 OECD Fiscal Advocacy Index.

To secure fiscal sustainability, governments must empower public understanding. Early experiences show that this can be built on four pillars.

**First, demystifying the budget for key decision makers.** Legislators take core budget decisions and act as the main link between complex fiscal choices and citizens. Yet they often face large volumes of technical material that prioritise detail over strategic choices, obscuring the big picture. Parliamentary debate can therefore become narrowly focused, rather than centred on the long-term pressures, trade-offs and choices that matter for fiscal sustainability. Parliamentary budget offices and technical support staff can help by shifting their focus from explaining budget mechanics to clarifying big-picture fiscal choices. Well-timed inductions at the start of parliamentary terms, clear and on-demand briefings, and case studies that connect key fiscal choices to people's daily lives help support this shift. Supporting legislators in this way will help focus debate on core fiscal choices and equip them to convey fiscal realities more clearly and credibly to citizens.

**Second, communicating clearly with the public.** Technical vocabulary alienates people. Experts must use relatable comparisons and clear visuals, explaining why budget choices matter to families today and in the future. This is not about oversimplifying economics; it is about helping citizens understand the trade-offs. Leading examples, such as the Netherlands Bureau for Economic Policy Analysis and the Irish Fiscal Advisory Council demonstrate that success requires a strong communications culture be embedded within institutions. This means opening up to media, being more creative with how information is presented, and effectively leveraging both traditional broadcasting and new social media networks to reach the public.

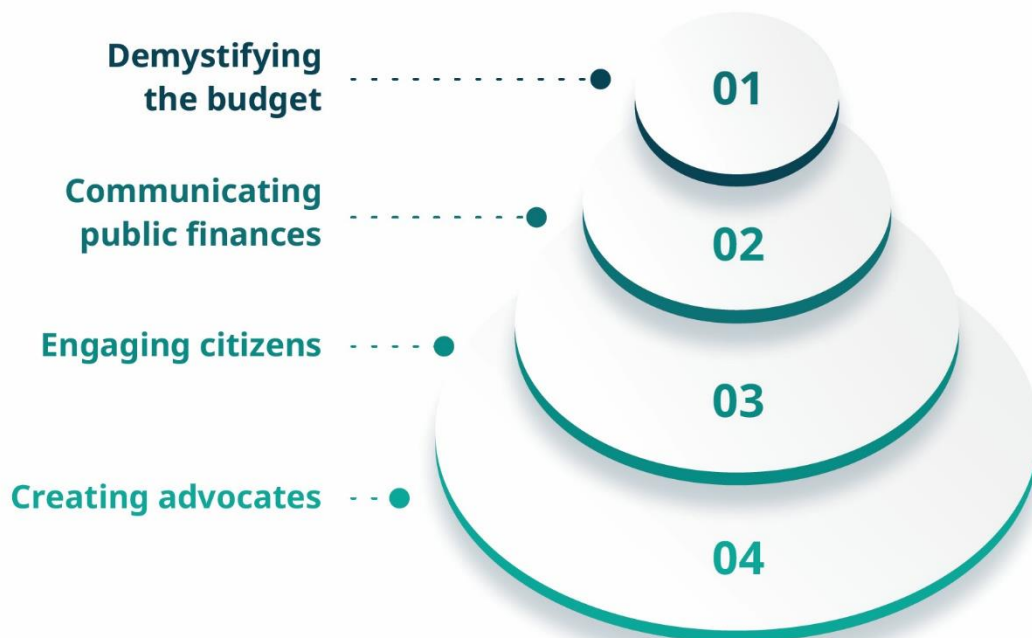
**Third, giving citizens a real voice.** Traditional consultations often fail to show the true scale of fiscal challenges. Parliaments can use committees to gather evidence from both experts and citizens, building credibility. However, governments and parliaments must

broaden their toolkits to include more ambitious forms of engagement. There is no single solution, but good examples range from large-scale national democratic forums, such as Sweden’s Almedalen model, to innovative methods such as quadratic voting that help tease out public preferences. OECD data show a 47-percentage-point trust gap between individuals who feel that ‘people like them’ have a say in government decisions and those who do not. Meaningful citizen engagement is no longer a public relations exercise. It is a core requirement for governments to secure the public ownership needed to successfully implement sound fiscal decisions.

**Fourth, empowering fiscal advocates.** Independent fiscal councils, parliamentary budget offices and supreme audit institutions are among the most trusted

public institutions in many countries. The OECD Fiscal Advocacy Index shows that such bodies are most influential when strong independence is combined with focused analysis and a communications platform. Publishing high-quality analysis is necessary but rarely sufficient. Impact depends on the ability to communicate findings in plain language, highlight long-term risks and explain the consequences of inaction in ways that resonate beyond expert audiences.

These four pillars work together. Clear communication grounds public debate in reality. Meaningful engagement builds trust. Independent advocates keep the focus on long-term sustainability and credible policy trade-offs. By putting people at the heart of budgeting, countries can build the political support needed to restore the public finances.



# **1**

## **Overview: The need to empower public understanding of the budget**

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This chapter looks at why empowering public understanding of the budget has become such a central issue for restoring public finances. Governments face severe fiscal pressures and public trust remains low. Achieving consensus on key policy trade-offs is difficult. In this environment, restoring public finances is not just a technical task. It is a democratic and communication challenge. If citizens and their representatives do not understand and own the problem and the challenges, even well-designed fiscal reforms will fail. This chapter sets out why strengthening public understanding has become essential. It introduces a way forward to bring people back into the budget conversation.

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## 1.1. Public understanding and ownership as imperatives for restoring public finances and trust

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The fiscal backdrop has become increasingly challenging in many OECD countries. Average public debt across the OECD is projected to reach 113% of GDP by the end of 2027 (OECD, 2025<sup>[1]</sup>). Persistent deficits have raised concerns about debt sustainability and drive up borrowing costs.

These pressures have been intensified by recent events and structural trends. The responses to the COVID-19 pandemic and energy crises have prompted extensive emergency support to households and businesses. Governments are also having to manage rising defence spending, population ageing and the costs of extreme weather events.

Despite the pressures, action to restore public finances has so far fallen short of what is needed. Budget bills have been very difficult to pass in parliaments in a large number of countries. Fiscal adjustments have been slow and fragmented. This leaves governments with little room to respond to future downturns, to address future costs related to ageing, or to fund core priorities. Restoring public finances means ensuring the budget can fund today's priorities, manage long-term pressures, and weather unexpected economic shocks.

However, public understanding acts as a binding constraint on reform. Governments can often design sound fiscal measures. Yet, turning them into lasting change depends on political and public acceptance. In today's digital environment, citizens are more informed and used to voicing their concerns. Policy decisions cannot succeed without broad public ownership. This requires a shared understanding of why action is needed and who bears the costs.

The gap between designing reforms and delivering them has widened in recent years. Reforms that make fiscal sense often lose momentum and even face backlash in the public arena. They are postponed, diluted, or reversed. When parliaments struggle to make clear policy choices, it directly damages public trust. It undermines the credibility of institutions to handle long-term challenges. Consequently, successfully restoring public finances is a key tool for improving trust in government.

A lack of public understanding and sense of ownership widens this implementation gap. When people do not understand the consequences of inaction, or feel no ownership over the solutions, opposition hardens. Reforms to taxes, pensions, or public spending routinely stall due to public backlash. This happens not necessarily because the policies are flawed, but because their purpose and impacts are not owned by citizens. Misunderstanding fuels perceptions of unfairness, making reform much harder to sustain.

## 1.2. The changing drivers of trust

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The reasons citizens trust their government are changing. This shift is central to why the gap between designing reforms and delivering them persists.

According to the results of the 2024 OECD Survey on Drivers of Trust in Public Institutions (OECD Trust Survey), 44% of respondents report low or no trust in their national government. This outweighs the 39% who report high or moderately high trust (OECD, 2024<sup>[2]</sup>).

There is a clear divide in how citizens view their government. Trust in day-to-day interactions with the state remains relatively robust (Figure 1.1). For example, a majority of people who came into recent contact with the respective services report satisfaction with administrative services (66%) and the education (57%) and health system (52%). Furthermore, a majority believe public institutions will treat their applications fairly and protect their personal data. These routine interactions remain key drivers of overall trust (OECD, 2024<sup>[2]</sup>).

However, trust drops sharply when it comes to complex policy decisions, which is exactly what the budget involves. Across the OECD, people are highly sceptical about the capacity of governments to manage long-term challenges. For instance, only 37% believe the government fairly balances the interests of current and future generations one of the top drivers of trust today.

This lack of trust is driven directly by a perceived lack of political voice. Just 30% of people feel their political system lets them have a say in what the government does. This gap matters. Public finance is defined by these complex trade-offs. Balancing the budget means funding today's services without placing an unsustainable debt burden on tomorrow's taxpayers. And trust is closely linked to perceptions of fairness.

When citizens doubt the government's ability to balance interests fairly, they may resist difficult fiscal choices.

A sense of political agency is also crucial. OECD data show a 47-percentage-point trust gap between

individuals who feel that 'people like them' have a say in government decisions and those who do not. Where citizens doubt the process or their ability to influence outcomes, it can be harder to expect them to accept difficult fiscal reforms.

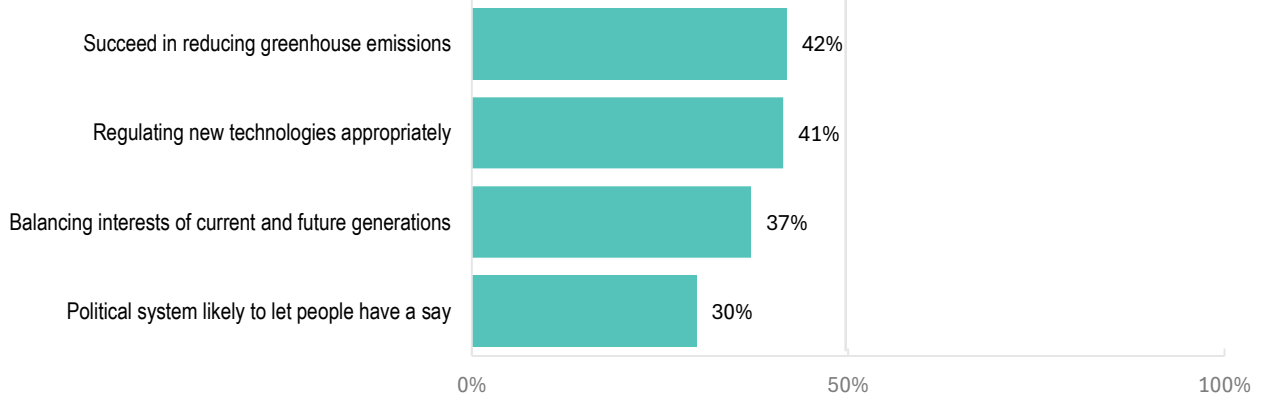
**Figure 1.1. There is trust around service delivery, but less around the capacity to address long-term and complex policy decisions and the related process**

% respondents answering "likely" or "satisfied"

**Day-to-day delivery & interaction**



**Long-term & complex policy decisions**



Note: The chart shows the share of respondents who answered positively regarding the reliability and responsiveness of public institutions. The satisfaction rates with essential public services shown are for individuals who have come into recent contact with administrative, education or health services, respectively.

Source: Adapted from the OECD 2024 Survey on Trust in Public Institutions (OECD, 2024<sup>[2]</sup>).

StatLink  <https://stat.link/sofjp3>

A lack of clear communication deepens this problem. Under 40% of respondents in the OECD Trust Survey (OECD, 2024<sup>[2]</sup>) find that the government clearly explains how reforms affect people like them. Only about one-third of people find government statistics trustworthy, easy to find, and easy to understand.

Rebuilding trust will be central to restoring public finances. Without a clear understanding of the problem and confidence in how decisions are made, fiscal reforms are more likely to trigger backlash and to be delayed, weakened or reversed. Strengthening understanding and trust is therefore not optional, it is essential to making reform stick. Ensuring reforms are successful, in turn, provides the opportunity to restore trust in the government's ability to manage long-term challenges.

### 1.3. A changing communications landscape

OECD analysis shows that trust depends heavily on two factors: how well governments communicate and base decisions on evidence (OECD, 2024<sup>[2]</sup>).

Communicating public finances has always been challenging. There are three fundamental barriers to overcome (Chapter 3).

First, big numbers. Fiscal data involves billions or trillions. These figures are too large for the human brain to process easily. When numbers lose their human scale, they lose their meaning.

Second, salience. Budgets often feel disconnected from daily life. National deficits, structural balances, and long-term debt are abstract concepts. People care about how policies affect their local schools, hospitals, and personal finances. If the budget does not connect to these everyday realities, people will not engage with it.

Third, the curse of knowledge. Experts and officials understand the technical details of the budget. They often forget what it is like not to know them. This leads to the use of heavy jargon and acronyms. The result is impenetrable language that only serves to alienate the

public and prevent a shared understanding of fiscal challenges.

These inherent challenges are now compounded not only by low trust but also by a more contested digital environment. The current information environment, with a large number of new influencers with catchy content and emotional content leaves less room for shared facts or compromise. This makes it even harder to reach a consensus on sustainable public finances. According to the OECD 2025 Survey of Government Communicators (OECD, forthcoming<sup>[3]</sup>), more than three-quarters say that the current environment makes it harder to communicate policies clearly. Furthermore, two-thirds report that the politicisation of communication undermines their ability to build public trust.<sup>1</sup>

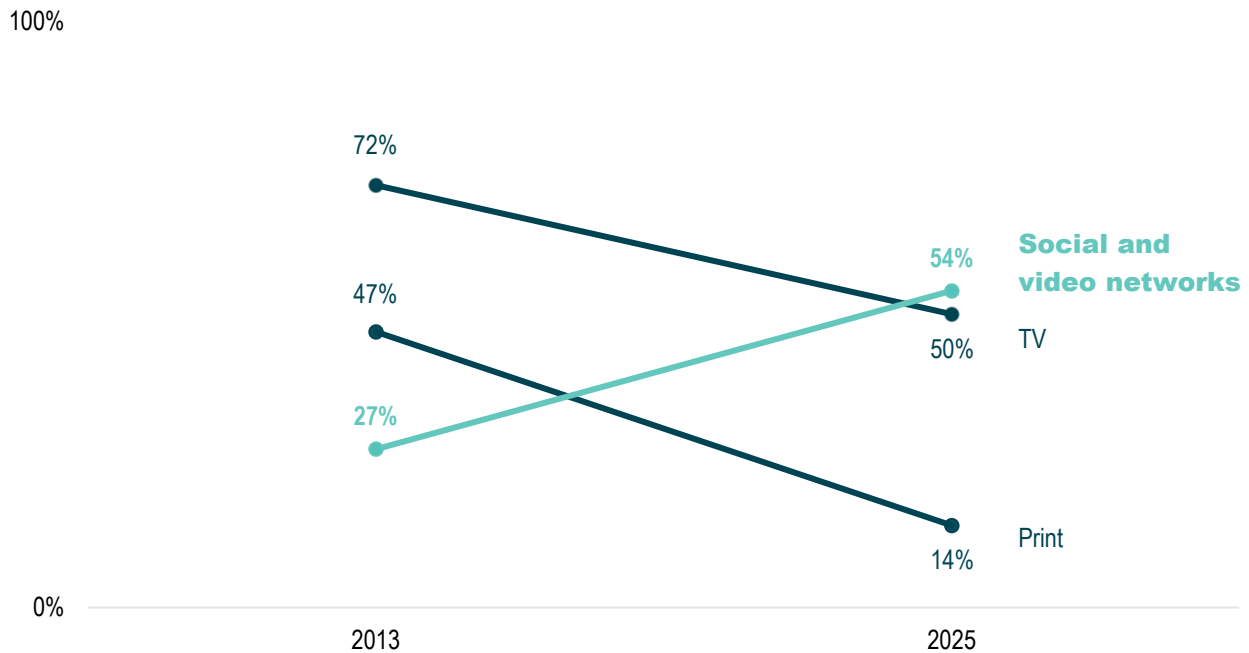
This highlights that communication challenges are not limited to public misunderstanding. They also reflect a rapidly shifting environment that governments have not yet fully adapted to.

Traditionally, policymakers relied on a shared public sphere. People largely watched the same evening news and read the same newspapers. Specialist journalists helped translate complex fiscal issues into accessible narratives the public could understand. By building their expertise and through sustained coverage, they helped connect national finances to everyday concerns. The decline of traditional media, the shift towards faster, and often more fragmented information channels have weakened an important link between governments and citizens. This calls for significant work to adapt how budgets are communicated.

The OECD 2025 Survey of Government Communicators highlights this shift (OECD, forthcoming<sup>[3]</sup>). Half of senior communicators believe traditional news media remains influential mainly because political leaders prioritise it, rather than because it reflects how most people now consume information. A further 28% report that traditional media is no longer the primary channel through which they achieve their communication objectives.


### Figure 1.2. The rise of digital communications for news

% that used each as a source of news in the last week, United States



Note: The chart is based on the question “which, if any, of the following have you used in the last week as a source of news?” The total sample in each year ≈ 2000. Note there was a sampling and weighting change from 2021 onward, yet the diverging trend was clear prior to this change.

Source: Adapted from the Oxford Reuters Digital News Report 2025 (Newman et al., 2025<sup>[41]</sup>)

StatLink  <https://stat.link/kre3pj>

Social media platforms and video networks have replaced legacy outlets as the primary source of news for many. The smartphone is now a key gateway to information, pushing content toward short-form video and audio (see Figure 1.2 for the example of the United States). This is often brought to audiences by algorithms that seek to maximise attention. The shift toward video is driven by a stark generational divide. Younger “digital and social natives”, for example, now say that social media and video networks are their main source of news. Rather than relying exclusively on traditional newsroom settings, these younger audiences are opting for a more fragmented media diet where individual personalities and independent creators play a significant role in shaping public debate.

At the same time, news avoidance is rising. Across global surveys, 40% of people say they sometimes or often actively avoid the news, up from 29% in 2017 (Newman et al., 2025<sup>[41]</sup>). People are tuning out because the news feels too negative, too complex, or causes arguments.

Publishers often respond by producing more alerts and more stories, creating a sense of overload.

In the competition for public attention, institutions are losing ground. The “creator economy” is on the rise. Citizens increasingly prefer to get their news from individual personalities. In many cases, these are found to be more relatable, authentic, entertaining and trustworthy than traditional media.

The rules of communication have also changed. Algorithms prioritise content that keeps users on the app, meaning standard press releases and links to government websites penetrate less through to the public.

For policymakers, this raises a critical question: how can they explain complex fiscal challenges when attention is fragmented, trust is contested, and the channels traditionally used by government no longer align with how citizens consume information?

## 1.4. Enabling public understanding and ownership

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The next chapters of the report will focus on how to enable public understanding and ownership. Empowering public understanding requires action across the institutions that shape fiscal decisions. Ministries of finance, parliamentarians and independent institutions each play a role.

Ministries of finance sit at the centre of budget design. They identify fiscal challenges, develop policy responses, and explain the consequences of inaction. Clear, timely, responsive communication helps reduce uncertainty and anchors debate in shared facts.

To be effective, this communication must go beyond technical precision. It must adapt to how people consume information today. This means using clear language, strong visuals and relatable examples that connect fiscal choices to everyday concerns. It means reaching citizens through platforms they actually use, with social listening also a key part of communication today.

However, communication alone rarely builds trust. Ministries of finance can also engage citizens earlier in the policy process. When people understand trade-offs and see how their input is used, it can build support for fiscal reforms. This makes them more robust and durable. Budgets become collective choices about shared priorities rather than distant technical exercises.

Parliamentarians link fiscal decisions with democratic debate. They approve budgets, scrutinise government proposals and engage directly with citizens. They are often the most visible interpreters of fiscal decisions. Parliamentary committees are particularly important. They provide structured spaces to examine fiscal choices, hear from experts and independent institutions, and engage with people. Strengthening parliamentary understanding and ownership therefore directly supports more informed public debate and more inclusive budget scrutiny.

Independent institutions provide trusted, objective voices. This includes independent fiscal institutions and supreme audit institutions. In polarised and low-trust environments, their analysis can help establish shared facts and clarify long-term risks. Independent institutions as well as checks and balances are also important drivers of trust according to the OECD Survey on the

drivers of trust in institutions. However, to have an impact beyond expert audiences, their independence must be paired with clear communication. This means dispensing with technical vocabulary and speaking directly to citizens' concerns across both traditional and new media.

Together, these institutions shape the entire budget process. Aligning their efforts is essential to rebuilding trust in how fiscal decisions are made.

## 1.5. A way forward to empower public understanding and ownership

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Restoring public finances requires public buy-in and will help build trust. To achieve this, governments must adapt to the modern information environment and overcome the inherent difficulties of communicating about public finances. Recent OECD work on trust demonstrates that transparent and inclusive communication can help build public trust and supports policy implementation (OECD, 2024<sup>[2]</sup>). New OECD analysis also illustrates what it takes for governments to cut through to citizens in the age of algorithms (OECD, forthcoming<sup>[3]</sup>).

This report sets out a strategy based on four specific areas. These areas were selected to reflect the full ecosystem of budget accountability, from political decision makers to citizens and independent voices.

First, the report focuses on demystifying the budget for parliamentarians. Elected officials are the primary democratic link between the budget and the people. They hold the ultimate authority to approve fiscal choices. They need to be supported in their role. This ensures they can make the best-informed decisions and act as a bridge, explaining the budget and long-term trade-offs to their constituents.

Second, the report addresses how institutions communicate about public finances. While many citizens worry about deficits, debt is rarely their top concern compared to immediate issues such as the cost of living. To elevate fiscal challenges on the public's list of concerns, communication must be accessible and personal. This means avoiding technical language that distances experts from citizens. It requires framing choices around local, tangible impacts rather than abstract national goals. Using relatable questions, clear

visuals, and plain language helps to break through the noise of the digital age.

Third, the report looks at citizen engagement. Because trust is low, simply broadcasting information from the top down will not help to build legitimacy. Budgets should reflect what a society values. When the public engages meaningfully, budgeting becomes more realistic and effective. Engagement brings in ground-level knowledge and makes the distributional impacts of proposals visible. Moving forward, institutions must design their engagement for influence rather than mere inclusion, showing clearly how public input shapes difficult fiscal trade-offs.

Fourth, the report examines the role of independent fiscal institutions and supreme audit institutions. In an environment of low trust and polarised discourse, independent voices are vital. These bodies are widely trusted to provide objective analysis. To have a real

impact, they must act as proactive fiscal advocates. This means combining their independence and analytical credibility with clear, plain-language communication to champion long-term sustainability and help explain the costs of inaction to the public.

Public understanding of public finances is no longer a peripheral: it is central to fiscal sustainability and stable governance and trust. In a context of high debt, low trust and fragmented information, governments cannot rely on technical excellence alone. They must direct greater effort to communicating with the public clearly and engaging them.

The remainder of this report examines how the four pillars outlined above can be strengthened in practice. Together, they offer a pathway to rebuild trust, support informed debate, and enable the difficult fiscal choices that lie ahead.

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## Note

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<sup>1</sup> The OECD surveyed 57 Directors of Communication or similarly senior communication officers from 25 OECD Member and Accession countries between July and September 2025 on their perceptions of the evolution and challenges of the information ecosystem and the public communication function. See (OECD, forthcoming<sub>[3]</sub>).



# **2** Demystifying the budget for key decision makers

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This chapter examines how understanding of budgets and debt sustainability can be strengthened among key decision makers. It emphasises shifting efforts away from a narrow focus on the technical mechanics of the budget towards a broader view of fiscal sustainability, key budget pressures and how policy choices affect public finances over time. A stronger grasp of these issues will better equip decision makers to steer debate, explain the rationale for action, take informed decisions and engage more effectively with the public to build wider support for restoring public finances.

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**Infographic 2.1. Demystifying the budget for key decision makers**

**Public finances are complicated**

**Parliamentarians are key.**

They are the primary link between the budget and the people. They can **act as a bridge**. Demystifying the budget for them will help them explain the budget and long-term trade-offs.



**This is a common struggle**

A stronger grasp of the issues will better equip decision makers to steer debate, explain the rationale for action, take informed decisions and **engage more effectively** with the public to build wider support for restoring public finances.



**Three-quarters** rarely read charts

**Three-in-five** are below minimum levels of financial literacy

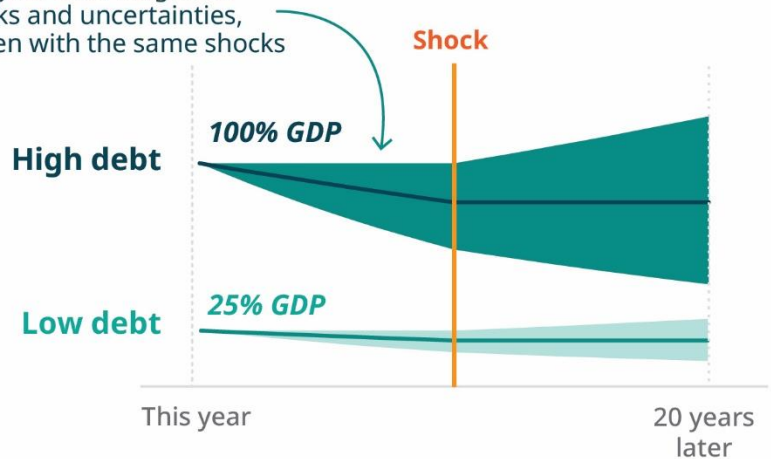
More than **four-in-five** adults never use advanced maths/stats

**Start with the fundamentals**

Rather than focusing on budget processes, a richer understanding of fiscal fundamentals is needed.

Efforts need to shift away from a narrow focus on the mechanics of the budget to **a broader understanding of fiscal sustainability**, pressures and choices.

Higher debt magnifies risks and uncertainties, even with the same shocks



## Key findings

**Stronger public finances start with clearer understanding:** Demystifying the budget and strengthening understanding of fiscal sustainability among key decision makers is essential for restoring public finances. This enables them to engage more effectively in political debate, recognise fiscal risks, explain policy choices, support decisions that strengthen long term sustainability and engage the public on budget choices and the consequences of inaction.

**Shifting the focus:** Current initiatives to explain national budgeting focus too narrowly on the technical “plumbing” of the budget process. To be effective, they must pivot toward the fundamentals: why fiscal rules exist, what determines long-term sustainability, and the consequences of inaction on major challenges such as ageing.

**Overcoming barriers:** Decision makers such as elected officials face severe time constraints and may fear exposing knowledge gaps. Successful programmes can surmount these barriers by using tried and tested adult learning techniques, offering well-timed inductions at the start of terms, and providing on-demand, “bite-sized” content such as video explainers and short briefings.

**Core competencies:** Mastering the budget does not require understanding complex econometrics; it requires understanding the “big picture” trade-offs. Programmes should focus on simplifying complex concepts – using clear narratives and real-world examples – to empower policymakers to assess the long-term impact of today’s decisions.

### 2.1. How OECD countries are demystifying budgets for key decision makers

Over time, spending pressures on ever more complex areas of policy mean that budget systems and documents have become increasingly more complicated. This makes discussions about policy priorities more difficult to hold in Parliament. It blurs the debates about how to restore public finances and inhibits communication with the public.

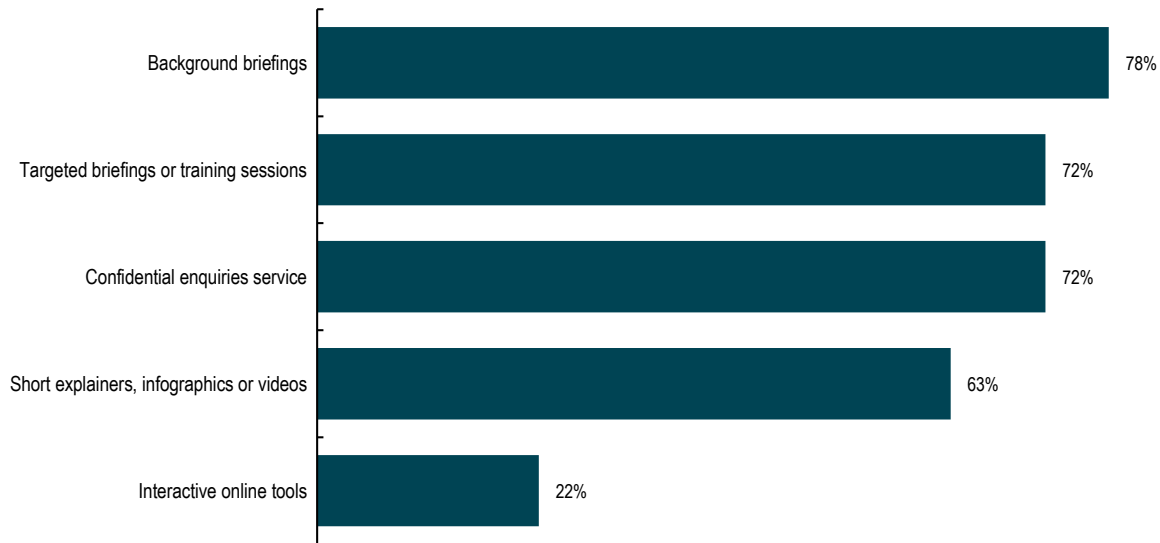
This complexity adds to the inherent difficulties faced by parliamentarians and other political officials when trying to fully grasp what is at stake in public finances. The challenge is made worse without proper support, specific training or background. When decision makers fully appreciate the pressures facing public budgets and how different policy choices play out over time, they are better equipped to steer debate, explain the rationale for

action, and make decisions that can help restore public finances. This understanding also helps them communicate more openly with the public, build trust, and shape the political will needed to restore public finances in a credible and durable way.

Existing efforts in parliaments to support elected officials in their budget oversight role shine a light on what OECD countries are doing to demystify the budget for key decision makers. Where parliaments have activities to better equip decision makers with knowledge of budgetary issues in their own countries, these are often delivered by in-house technical units supporting budget scrutiny in parliaments.

Among in-house technical units, current efforts to improve understanding of public finances range from publishing briefing material to interactive tools. These bodies provide targeted briefings on training sessions, confidential enquires services and short explainers/infographics or videos (see Figure 2.1).

**Figure 2.1. How parliamentary budget services promote understanding of public finances among elected officials in OECD countries**



Note: This covers services provided by specialists from within parliament services. N=32 OECD countries.

Source: 2025 OECD Survey on Parliamentary Budget Oversight.

StatLink  <https://stat.link/anx6jv>

Depending on the countries, these efforts vary significantly in scope. At one end of the spectrum, they are infrequent and ad hoc; at the other end, they are far more comprehensive and structured.

A key challenge, however, relates to their focus. Ideally, efforts to demystify the budget would cover the fundamentals of public finances. They would promote an understanding of key overarching issues, such as fiscal sustainability and the importance of economic growth, and they would set out the major challenges facing public finances, including the cost of maintaining existing outlays in an ageing population, rising pensions and healthcare costs, a retiring workforce, and the costs of extreme weather events. Knowing the trade-offs involved would help decision makers communicate the need for action more clearly.

Of the 38 OECD countries, only 10 reported that they had integrated fiscal literacy training in central induction activities in parliament (OECD, forthcoming<sup>(1)</sup>). In many of these, the programmes for members of parliament have a relatively narrow focus. Instead, they tend to put the emphasis on fiscal “plumbing” – how budgets and bills are enacted. There is much scope for creating a coherent and comprehensive platform to equip policymakers with a broader understanding of public

finances and support them in addressing the major fiscal challenges.

### **2.1.1. Activity to strengthen understanding of public finances among key decision makers varies in intensity**

There are few examples of initiatives in OECD countries aimed specifically at demystifying the budget and strengthening understanding of fiscal sustainability among key decision makers. Where such initiatives exist, they tend to take three forms. They range from infrequent, ad-hoc initiatives to more structured and comprehensive programmes.

#### *1) Low intensity: infrequent, ad hoc initiatives on specific topics*

At one end of the spectrum are infrequent initiatives on specific topics. These are designed to help inform stakeholders, such as elected officials, about key areas of public finances. They tend to involve ad hoc workshops, seminars, conferences, or educational sessions. The focus of these is usually on one technical area of budgeting rather than imparting a broad understanding of fiscal policy.

Examples include **Spain** where AIReF, the Spanish Independent Agency for Fiscal Responsibility, interacts once a year in a workshop involving all political parties. The workshops focus on AIReF's main areas of work focus and specific key topics. For instance, one area of focus considered for 2024 is a workshop on the new system of fiscal rules that has emerged from the EU's Economic Governance Review.

Another example is **Ireland**, where the Irish Fiscal Advisory Council organises an annual "Path for the Public Finances" conference. The conference seeks to bring more awareness to longer-term fiscal policy challenges that may get less attention in the national debate. Past conferences have focused on how to assess long-term fiscal sustainability, major fiscal risks, climate, and capital spending. Members of parliament participate, especially those on budget-related committees.

In **Slovenia**, the Slovenian Fiscal Council has organised a once-off workshop to explore technical aspects of the EU's Stability and Growth Pact. This initiative, while generating good interest among elected officials, was technical in its focus.

### *2) Medium intensity: more regular, tailored efforts*

In the middle of the spectrum are ongoing, unstructured activities that enhance policymakers' understanding of public finances. These initiatives promote understanding of budgetary matters in a more tailored manner. Rather than fully-fledged training programmes, they may entail direct support on various issues provided at a time when analysts have completed some work or as the needs arise. It may be availed of regularly by key decision makers. Often, the support can be provided on a confidential basis.

In **Mexico** the Mexican Center for Public Finance Studies – like many other parliamentary budget offices – plays a key role in promoting elected officials' understanding of the intricate workings of the Mexican budget. It is quite common for the Center to provide committees and individual members of Congress with reports and analysis on request. The responses are usually in writing and come with a typical turnaround time of 30 to 45 days. In addition, to strengthen legislators' understanding of conceptual and technical matters, the Center produces a "basic concepts information booklet series". The series explains the terminology and

classifications involved in the Federal Budget. For instance, the September 2023 publication addressed the processes involved, the approval schedule, some of the key economic concepts and fiscal classifications that arise, and an overview of recent budgetary outturns.

Similarly, **Australia** provides its parliamentarians with bespoke support via the policy costing services of the Australian Parliamentary Budget Office. The service is able to respond to parliamentarian's needs in a relatively informal and interactive manner. The Office encourages parliamentarians to have informal discussions with it before submitting requests for the policy costing services it provides. It also engages with parliamentarians during the preparation of its responses. This interactivity is seen as a positive aspect that has helped to enhance policy development more generally.

These types of support offer a more frequent way for key decision makers to develop their understanding of public finances. Yet, the focus is often subject to demand as issues arise, with some exceptions, as in the case of the Mexican Center for Public Finance Studies. Overall, they also lean towards the mechanics of the budget process rather than a more high-level understanding of fiscal challenges.

### *3) High intensity: structured, frequent, and comprehensive programmes*

At the other end of the spectrum is a set of much more comprehensive and frequent engagements to improve understanding of public finances. These programmes delve into the intricacies of fiscal policy as it is enacted. Programmes may encompass a range of topics, such as how fiscal policy is formulated, resource allocation, expenditure oversight, and financial accountability.

The goal of these initiatives varies. In some cases, it is explicitly to help policymakers by equipping them with practical advice when navigating the complexities of budgeting. In other cases, the goal is to foster more informed and efficient governance.

In terms of how they are put into practice, these programmes are typically more engaging than those at the other end of the spectrum. They bring together key decision makers in hands-on workshops, seminars, and interactive sessions. Ideally, this creates a safe environment in which to learn without judgement.

An example of this is in the **United Kingdom**, where the Scottish Parliament's Information Centre provides training support in addition to information and analysis to Members of the Scottish Parliament. Through its Financial Scrutiny Unit (FSU), the Centre aims to help Members scrutinise the budget more effectively.

The FSU uses a number of novel approaches. In particular, it has four key forms of intervention to enhance stakeholders' understanding of various aspects of public finances.

First, the FSU organises a form of induction to the realm of budgeting at the very start of a new government term. It sees this as a critical period to enhance elected officials' ownership of budgeting. It is a good time to seize on the initial enthusiasm of entering office as with this comes a greater enthusiasm to learn. It comes before official appointments to specific committees. The FSU uses this as an opportunity to emphasise the importance of focusing on key fundamentals and major policy areas rather than trying to cover too much. This helps ensure impact beyond the political cycle and a longer-term legacy. An optional refresher on similar content is available after two years.

Second, the FSU employs a series of regular briefings. These take various forms. One form is breakfast seminars, which prove popular as they align well with elected officials' schedules. In particular, they offer a chance for reflection under Chatham House rules before getting caught up in the issues of the day. Seminars involving external speakers, especially those with a high profile, tend to prove more popular. One example is a presentation by the Scottish Fiscal Commission of its first Fiscal Sustainability Report. Other forms include private briefings, which give an opportunity to ask questions more freely. Briefings to specific members of parliament are also provided, which offer an opportunity to develop champions on certain issues that can have a positive influence within their respective parties.

Third, the FSU organises an annual business planning day. This usually takes place in off-site locations at a useful time in the calendar for planning ahead, for example before the summer recess. It provides an opportunity for the FSU to have direct contact with elected officials while planning committees' work programmes for the year ahead. In particular, it offers a chance to focus on fundamental issues outside of the daily routine. This presents a unique opportunity to

revisit some of the major fiscal challenges and principles that face policymakers.

Fourth, the FSU produces video explainers, data visualisations and online tools that can be accessed by political stakeholders as well as the general public. These cover topics such as the budget process, the latest tax and spending changes, current outlays, personal income tax liabilities, and details on devolved funding.

Another example in the **United Kingdom** comes from the Scrutiny Unit housed in the United Kingdom Parliament. It came into existence in 2002 after a committee concluded that select committees would need additional help examining a number of budgetary areas being reformed. Its role is to enhance the House of Commons' work by offering specialised expertise to select committees, particularly on financial matters and on draft bills. Its staff is made up of a mix of lawyers, accountants, policy specialists, economists, and statisticians. It provides analysis, guidance, presentations, and even draft questions to Members and staff. As well as working with elected officials, the Unit encourages departments to provide better quality information.

An important part of the Unit's work has been to provide training sessions to elected officials. These training sessions are tailored to the needs of Members of Parliament and their staff. Sessions cover topics such as legislative processes, financial scrutiny techniques, policy analysis, and other relevant areas aimed at enhancing the effectiveness of parliamentary scrutiny and oversight. The content and frequency of such training sessions may vary based on the evolving needs of the Members and the priorities of the Unit itself.

The **United States** also has similar supports. Together, the work of the United States House Modernization Committee and the Congressional Research Service enhances policymakers' understanding of fiscal issues and promotes effective governance in the realm of fiscal policy.

The United States House Modernization Committee has been instrumental in spearheading efforts to improve policymakers' understanding of fiscal issues. The Committee, established in 2019, has focused on modernising the operations and practices of the House of Representatives to better serve the needs of its members.

One significant aspect of the House Modernization Committee's work has been providing induction programmes for new members. This is something that the Congressional Research Service has helped co-ordinate. In addition, by leveraging digital tools and platforms, the Committee has facilitated easier access to fiscal data, analysis, and educational resources, thus empowering elected officials to make more informed decisions on budgetary matters.

The Congressional Research Service has also played a crucial supporting role. It provides policymakers with comprehensive and unbiased research on fiscal issues. As the research arm of the United States Congress, it conducts in-depth analyses, prepares reports, and offers expert guidance on a wide range of topics, including budgeting, taxation, and economic policy. Its research

has helped to equip lawmakers with the information necessary to navigate complex fiscal challenges. Moreover, it often collaborates with congressional committees and individual legislators to tailor its research to specific policy inquiries.

A key lesson from one of the few evaluation reports on these programmes (Ross, McIntyre and Roy, 2021<sup>[2]</sup>) is that there is a risk countries spend too much time on the technicalities of a fiscal framework. This can come at the cost that time spent on key areas of significant importance to fiscal sustainability in the medium to longer term (see Box 2.1) is crowded out. Moreover, discerning important trends and budgetary outcomes can be challenging for key decision makers when vast amounts of information are provided in the form of reports.

### **Box 2.1. The effectiveness of activities to improve understanding of public finances in Scotland, United Kingdom**

Experience from Scotland provides valuable insight into how effective initiatives are at deepening elected officials' understanding of budgetary matters.

#### **The survey**

In 2021, the Scottish Parliament's Information Centre, Strathclyde University, and the University of Glasgow published the findings of a unique study (Ross, McIntyre and Roy, 2021<sup>[2]</sup>). It included a survey of members of Scottish Parliament with 27 responses (20% of all members), plus in-depth interviews with 23 key figures such as senior members of parliament. The goal was to gather their reflections on their understanding of and ability to scrutinise Scotland's budget powers.

#### **I mostly get it, others do not**

The majority of members of parliament reported having a relatively good understanding of the Parliament's budget process and powers (rating their understanding at 7.1 out of 10 on average, with 10 being "very high" and 0 "very low" understanding). However, they felt that other members of parliament had a weaker understanding in general (3.6/10). In terms of progress, the balance of opinion was that scrutiny had "got a little better" or "stayed the same".

#### **Wide budget scrutiny but not enough depth**

A key finding from the report was that members of parliament felt budget scrutiny had widened, rather than deepened. In other words, the number of areas being scrutinised had increased, but the focus did not elicit a deeper understanding of key areas. Specifically, they noted that this had come at the cost of less incisive scrutiny of the structural challenges facing the public finances in Scotland.

Several explanations were given. First, it might just take time for the framework to bed down and Brexit and COVID-19 had occurred. Second, Scotland's new budget powers were complex, including block grants, devolved taxes, shared taxes, assigned taxes, and so forth. Third, large information gaps remained. Despite a great deal of information being available, with some reports running into hundreds of pages, members felt they lacked time

series data on spending areas, information on long-term trends, and that it was difficult to link draft budgets to final outturns.

One interviewee captured the concerns about a lack of focus on structural issues well noting:

“So much of the time has been devoted trying to scrutinise the mechanics of Scotland’s new budget framework, that debates are missing the bigger picture covering the structural economic, demographic, social and environmental issues that will stretch the sustainability of the Scottish Budget in the long-term or the track-record of policymakers to deliver the change that is required. Evidence sessions often reflect that.”

### Time is precious

A broad concern emerging from the survey was that scrutiny time was limited and often this time could be used more effectively. It was felt that time spent on it often crowded out priorities such as debates over value for money or actual budgetary outcomes.

Source: (Ross, McIntyre and Roy, 2021<sup>[2]</sup>).

## 2.2. Building on good practices in improving understanding of public finances

A solid understanding of public finances may be central to sound budgetary choices. Renewed approaches should focus on promoting a richer understanding. This means promoting deeper, more structured, and more engaging approaches.

In understanding how best to improve understanding among key decision makers, lessons can be drawn from the extensive efforts that have been made in relation to improving financial literacy.

OECD work suggests that financial literacy levels are often quite weak. In its 2023 Survey of Adult Financial Literacy, it finds that three-in-five adults fail to meet minimum targets for financial literacy (OECD/INFE, 2023<sup>[3]</sup>). In terms of adult skills, more than four-out-of-five adults never use advanced maths or statistics in their everyday lives. Three-quarters of adults rarely read charts (Jonas, 2018<sup>[4]</sup>).

The recent joint European Union and OECD initiative, “Financial competence framework for adults in the European Union,” provides the basis for a more co-ordinated approach to improve financial literacy across the EU. It also builds on existing OECD frameworks with core competencies for financial literacy.

These initiatives help promote a shared understanding and platform on which to improve knowledge, skills, attitudes and behaviours related to sound financial decisions. Ultimately, they should help achieve greater financial well-being amongst individuals.

How can these lessons be extended to public finances? This section outlines how countries can strengthen their work in this area. It first focuses on who might take responsibility for improving levels of understanding among key stakeholders, including elected officials and the public. Second, it considers the core material to improve understanding of public finances. Third, it explores how best to deliver these initiatives to maximise their effectiveness.

### 2.2.1. Who can lead efforts to improve understanding of public finances?

Actors who have already shown initiative in strengthening understanding of public budgets – IFIs and bodies that support parliamentary budget scrutiny (as well as finance ministries) – have an important role in strengthening understanding of public finances. This work could also be supported by supreme audit institutions.

For those bodies already undertaking this work, there is a need to redouble efforts. They need to focus on core aspects of fiscal sustainability and the major challenges facing OECD countries. Delivering on this will require them to be more targeted, more structured and more

innovative in their efforts. For those that are not engaging in this space, they need to start doing so.

### **2.2.2. Core competencies – what should efforts to improve understanding of public finances focus on?**

Efforts to improve financial literacy across the OECD have long focused on what might be considered “core competencies”. That is, things that are universally relevant and important to sustain or improve financial well-being in everyday life (OECD, 2018<sup>[5]</sup>).

In the realm of public finances, what might core competencies look like? First, it is important to emphasise a broader understanding of why these matter. Rather than focusing on specific features of budget processes in individual countries, a richer understanding of fiscal fundamentals is warranted. This

can serve as the foundation on which people build a better understanding. It is only after this point that more intricate and country-specific features should be developed.

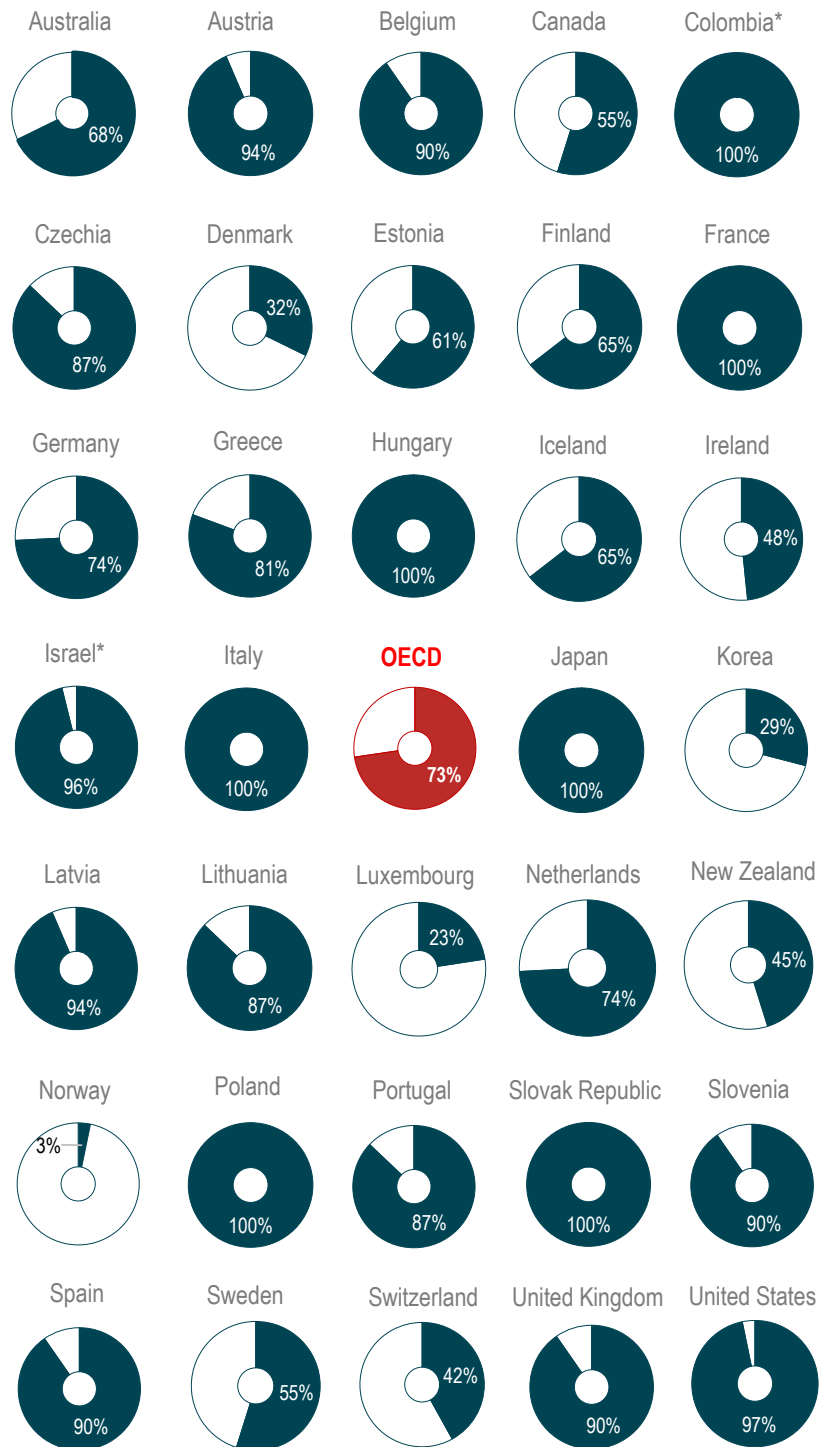
The following three key topics could form a core part of any curriculum: the importance of fiscal rules, what determines fiscal sustainability, and understanding the long-term impacts of policy decisions.

#### *Why do countries have fiscal rules?*

Fiscal rules often baffle and frustrate those assessing them. When it comes to elected officials, as well as being highly complex, the rules also serve to curb fiscal aspirations. As a result, discussion around fiscal rules tends to be preoccupied with the near-term fiscal space provided by them. This inevitably overshadows the purpose and intended outcomes of fiscal rules.

## Figure 2.2. Three in four years spent in deficit

% of years spent in deficit, 1995-2025



Note: The asterisk \* denotes incomplete coverage. For Colombia, data are only available for 2000 to 2023; for Israel, 1998 to 2023; for Türkiye only from 2009. These two countries are thus excluded from the OECD average, while Türkiye is omitted from the analysis.

Source: (OECD, 2025<sub>(6)</sub>).

StatLink  <https://stat.link/qxad5f>

A core competency that could benefit key decision makers is an understanding of why fiscal rules have come about.

Put simply, governments are known to have a bias for running deficits. This bias is relatively pervasive. Across the OECD, countries typically spend three in every four years in deficit (Figure 2.2). There are exceptions: Norway's rich oil and gas resources have seen it run persistent surpluses and there are examples of well-run fiscal frameworks in countries such as Canada and New Zealand that have limited the tendency towards deficits. Yet, the bias toward deficits is clear.

To tame this deficit bias, countries tend to have fiscal rules. These help avoid excessive borrowing and the damaging consequences that follow. The fundamental problem might be said to be the open-ended nature of budgeting. Governments can, with relatively little immediate concern, meet demands by spending more than they take in through taxes. Fiscal rules attempt to bind this open-endedness.

Initiatives to raise understanding of public finances need to be clear on the consequences of excessive borrowing. The social, economic and political ramifications of unsound policies should be made obvious. For this, the global financial crisis provides clear examples to draw from. Ireland's is one extreme yet salient example (Box 2.2).

More generally, there is a need for greater understanding of the consequences of unchecked increases in public debt.<sup>1</sup> Three key risks of excessive debt are as follows:

1. **It hampers growth and the ability to respond to crises:** Higher debt impedes a government's ability to respond to fight recessions or other types of crises by expanding the budget. As government debt increases, borrowing costs throughout the economy also tend to rise. This reduces private investment and slows growth.
2. **It squeezes out other priorities:** Rising interest payments mean governments have to spend larger portions of their budget on servicing that debt. This leaves less money available for priorities such as infrastructure, education and health.
3. **It raises the risks of a major crisis:** Those financing a government may lose confidence in its ability to repay borrowings. This can lead to higher borrowing costs and increased risks that a country faces abrupt challenges in financing day-to-day spending. With larger levels of debt, increases in interest rates also raise debt-servicing costs proportionally more. This raises the risks of a sudden funding crisis. In addition, higher debt ratios might lead people to expect higher inflation as a means of eroding that debt. This, in turn, can erode confidence in the currency.

The hope in this line of instruction is two-fold. First, that policymakers engage with the fiscal rules on a deeper level. Second, that they can, in turn, communicate reasons to adhere to them more widely.

### Box 2.2. Using clear examples to heighten understanding of public finances – Ireland's experience with austerity

Ireland's experience with austerity offers a striking and clear way to illustrate fiscal risks. Clear real-world examples such as this are a useful way to enrich elected officials understanding of how fiscal sustainability risks play out in the real world.

"Austerity", in Ireland's case, was not an ideology to squeeze government, nor a tool to manage perceived waste and moral hazard risks. It was the consequence of earlier policy decisions (Honohan, 2017<sup>[7]</sup>) leading to a sudden inability to finance day-to-day public spending.

A sharp fiscal expansion in the 2000s saw Ireland grow overly reliant on property bubble tax receipts fuelled by excessive bank lending. When the economy turned, a banking crisis ensued, and the receipts dried up. To stem mounting public debt and to convince lenders to purchase government debt issuances again, Ireland undertook a massive fiscal adjustment. This had enormous economic, social, and political impacts.

On the economic front, seven years of austerity budgets ensued. These saw an average 3.2% of national income of fiscal consolidation each year. That is equivalent to finding one-quarter of social security spending in a typical OECD country every year for seven years. The cuts to spending and increases in tax came at the same time as the wider economy was entering recession. Past profligacy therefore meant that budgets tightened – adding to the pain – rather than helping to offset the recession. A rising interest burden also swallowed proportionally more tax revenues, meaning less could be achieved with public resources elsewhere.

Few countries are likely to experience a budgetary shock the way Ireland did. A confluence of factors mattered: the simultaneous bursting of a property and credit bubble, the nature of the response to the banking crisis, Ireland's membership of a common currency and monetary union. What is more, Ireland's budget was only in deficit once during the years 1997 to 2007. As such, deficit bias was hard to detect. The reality was that temporary receipts masked underlying problems. These temporary receipts went undetected by standard methods of cyclical adjustment. This made it harder to identify the underlying or true deficits being built up over time.

But the basic principle of adhering to fiscal rules to limit deficit bias remains pertinent. Modern fiscal rules often aim to keep spending growth steady rather than focus on deficits. Such an approach, if applied correctly, could have limited Ireland's budgetary excesses in the 2000s. It could have lessened the need for austerity. In turn, this could have made the economic, social and political fallout less painful.

### *What determines fiscal sustainability?*

Related to fiscal rules is the core concept of fiscal sustainability. Again, this is a topic that can easily become more complicated than it needs to be.

While many elements are important, growth is key. A challenge for decision makers is that growth, and interest rates, are, for the most part, outside their control. Potential growth is hard to influence. Structural reforms have uncertain effects.

The budget balance therefore becomes a crucial part of the discussion, both in terms of its likely path, based on current policies, and what can feasibly be achieved (Blanchard, Leandro and Zettelmeyer, 2021<sup>[8]</sup>).

There is also the need to take account of how uncertainty, and hence risks, are magnified at higher debt levels. This is usefully illustrated in Barnes, Casey

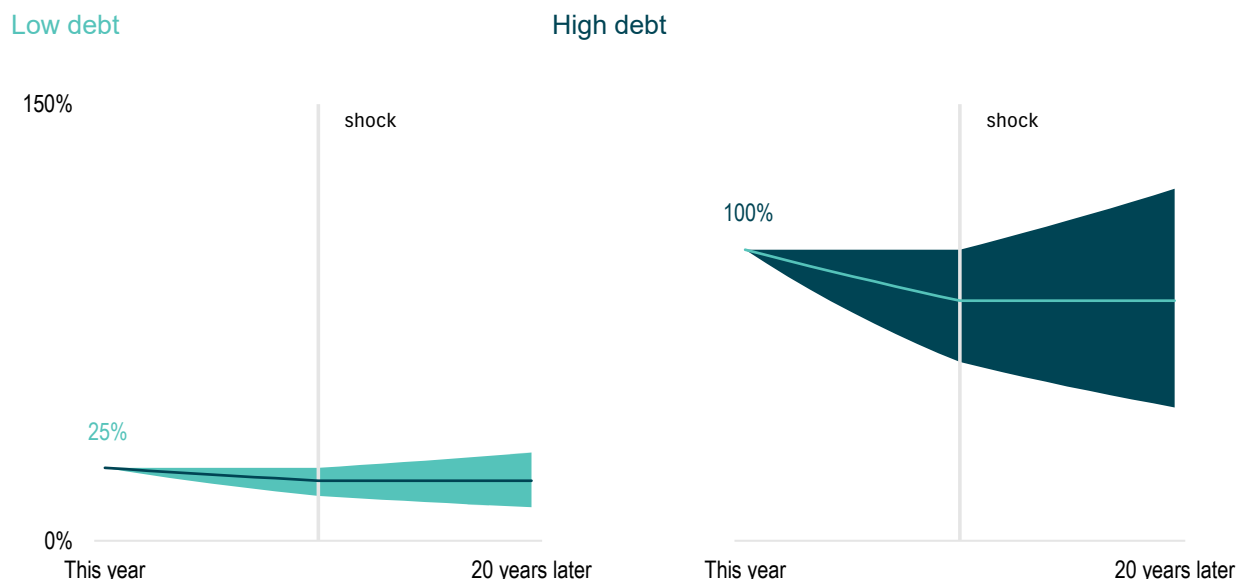
and Jordan-Doak (2021<sup>[9]</sup>). The authors show two scenarios, adapted slightly below (Figure 2.3). One scenario has a country start with a low debt ratio at 25% of GDP, another with a high debt ratio of 100%. They then look at how debt evolves over time for a range of common growth rate and interest rate scenarios.

The first thing to note here is that the paths for the two scenarios are strikingly different over the first ten years. In the low debt scenario, the debt ratio barely changes regardless of the growth and interest rate conditions. By contrast, the high debt scenario is highly sensitive to prevailing conditions.

The second thing to note is what happens when a shock such as a recession hits. In both scenarios a shock to growth is assumed to hit ten years out.<sup>2</sup> This leads to a worsening of the path for government debt in all cases. But, notably, the range of impacts when debt is already at high levels are again much wider.

## Figure 2.3. Impact of shocks: Why high debt ratios magnify risks

% GDP, government debt



Note: For different starting debt ratios, the figure shows how government debt ratios may evolve for illustrative interest-growth differentials of -5% (bottom of the range), -2% (middle lines), and 0% (top of the range) and a budget balance excluding interest of zero. The shock shows what happens if the interest-growth differential then worsens by 2 percentage points.

Source: Adapted from Barnes, Casey and Jordan-Doak (2021<sup>[9]</sup>).

StatLink  <https://stat.link/7e8yka>

This illustration highlights the risks of high debt. At low debt ratios, things are relatively certain. Economic conditions might be more or less favourable than expected. But when debt is low to begin with, the risks are narrower. By contrast, when debt is already high there is a far greater level of uncertainty around how things might evolve. Debt could easily explode – meaning that it rises in an inexorable fashion.

Can policymakers simply react by cutting spending and raising taxes when things go wrong? There are two problems. First, the depth of the response is potentially far higher at higher debt ratios and there are deeper risks and uncertainties. Second, there are doubts about the extent to which policymakers can feasibly improve budget balances to prevent an explosion (Bohn, 1998<sup>[10]</sup>; Blanchard, Leandro and Zettelmeyer, 2021<sup>[8]</sup>). It depends, for example, on how high taxes already are, a government's strength, the time it will take, how long it can be sustained. This is the nature of conversations around Greece's debt in 2010. Could Greece really run

large enough surpluses not just for a few years but for more than a decade?

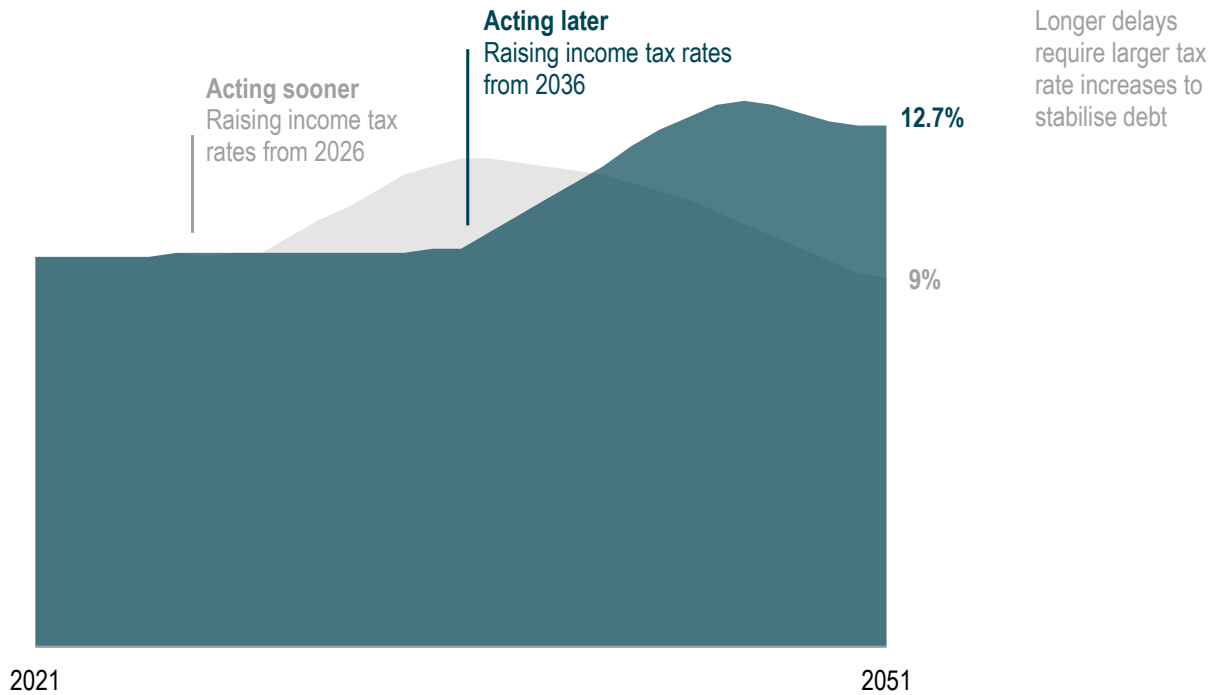
### *How to tackle major fiscal challenges in the context of just a few budgets?*

Policymakers should ideally develop an intrinsic understanding of how today's policy choices will have far-reaching consequences. That is, small decisions today can magnify over time.

For example, in financial literacy a core competency is how to balance today's living standards and spending choices with outcomes in later life. This includes planning for an adequate pension on retirement. However, the OECD's work on financial literacy finds that less than half of adults in 21 participating countries and economies are found to hold a savings, investment, or retirement product (OECD/INFE, 2023<sup>[3]</sup>). Of those that do hold such products, only one-half understand compound interest.

## Figure 2.4. Delays require larger increases in income tax ratios to stabilise US federal debt

Labour and capital income as % GDP



Note: The figure shows different paths for labour and capital income as a percentage of GDP under two scenarios. One where increases in personal tax rates are phased in over ten years starting in 2026; the other starting from 2036. It is assumed that personal income tax rates on labour income and on capital income gradually increase over time in proportion to the rates under current law.

Source: (CBO, 2022<sub>[11]</sub>).

This speaks to broader problems in the population of extrapolating from today's decisions into the future. In a similar vein, elected officials should understand that key policy decisions – or non-decisions as the case may be – will have a long-lasting bearing on future prosperity. This is highly relevant to decisions around the pension age, the design of the healthcare system, and so on.

Eliciting the far-reaching consequences of today's policy choices is perhaps best achieved with scenario analysis. For example, the Congressional Budget Office has used its work on long-term projections to draw out the consequences of delayed action for stabilising federal debt (CBO, 2022<sub>[11]</sub>). It estimates that if policy were to adjust through the income tax side, a ten-year delay would require revenues 3.7% of GDP higher at peak when compared to the “acting sooner” scenario (Figure 2.4). Ultimately, this would involve a much larger

reduction in people's after-tax wages – almost 10% more than in the acting sooner scenario.

The takeaways from this sort of analysis are clear. The longer action is delayed, the larger the policy changes needed to stabilise debt. More than that, by drawing out the implications for people's after-tax wages, the Congressional Budget Office shows the impacts of inaction in a tangible way.

This analysis also speaks to a second point: while policymakers might have only a small number of budgets in which to enact their agenda, relatively small changes accrue large impacts over time. This means that even if policy changes are restricted to small adjustments in the short term, their impacts can cumulate and impart a far greater legacy.

### 2.2.3. Foundations for a broader framework

This analysis illustrates some of the core competencies described that might be considered priorities. A more comprehensive framework might branch out these core competencies. For instance, fiscal rules can be branched out to include specific types of fiscal rules, escape clauses, and investment targets. The limits of fiscal policy in boosting long-term growth, the cycle and fiscal policy's influence on inflation can fall under fiscal sustainability. How to measure value for money can be folded into the discussion of major fiscal challenges.

The idea is to structure programmes around key areas of focus. This should take the focus away from the more mechanical aspects of modern budget frameworks.

While being aware of the core competencies is helpful, there remain significant challenges. Elected officials are likely to have left formal education behind and will inevitably have extensive commitments as part of their political lives. Moreover, public finances are often a challenging and unappealing subject. The next section considers ways to overcome these challenges.

### 2.2.4. Improving understanding of public finances: Overcoming barriers to learning

The public finances may not be very alluring, or simple to grasp, but they carry with them immense responsibility. Together, these factors can be barriers to learning. Recognising these challenges, there are three principles to be considered when seeking to broaden understanding of public finances:

#### *Time is precious*

Time is a scarce commodity for all stakeholders, particularly key decision makers such as elected officials. They find themselves juggling myriad responsibilities, pressures, and legislative deadlines. It will be difficult for them to dedicate time and attention to the overarching principles of public finances.

To address this time constraint, initiatives to develop their understanding should be a) concise, b) focused, and c) available at optimal times or even on demand. This means that initiatives to strengthen understanding of public finances should avoid providing excessive levels of detail across all the technicalities of a fiscal framework. Moreover, they should be a part of a wider

structure of support that allows key decision makers to access the information they need when they need it.

The experiences of OECD countries show that larger programmes of support are better targeted at the start of a new political term. This "induction" period offers a unique chance to engage newly elected officials in a constructive and open way while introducing them to key issues. After the "honeymoon period", time inevitably becomes scarcer and the willingness to ask questions that might betray a lack of understanding diminishes. Finding time and appetite thereafter will require more thought. This is where initiatives such as breakfast seminars, annual planning days, and other well-tailored initiatives prove useful.

#### *There are tried and tested ways to promote learning*

Many techniques exist to enhance people's ability to acquire knowledge. Box 2.3 breaks down some of the findings from cognitive science that can be applied to training sessions geared towards key decision makers such as elected officials.

The advice from cognitive science poses some practical challenges to developing well-designed interventions for elected officials. While stakeholders' time is precious, enhancing understanding of public finances will inevitably require some time and effort. This will ideally involve smaller, more frequent interventions. Ensuring that the material can be delivered in multiple ways and elaborated on requires substantial forethought. Testing the material can help enhance learning but might not be practical.

One way to save time is to structure activities so as to build on induction periods. Follow-up seminars can be used to broaden understanding, widen the delivery format, elaborate on the key principles with more tangible real-world examples, and embed the concepts more deeply. In addition, planning days provide further scope to reinforce concepts.

On-demand supports can help when time is scarce. The standard format has tended to be briefing papers, but there are various newer forms that are more accessible and able to foster deeper engagement:

- **Short video explainers** – these offer a useful and permanent resource that can be accessed as needed. Ideally, these should be highly focused and as short as possible. If more detail is

warranted, additional video explainers can be developed. It should be possible to string these together to form a cohesive whole. A useful example outlining the annual budget process is provided by the Scottish FSU (Burnside, 2023<sup>[12]</sup>).

- **Storytelling** is considered to have proven useful in the financial literacy sphere as a means of conveying information. The view here is that simpler narratives allow individuals to learn from vicarious experience (OECD/INFE, 2015<sup>[13]</sup>). Storytelling offers a useful pathway to understanding the real-world impacts of fiscal sustainability and fiscal risks. In particular, the experiences of past and present elected officials could be a useful way to cut through the more turgid aspects of core competencies. It also offers another way to deepen and elaborate on understanding.
- **Online interactives** – another avenue is to use online interactive content to enhance understanding. This can include tested content. Initiatives in the financial literacy space offer some useful examples. For instance, New Zealand has developed workplace programmes to improve financial education. The “Sorted at Work Programme” provides flexible programmes, with face-to-face and virtual webinar options. The webinars can comprise a series of 1-hour virtual seminars over several weeks or, alternatively, they can consist of longer, more condensed sessions. They cover topics such as budgeting, debt, goals, savings, retirement plans, and investments (OECD/INFE, 2015<sup>[13]</sup>). They have been shown to improve understanding and result in significant and sustained improvements in staff work satisfaction, capability, confidence and productivity.

### Box 2.3. Enhancing learning – reviewing the cognitive science

There is plenty of empirical support in the field of cognitive science showing that certain learning techniques work. This box reviews some of the methods that can be applied to enhancing understanding of public finances among key decision makers such as elected officials.

#### A) Space out training sessions

People are more likely to retain information if material is spread out over time rather than bunched into a larger mass (Baddeley and Longman, 1978<sup>[14]</sup>; Lee and Genovese, 1988<sup>[15]</sup>; Kapler, Weston and Wiseheart, 2015<sup>[16]</sup>). As well as promoting retention, the benefits may also extend to enhancing an individual’s conceptual understanding and reflective thinking (Yuan, 2022<sup>[17]</sup>). At a cognitive level, spacing out sessions can provide more opportunities to repeat new knowledge, both consciously and unconsciously. Retrieving the information at intervals may therefore strengthen the neural pathways underpinning the memory. In practice, this argues for smaller, more frequent means of acquiring knowledge.

#### B) Deliver material in multiple ways

A classic finding in cognitive science is that multiple forms of delivery work better than single forms (Kobus, Moses and Bloom, 1994<sup>[18]</sup>). Groups that receive only the spoken or printed word show significantly poorer recall than multimodal groups where a mixture of print, picture and spoken word are used. There are nuances: related information should be introduced together; the speed, continuity, and complexity of information must be considered; and verbal and graphical information should align well in terms of their meaning to be effective (Park and Etgen, 2000<sup>[19]</sup>).

#### C) Elaborate on the material

Elaborating on material has long been known to help deepen one’s knowledge, moving the material from a transient experience to a more persistent understanding ( Craik and Lockhart, 1972<sup>[20]</sup>; Coleman, Brown and Rivkin,

1997<sup>[21]</sup>; Leutner and Schmeck, 2014<sup>[22]</sup>). The idea is that once some material has been recognised, having individuals enrich or elaborate on the material themselves deepens their understanding of it. Elaboration involves triggering associations, images or stories based on one's past experience with the material. This helps make meaningful connections rather than engaging in activities that involve simple repetition. Useful examples include asking individuals to predict their expectations first (Tucker et al., 2024<sup>[23]</sup>), asking individuals to generate simple drawings of the material (Leopold and Leutner, 2012<sup>[24]</sup>) short, even one-sentence, written summaries of it (Doctorow, Wittrock and Marks, 1978<sup>[25]</sup>), and reflecting on and answering questions related to graphs and figures based on the material (Menekse et al., 2013<sup>[26]</sup>). A useful summary of ways to promote this form of learning is provided by (Fiorella and Mayer, 2015<sup>[27]</sup>).

#### D) Test the material as part of the learning process

A robust finding in cognitive science is that taking tests on material to assess retention enhances retention itself as well as providing feedback on what one knows. This phenomenon is known as the "testing effect" (Roediger and Karpicke, 2006<sup>[28]</sup>) and is found to be independent of individual cognitive ability (Jonsson et al., 2021<sup>[29]</sup>). Moreover, repeated tests and tests with feedback are found to produce better retention (Karpicke and Roediger, 2009<sup>[30]</sup>). However, the complexity of the material matters, with the testing effect found to decrease or even disappear with more complex learning tasks (van Gog and Sweller, 2015<sup>[31]</sup>).

There are other useful initiatives in the *financial* literacy space to draw on. Interactive methods, such as games, competitions, and visualisations have been used to good effect. For example, the Financial Consumer Agency of Canada has launched an online Budget Planner tool incorporating Canadian statistical data, behavioural insights, and gamification to enhance financial literacy (OECD, 2022<sup>[32]</sup>).

There are few examples in the fiscal domain. One useful example is "The Fiscal Ship" – a game that simulates policy choices intended to highlight the trade-offs involved in putting the federal budget on a sustainable path while meeting wider policy priorities.<sup>3</sup>

- **Blog posts and social media** – one avenue for delivering insights relevant to understanding budgets is the use of blog posts and social media. These represent a simpler and more succinct format, often being delivered in more casual and accessible language. For example, the use of blogposts and social media by the Scottish Parliament Information Centre (SPICe) is mutually reinforcing: the SPICe Twitter account alerts Twitter users to new SPICe blogs, which are often very topical. When SPICe blog posts are tweeted, on average they get 26% more views (Von Trapp and Nicol, 2019<sup>[33]</sup>). Moreover, briefings promoted through social media attract more than double the views of briefings not promoted in this way. SPICe is particularly good

at linking tweets to ongoing parliamentary business, which helps increase its relevance and reach.

- **Artificial intelligence (AI) bots** – one avenue that will become increasingly useful is the potential for AI to deliver domain-specific knowledge in a user-friendly way. Modern AI models can be trained on domain-specific content to develop bots with specialised knowledge and an ability to generate responses to user questions related to these domains. For instance, in the medical field, models can be trained on medical literature, journals, and clinical records to understand medical terminology, diagnoses, and treatments. An example here is Ada Health (n.d.<sup>[34]</sup>). These models can be fine-tuned by developers, meaning that they can leverage the knowledge encoded in pre-trained natural language models and adapt it to their specific needs.

Such models could be usefully applied to the field of the public finances. AI-powered bots can be trained on literature relevant to the wider public finances, fine-tuned to incorporate national specificities and then used to enter natural language conversations with users. This would allow them to query the bot for information or help in areas specifically related to understanding public finances. This avoids the risk that comes with using standard AI tools such as ChatGPT or Gemini, which rely

on a wide array of content with greater risk of inaccuracies or “hallucinated” content. In this vein, chatbots are already being rolled out by tax administrations to answer citizens’ queries on tax legislation.

### *The material should not be too complex*

While public finances are complex and involve many conditions and wide uncertainties, this does not mean it is impossible to convey them in a simple manner.

For example, when it comes to fiscal sustainability, the definitions are often loose. There are many aspects to consider and plenty of uncertainty. The OECD (2013<sup>[35]</sup>) has defined fiscal sustainability as “the ability of a government to maintain public finances at a credible and serviceable position over the long term”. This definition refers to government capabilities as well as credibility and long-term economic conditions. These aspects are either unobservable or highly uncertain. The definition could also entail thinking of fiscal sustainability as referring to the net financial and non-financial worth of a country or in terms of its ability to service financial liabilities.

As one potential measure of fiscal sustainability, debt sustainability is influenced by multiple factors. Growth, inflation, prevailing interest rates, the structure of sovereign debt securities, the balance between revenues and expenditure, the composition of those as well as their variability, whether or not policymakers will be able to run smaller deficits or even sustained surpluses, and so on.

The multi-faceted nature of debt sustainability highlights the substantial amount of variability involved. As Blanchard, Leandro and Zettelmeyer (2021<sup>[8]</sup>) note, “there is no single, time-country-invariant, magic debt or deficit number.” Rather than simple “yes” or “no” answers to questions such as “if I do this, will it be sustainable?”, the answers are more likely to warrant probabilistic assessments. For example, “it is estimated that pursuing these tax cuts would raise the probability of an unsustainable debt path from 5% to 15%”.

Despite the number of factors and the level of uncertainty involved, there are ways to reduce the problem to the things that matter the most. Rather than engaging in multiple caveats as a start, general guidelines can be offered before considering case studies where these general statements do not hold

(Pinker, 2014<sup>[36]</sup>). People deal with uncertainty all the time; it does not require constant emphasis.

It should be possible to address complex topics such as debt sustainability with general statements at first. Then, one can outline the circumstances where these statements do not apply. One can also assume that, while uncertainties are high, people will nonetheless be able to reason intuitively with some degree of uncertainty without the need for excessive hedging.

Below is an example of an application of this approach to the concept of **debt sustainability**. An introduction to the subject for policymakers could read as follows:

*“If governments spend more than they take in, they will run deficits. Ongoing deficits lead to rising debt, higher interest payments, and risks that debt cannot be repaid. This leads to bankruptcy. For governments, that means a sudden need to cut spending, or hike taxes, usually at a time when people are already losing their jobs. In other words, austerity. Austerity is bad for jobs, bad for growth, and bad for running a stable democracy.”*

Just six sentences provide a reasonably clear way to conceive of debt sustainability. This is exactly the type of phrasing that finance ministers might deliver in pressurised media engagements. Indeed, the phrasing is inspired by the recollections of Michal Horvath, the Slovak economist who briefly served as Minister of Finance in 2023. He recounts having at most “five sentences” to deliver difficult messages about public finances on television.

Most economists would disagree with this exposition of debt sustainability, pointing to numerous caveats, nuances, and qualifiers that can be added. For instance, an economist might note that persistent deficits can be perfectly sustainable in the right conditions. High growth, low interest rates or limited deficits might still produce a sustainable debt path.

An economist would probably also take issue with the word “bankruptcy”. They would likely note that, technically, governments do not go bankrupt. There is no formal bankruptcy process and governments often have many options businesses do not, such as stoking inflation to devalue outstanding debt and reducing borrowing costs by forcing banks to hold more government debt.

Finally, an economist might also dispute the likelihood of austerity arising in these situations. Fiscal consolidations might be avoided, they may be stretched out over a long period of time to limit their impact, they may not coincide with a general downturn in the economy, and monetary policy could offset their worst effects.

Nonetheless, there are many advantages to starting with a general statement along these lines.

First, it sets out a clear linear narrative for why fiscal sustainability matters, running from the basics of a deficit to its impact on debt and finally linking it to painful societal outcomes.

Second, as Thomas and Turner (2011<sup>[37]</sup>) note, this exposition serves as important scaffolding rather than the promise of covering every eventuality. In other words, it is the gateway to a far deeper understanding. It does not preclude the caveats and nuances from coming later.

Third, it is couched in the language of everyday experience rather than technical language. Bankruptcy is a commonly understood phrase, even if the specifics of every bankruptcy are uniquely different. And few policymakers will be oblivious to the pain of the austerity era that followed the financial crisis.

The sustainability of public finances is simple but not easy. That is, the equations are known and the uncertainties involved can be estimated. The real challenge is the inability to be precise, consistent, and robust in assessments of how to maintain fiscal sustainability in a world that is prone to new and unexpected shocks.

### **2.2.5. Fostering a culture of evaluation and learning**

These initiatives should be part of a framework that encourages a wider culture of evaluation and learning. Including elected officials, stakeholders and the wider economic community in the process of re-evaluating and re-defining the goals and objectives can help ensure buy-in, while reinforcing the quality of the initiatives being delivered.

#### *Tracking progress*

Thinking about how to evaluate people's understanding of public finances early on is a key lesson from the

OECD's work on financial literacy. The goal of the initiatives considered in this chapter is to enhance understanding. As such, tracking the success of initiatives and refining them will be essential to ensuring that this goal is achieved.

Measuring the success of initiatives should involve looking at quantitative indicators. This could include measuring participation, measuring the change in fiscal knowledge associated with each initiative, measuring the increase in access to information, and using waves of surveys measuring understanding of public finances. These can translate to key performance indicators (KPIs) that can then be assessed and tracked over time. In designing these there needs to be a good understanding of what the priorities and assumptions are underpinning any evaluation.

Funding for evaluation should be earmarked in advance. This may require resources to engage professional and external evaluators to bring relevant skills and an external perspective.

#### *Making the most of key time periods and strengthening understanding of public finances as a two-way process*

There are likely to be specific windows during the year that can be best used to enhance understanding of public finances. At the same time, these efforts can be seen as a two-way process. For example, elected officials can reinforce the case for sustainable fiscal policy by enhancing their citizens' understanding at the same time as their own.

One example of this is parliamentary committees or hearings, which provide an opportunity to begin the two-way process. They often involve hearing from citizens about their concerns or priorities. However, they can also provide a useful exchange for informing citizens about trade-offs and risks facing elected officials. Sectoral committees, in particular, have a role to play. They are primed to engage with citizens. However, they need to communicate their own constraints when doing so. They also need to ensure that these engagements feed into the budget process itself, including by co-ordinating parliamentary work across committees.

Another useful example is **Ireland's** annual forum, the National Economic Dialogue (NED). The NED seizes the opportunity to broaden understanding among both elected officials and citizens several months before the

annual budget. It brings together social partners, unions, businesses, and civil society. A crucial feature of the NED is the scene-setter, in which independent economic experts present the macroeconomic and fiscal outlook. This helps to ground discussions in a shared understanding of constraints and risks, moderate demands and foster consensus. This reduces the risk that runaway expectations influence the final budget (Government of Ireland, 2015<sup>[38]</sup>).

### *Other considerations*

There are other things that should be considered when seeking to enhance understanding of public budgets. One is the extent to which participation in initiatives should be made compulsory or not. Another is whether a certain level of knowledge should be defined as reaching a reasonable standard. This feedback could be anonymously provided in a way that grades against peer standards to encourage development.

## **2.3. Conclusion**

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Demystifying public finances is essential for strengthening the foundations of sound fiscal policy. As the fiscal pressures facing OECD countries intensify, strengthening understanding of budgets, debt dynamics and long-term sustainability becomes a prerequisite for decision makers taking credible, durable choices. This chapter has shown that, while many initiatives already exist to support decision makers in this role, current approaches remain uneven, too focused on technical processes, and often insufficiently connected to the bigger picture.

Enabling deeper understanding means that efforts to demystify the budget must move beyond the mechanics of the annual budget cycle. Effective initiatives focus on the fundamentals: why fiscal rules exist, what drives sustainability, and the consequences of inaction. They use clear and relatable narratives and apply adult-learning techniques that recognise the time constraints and responsibilities of decision makers. They also make greater use of digital tools, interactive content and storytelling to bring abstract fiscal concepts closer to lived experience.

Decision makers need support to understand the long-term implications of today's policies, but so, too, do the wider intermediaries who help shape public debate. Elected officials, the media and civic organisations play a vital role in translating fiscal information for citizens, contextualising major challenges and helping build a shared appreciation of constraints and trade-offs.

Looking forward, strengthening understanding of public finances must become a shared institutional endeavour. Fiscal councils, parliaments, supreme audit institutions and other analytical bodies all have a role, as do elected officials, journalists, educators and civic organisations who mediate public debate. A culture of continuous learning, evaluation and openness will help ensure that knowledge-building efforts improve over time

Ultimately, strengthening understanding of public finances will ensure citizens and decision makers understand the scale of the challenges ahead, appreciate the trade-offs involved, and are equipped to support the difficult choices needed.

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## Notes

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<sup>1</sup> For a wider-ranging discussion of federal debt and its consequences, see the Congressional Budget Office's (2020<sub>[40]</sub>), "Federal Debt: A Primer".

<sup>2</sup> This is conceptually equivalent to a shock to average effective interest costs. In practice, average effective interest rates are often slower to respond due to various actions by debt management offices that mitigate the immediate risks. The average effective interest rate is the annual interest bill expressed as a percentage of outstanding debt in the previous year. This is slow to respond as much of the existing debt will continue to exist and is often at fixed interest rates. Even if it is not fixed, debt management offices can hedge the interest rate risks involved for floating debt securities.

<sup>3</sup> A good explainer on how The Fiscal Ship can act as a teaching tool. See (Lee, Schüle and Sheiner, 2019<sub>[39]</sub>).



# **3**

## **How public finances are communicated**

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To generate the political support and public ownership required to address major fiscal challenges, the public will need to understand these challenges. That means communicating better and explaining the consequences of inaction. This chapter explores some of the difficulties involved in communicating about public finances clearly. It looks at best practices and sets out ways to build on these.

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**Infographic 3.1. How public finances are communicated**

**Fundamental barriers**

Communicating public finances is hard. A challenge wrought by “**big numbers**,” the difficulty of making budgets **relatable** to daily life, and the “**curse of knowledge**” where experts fail to bridge the gap with the public.



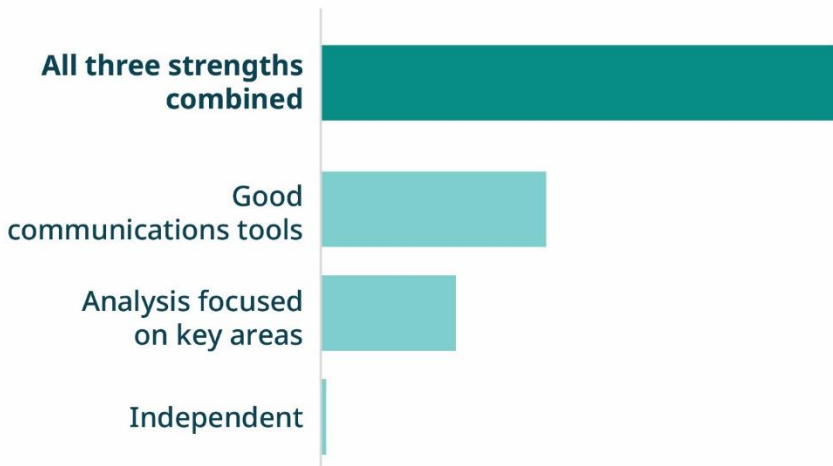
**Big numbers**



**Lack of salience**



**Curse of knowledge**

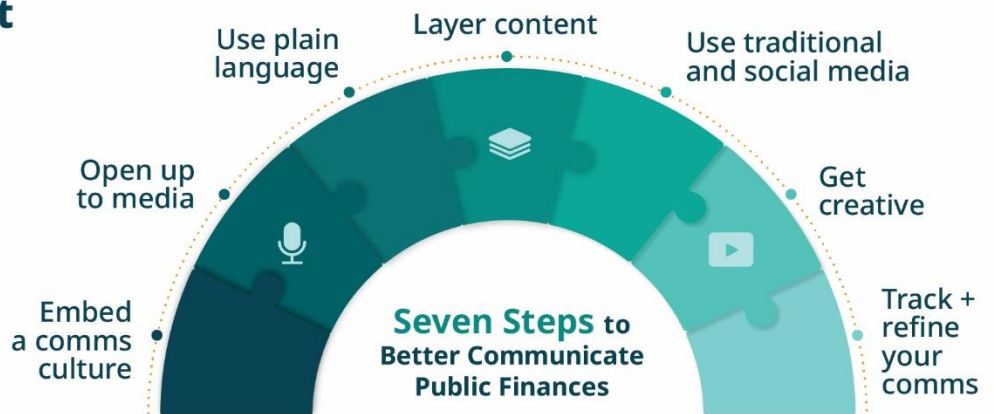


**What drives impact?**

For institutions that want to generate substantial communications impact, success requires more than just good communication tools, strong independence, or rigorous analysis. It is the combination of these strengths that drives impact, rather than any one feature on its own.

**A strategic shift**

Overcoming the challenge also requires a strategic shift toward plain speaking, putting data into perspective, and making abstract figures relatable to households. In other words, a strong culture that puts communications at its core.



## Key findings

**Stronger communication for better fiscal debate:** Clear communication about budgetary pressures is essential for building political will, maintaining trust in institutions and fostering understanding and a sense of ownership among citizens around difficult fiscal decisions. Yet, this has become harder in a fragmented media landscape marked by shifting information habits and rising disinformation.

**The communications challenge:** Public finance discussions are hindered by fundamental barriers: the incomprehensibility of “big numbers,” the difficulty of making them relatable to daily life, and the “curse of knowledge”, where experts fail to bridge the gap with the public. Overcoming this requires a strategic shift toward plain speaking, putting data into perspective, and making abstract figures relatable to households.

**Embedding a culture:** Evidence from institutions that are most effectively communicating about public finances shows that communication cannot be an afterthought. Success requires embedding a communications culture, where openness with the media and accessible writing are prioritised alongside technical rigour.

**Seven steps to improvement:** Building on cognitive science and best practices from these leading institutions, the report identifies seven steps for better communication. These include embedding a communications culture, opening up to media, using plain language, layering content for different audiences, leveraging social media, making creative use of visuals, and rigorously tracking communications impact to refine communications in future.

### 3.1. Existing practices in communicating about public finances

When public debt is high and budgets are under pressure, strategic communication is vital. People need to understand what is going on with their country’s finances and why governments need to make certain choices. Clear communication is a key driver of trust, as evidenced in the OECD Trust Survey (OECD, 2024<sup>[1]</sup>). It helps cut through the noise and makes it easier for everyone to see the bigger picture. It also gives people confidence that decisions are being taken for the right reasons and an understanding of the consequences of inaction.

Insights into what works and what does not work among existing practices can be drawn from institutions already making advanced efforts in this space. For example, IFIs have a natural role in communicating public finances as independent, non-partisan institutions focused on budgetary analysis. As they are central to this effort, they offer valuable lessons and best practices from which the wider fiscal ecosystem can learn.

In terms of communication practices, these institutions fall into three categories:

- institutions with limited professional communications and limited impact.
- institutions that have developed a solid platform for communications, yet that still have relatively limited communications impact.
- institutions that go the distance: that is, as well as having built their capacity to spread, promote, and track their work, they also appear to have generated substantial media impact.

The OECD Fiscal Advocacy Index, presented in Chapter 5 of this report, can be used to assess the differences further. While the first two dimensions of the Index focus on independence and analytical focus (see also the online appendix “The Fiscal Advocacy Index”), the third and fourth dimensions of the Index are most relevant here. The third measures the communications apparatus built up by different IFIs. It considers whether they have dedicated communications experts, their use of press releases, briefings, embargoed reports and so on. The fourth dimension is even more relevant. It assesses communications impact. It looks at the extent to which these institutions feature in the national media debate. It also considers how much they have entered public thinking in terms of their online activity.

The results of the index show a number of institutions generating substantial communications impact. Six institutions stand out as generating substantial communications impact as well as having a robust communications apparatus (Figure 3.1). These include the Netherlands' CPB, the United States CBO, the Canadian PBO, the United Kingdom OBR, the Spanish Independent Authority for Fiscal Responsibility (AIReF) and the Irish Fiscal Advisory Council. Each of these six institutions alone generate a communications impact that is at least twice – and up to three times – the impact of each of the next 14 individually.

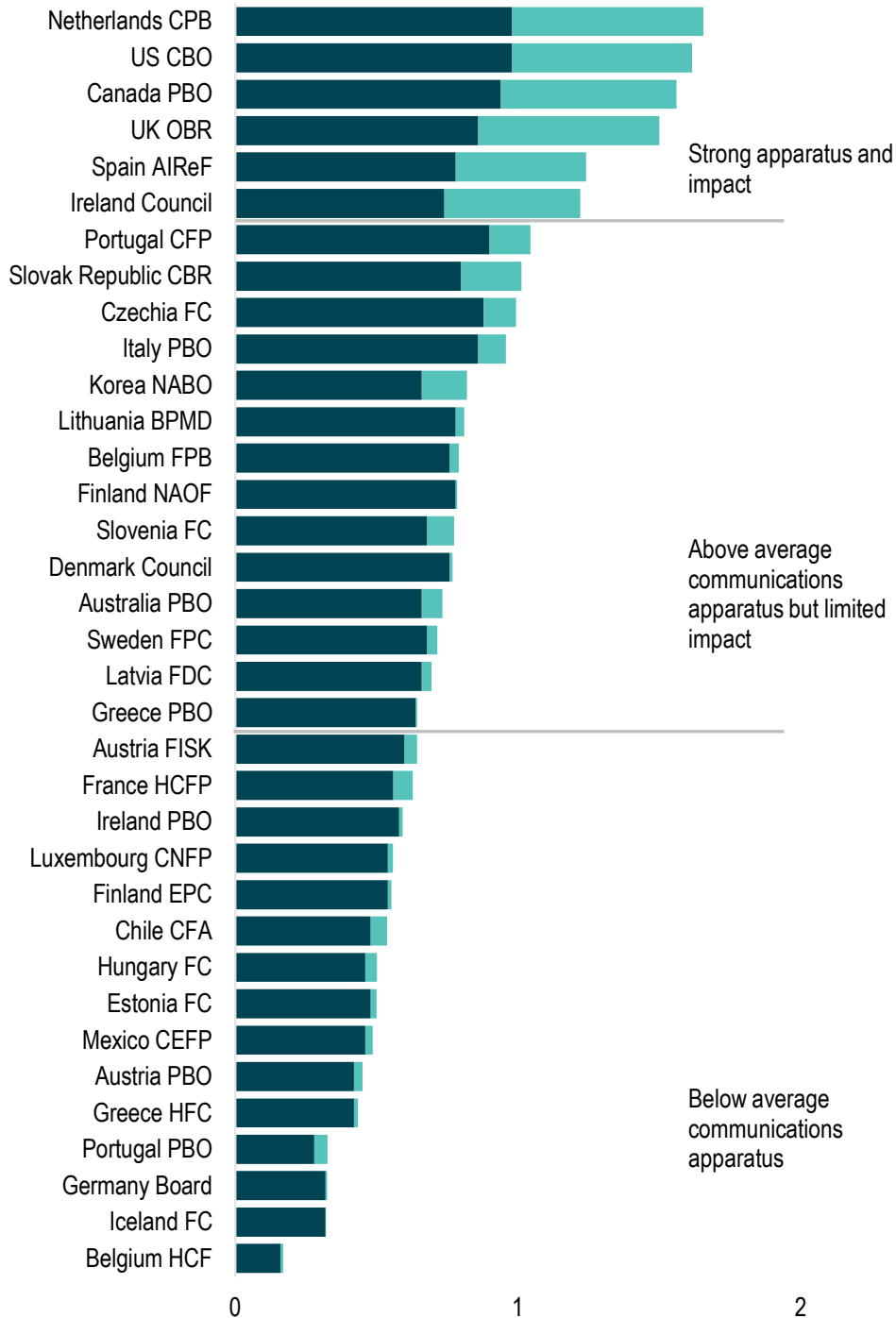
The top six have strikingly similar tools to help communicate their work. They all have communications policies, strategies, press releases and briefings. Most issue embargoed reports (five out of the six institutions) as well as publishing blogs and in academic journals

(four). All of them use social media to promote their work. As well as that, all see their leadership regularly appearing on TV, radio, and at conferences. Aside from Ireland, they all have access to at least one communications expert. To track impact, they all keep sight of media mentions and web traffic though the smaller institutions near the top tend not to track parliamentary mentions or regularly survey their stakeholders.

And yet differences in communications apparatus are unlikely to explain the differences in impact alone. The next 14 institutions in Figure 3.1 have many, if not all, of the features present in the six that are generating the highest impact. Therefore, it seems clear that communications impact is unlikely to be down to any single communications tool. Instead, it would appear to depend on the interaction between several crucial facets.

### Figure 3.1. Communications efforts and impact vary among IFIs

2024 OECD Fiscal Advocacy Index communications dimensions (maximum = 2)



Note: The figure shows the results for the communications apparatus and communications impact dimensions of the 2024 OECD Fiscal Advocacy Index as set out in Chapter 5 and the online appendix “The Fiscal Advocacy Index”. Impact is measured using three of the main news sites in each country (media mentions and share of budgetary coverage) as well as using information from Google trends on the scale and regularity of user searches for each IFI in their national context.

Source: 2024 OECD Fiscal Advocacy Index.

StatLink  <https://stat.link/1c3fn7>

### **3.1.1. Communications: A whole greater than the sum of its parts**

Communications impact can be explored using a regression analysis based on several key features. First, the analysis assesses communications impact based on specific features of an institution's communications apparatus: the presence of dedicated communications staff, communication strategies, the use of press releases, and so on. Second, it looks at impact in terms of the institution's overall communications apparatus as well as their independence and analytical focus.<sup>1</sup> Third, it considers the combined effect of these three dimensions.

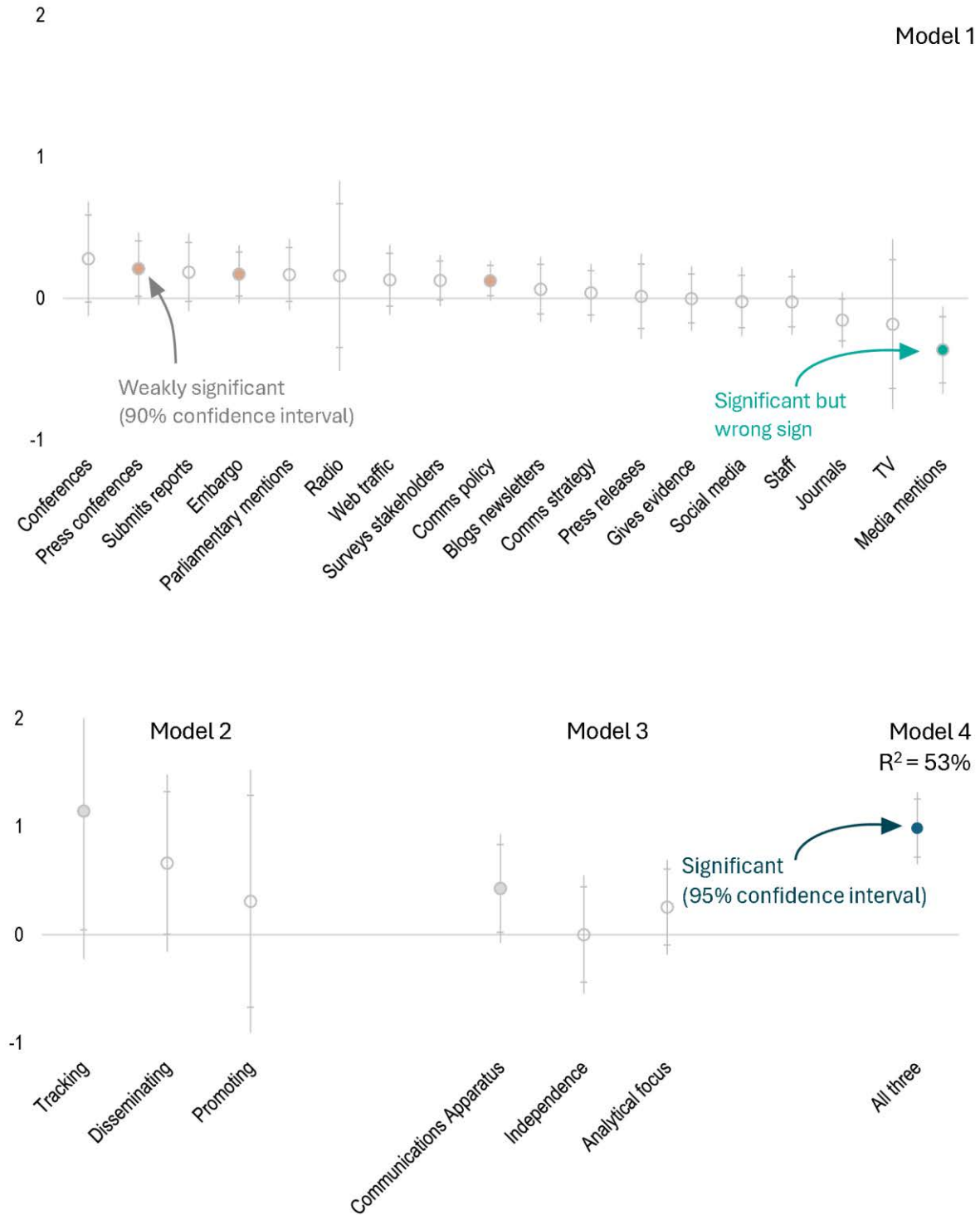
The findings suggest that it is the joint effect of all three dimensions is important in explaining an institution's communications impact (Figure 3.2). That is, they need to be independent, analytically focused, and armed with tools to communicate their work effectively if they are to

succeed in influencing the national debate. Put another way, the findings suggest that to generate impact, agencies should ideally have all these complementary capabilities in place and functioning well: independence, analytical focus and a communications apparatus. When all is in place, the institution's communication impact appears to become more than the sum of the institution's parts.

This has some profound implications. It suggests that bodies communicating public finance issues need to take a holistic approach to achieving their communications aims. Weak independence or a lack of focus on areas of major importance seem likely to hamper any communications effort, no matter how well designed it is. Institutions should be equipped to produce analysis on key areas, such as long-term fiscal sustainability analysis, a focus on key fiscal risks, or producing costings of major government programmes and election platforms.

**Figure 3.2. Greater than the sum – the predictors of an IFI’s communications impact**

Coefficients and confidence intervals



Note: The figure shows the estimated coefficients and confidence intervals for various predictors of an IFI’s communications impact.

Source: Author’s elaboration based on the 2024 OECD Fiscal Advocacy Index (online appendix “The Fiscal Advocacy Index”).

StatLink  <https://stat.link/0n2juc>

## 3.2. Why public finances need to be better communicated

Ensuring that people can trust and understand information about public finances is difficult. It requires ongoing efforts to make this information clearer and a concerted and widespread effort to improve how fiscal experts and key decision makers speak about public finances. It may also require OECD countries to reinforce the very institutions that are key to communicating fiscal developments in an objective and transparent manner.

IFIs have a critical role in this regard. They are tasked with analysing public finances. Furthermore, their role in bringing fiscal issues into the light is an important and evolving one. Ensuring that these institutions are well founded and adequately resourced will play a key role in immunising public finances from the risks of highly polarised debates and misleading information.

The rest of this chapter looks at fundamental challenges to communicating budgetary issues and how institutions can foster well-informed public discussion about public finances, drawing on new insights from where it is being done well.

When it comes to communicating about public finances, there are some fundamental challenges. Three major hurdles include big numbers, a lack of salience, and the persistent knowledge gap between experts and the public.

### 3.2.1. Big numbers

A key feature of discussions around public finances is the role of big numbers. There is seldom a budgetary discussion that avoids the mention of hundreds of millions, if not billions or trillions. These amounts go beyond most people's conventional understanding of quantities.

The ability to conceive of scales far removed from the "human scale" people experience every day is a unifying challenge. When it comes to distances, tests suggest that people's conception of scale fails quickly as units go beyond 10s into 100s and 1000s (Tretter, Jones and Minogue, 2006<sup>[2]</sup>).

Furthermore, numeracy skills are often limited to begin with. This is borne out by the OECD's large-scale surveys PISA and PIAAC, which provide measures of numeracy among 15-year-olds and the adult population. Furthermore, gaps between high and low performers in terms of numeracy not only persist as people age; they often widen (OECD, 2023<sup>[3]</sup>).

With public finances, people's difficulty with big numbers is often exploited. To make figures sound larger, they are expressed in cash terms. As fiscal measures are often repeated over multiple years, the amounts are frequently cumulated to make them sound bigger. These tactics may be used to make debt levels sound scarier, for instance, or to make a multi-year investment plan sound more ambitious.

What is lacking in these discussions is a sense of context or scaling. Without adequate scaling, the public can be bemused by exceptionally large fiscal numbers.

Writing on number "numbness", Hofstadter (1982<sup>[4]</sup>) raises the concern that relatively few people really know the difference between 1 million and 1 billion. As an example, he mentions an Associated Press article on the US federal debt ceiling going up to USD 1.143 trillion – this was 1982 – which then erroneously cites the latest debt figure as being a far less troubling USD 1 070 241 000. Given that tests show even gifted students and experts routinely failing to identify distances in billions of meters accurately to within one-tenth or ten times the correct distance, this suspicion is probably justified (Tretter, Jones and Minogue, 2006<sup>[2]</sup>).<sup>2</sup>

One prominent study tested a small number of people on their understanding of large numbers with striking results (Landy, Silbert and Goldin, 2013<sup>[5]</sup>). The study found that roughly half of participants put 1 million as halfway along a line running from 1 000 to 1 billion rather than 1/1 000th of the way (see illustration in Figure 3.3). The problem seems to be that those failing the task tend to think of "thousands", "millions" and "billions" as having a uniform spacing in magnitude. This misconception may be due to how people write numbers as words, but it seems to also influence how they interpret numbers more generally, including when written as numerals.



### 3.2.3. The “curse of knowledge”

As with many things, the gap in competence between experts and the public they are seeking to inform can be worsened by bad communications.

This raises a third fundamental challenge with how the public finances are communicated: the “curse of knowledge”. That is, the tendency for experts to assume others have already attained some mastery over subjects they find easy to understand. As Pinker (2014, p. 61<sup>[6]</sup>) explains:

*“it simply doesn't occur to the writer that her readers don't know what she knows – that they haven't mastered the patois of her guild, can't divine the missing steps that seem too obvious to mention, have no way to visualize a scene that to her is as clear as day. And so she doesn't bother to explain the jargon, or spell out the logic, or supply the necessary detail.”*

The curse of knowledge is a pervasive problem. It makes mountains of text impenetrable. It wastes countless hours for those having to navigate needlessly difficult language. And because it is usually unintentional, it can be difficult for those communicating to override. Indeed, Pinker describes it as the single best explanation of “why good people write bad prose”.

To empower citizens with an understanding of the public finances, it is vital to recognise the limitations with how these issues are communicated. There needs to be a concerted effort to break down the walls built between experts and non-experts. This will help ensure communications are more accessible to a broader audience. Only then can the political will for action be generated.

## 3.3. Building on good practices

### 3.3.1. Insights from selected good practices

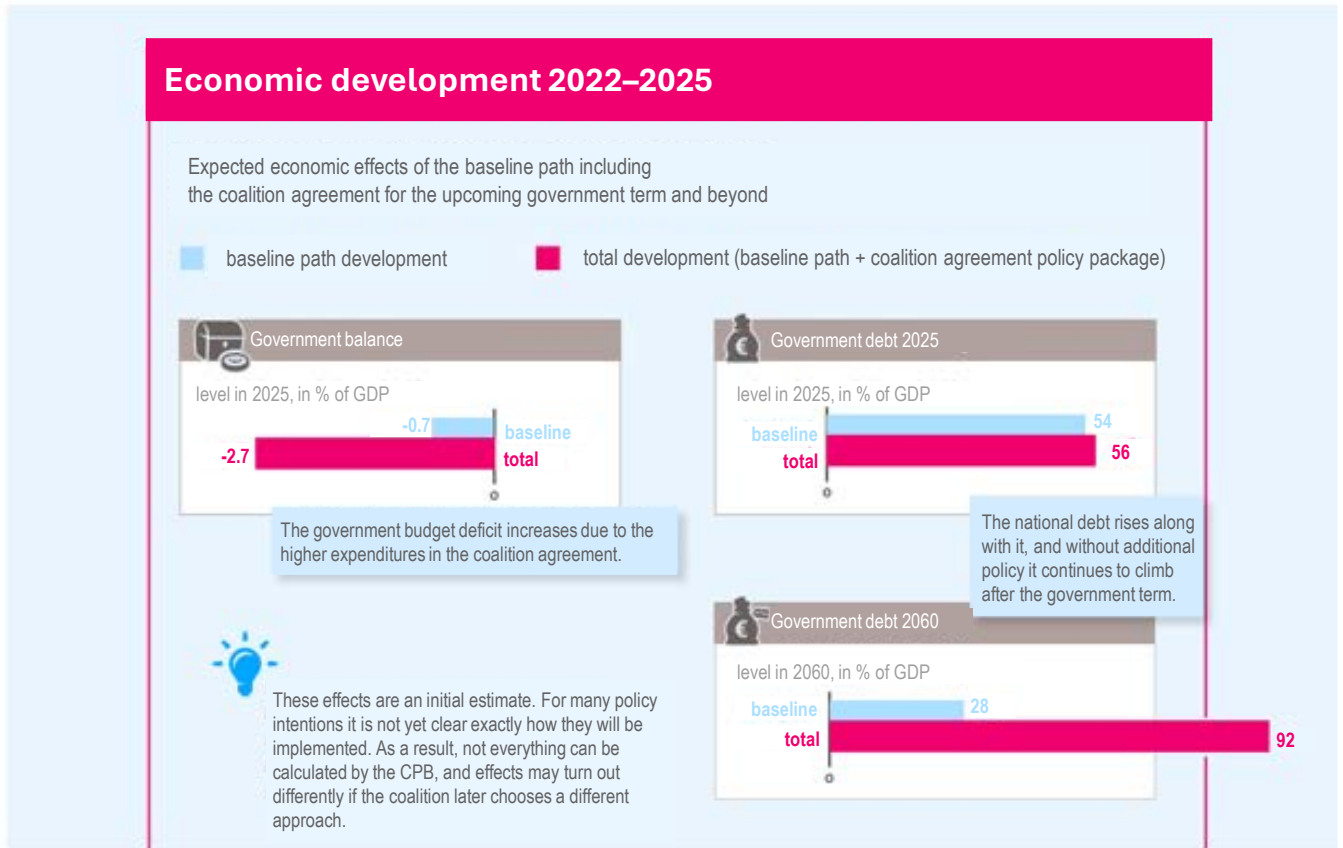
Raising people’s understanding of public finances is not easy. However, there are some leading examples from the OECD.

#### *Netherlands Bureau for Economic Policy Analysis (CPB)*

The Netherlands CPB has seen its approach to communications undergo important reforms in recent years. It has taken big steps towards developing a broader communications culture within the organisation as a whole. As well as that it has adopted a more forward-looking approach to communications.

The CPB takes a holistic approach to its communications. It instils in its staff an understanding of how central communications are to its work from day one rather than having communications experts liaise with analytical staff at the end of projects. This starts at the recruitment stage. A core competency expected of new staff is that their communications are highly accessible. On starting, new analysts receive communications training one day per week over eight to ten weeks. In this time, the communications team covers what outputs have produced more impact and positive outcomes in the past. Staff look at how to structure research to communicate it effectively. They also go through basics such as formulating clear sentences and ways to visualise material more effectively. Part of its aim is to have material with easy-to-find takeaways, clear visuals, and a strong narrative.

**Figure 3.4. Using visuals to communicate how public debt is “off the charts” in the Netherlands**



Source: CPB (2022<sup>[7]</sup>), Infographic on economic developments, 2022-2025. Adapted to English.

There are several examples of how this approach has yielded benefits. Work on charting public debt adopted a creative approach. To highlight the extent to which debt had risen, staff charted the national debt as extending outside the margins of a page containing other visuals (Figure 3.4). This generated amusement and substantial media discussion. Elsewhere, work on VAT on fruit and vegetables saw a relatively junior researcher involved in the project communicating the content so clearly that they were invited to speak at parliament. Part of the success of this project was its ability to show a more human side to public finance issues. These examples show just some of the ways that embedding communications has helped foster more creativity and clarity in the CPB’s communications.

In evolving its communications approach, the CPB has also switched from a “reactive” to a “proactive” approach. Rather than waiting for researchers to develop outputs and responding to the latest fiscal events as they

arise, the CPB communications team gets involved in report production at the early and middle stages. It also tries to anticipate key emerging themes or areas of focus. As part of this shift in mindset, the CPB assesses the sensitivities and potential timing considerations that might require it to calibrate its approach to ensure better impact.

Another aspect of the CPB’s embedded communications culture is that it is remarkably open. All of its staff are free to talk to journalists on background, off the record. It makes all staff contact details available online to support this. The CPB sees this approach as essential to fostering and maintaining healthy relationships with the media.

All this effort has paid off. The CPB has the strongest communications impact measured out of all of the IFIs considered in the Fiscal Advocacy Index. It was cited in one in five articles on fiscal topics by the top three Dutch

news sites in 2023. In the context of domestic searches, it is also the most-Googleed of all IFIs. Indeed, hardly a week goes by where it does not feature in people’s search activity in some significant volume.

*Canadian Parliamentary Budget Office (PBO)*

The Canadian PBO is another example of an IFI with highly evolved communications practices embedded throughout the institution. Like the Netherlands CPB, the PBO views its ability to communicate material clearly as crucial to its work. Its leadership cites the need for “sound, thorough, and credible analysis” as an essential condition. However, they note that “if we can’t explain something, we’re doing it wrong”.

The PBO has embraced openness in similar ways to the CPB. It has an “open-by-default” policy. Staff are allowed to speak on background with journalists, and its leadership is active in cultivating relationships with the press.

The PBO coaches its staff on plain speaking. To help with this, the PBO uses software tools such as “Antidote” that

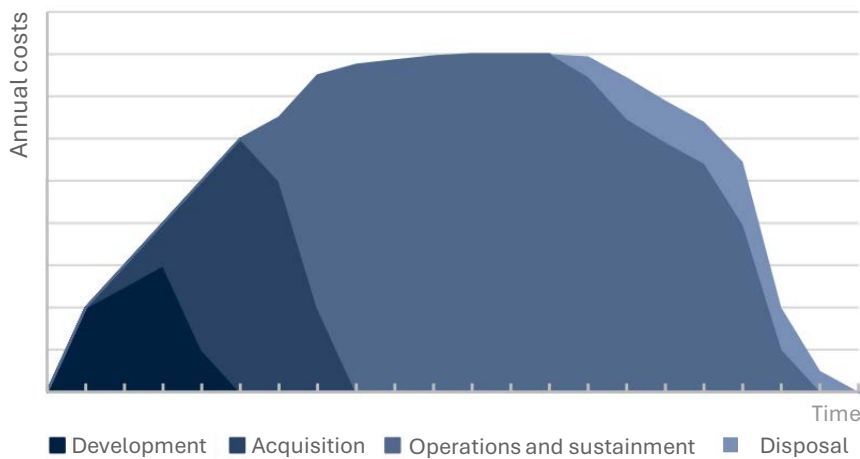
highlight redundancies, repetition, dull verbs, and other stylistic features of writing as well as more conventional errors. This is used not just for publications but for internal communications as well.

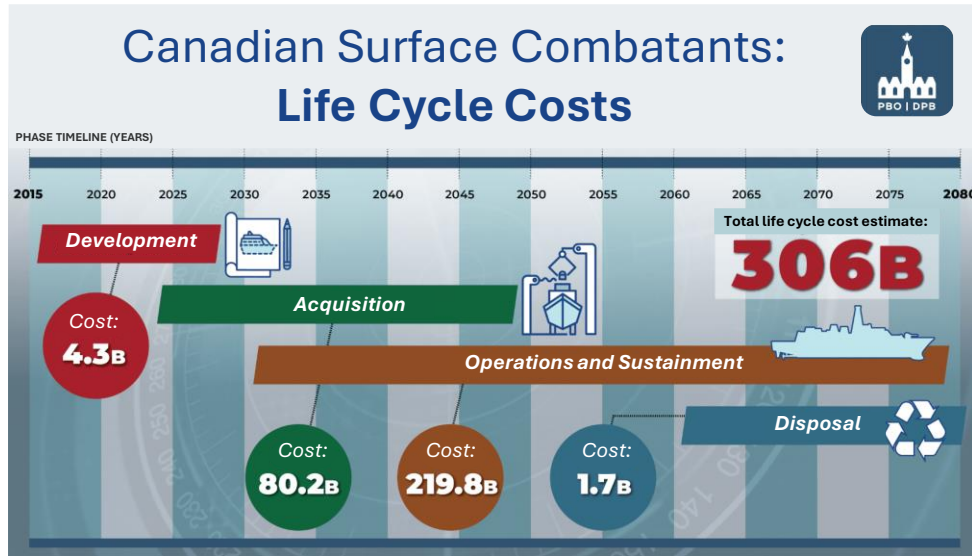
The PBO layers its communications to make work accessible to different audiences. Each report has an executive summary and is accompanied by a “highlights” document. This summarises the report in two to four paragraphs. The highlights document is used internally to help design press releases and as a refresher tool when speaking to parliament or media.

Infographics are regularly used to summarise the PBO’s reports. One recent example relates to spending by the Navy. The PBO analysed potential costs over the fleet’s full life cycle from developing the ships to acquiring them, operating them and disposing of them. It illustrated the stages of development in a useful chart in the main report (Figure 3.5). It expanded on this with an infographic showing the time spent at each stage and associated costs. The reporting generated substantial media reaction and led to renewed debate about procurement outcomes.

**Figure 3.5. Canada’s ongoing navy commitments**

Illustration of annual costs over a system’s life cycle, by phase





Source: (Busby, Kho and Penney, 2022<sup>[8]</sup>).

### *Irish Fiscal Advisory Council*

Similar to the Netherlands CPB and the Canadian PBO, albeit with smaller resources, the Irish Fiscal Advisory Council embeds strong communications throughout its activities.

The Council emphasises communications as a key priority for its staff. This starts early: clear communications are weighted heavily when grading potential recruits. The Council conducts annual internal training sessions on effective writing and presenting, drawing on its own past experiences with publications. In addition, all its staff undertake professional media training with a focus on media engagement.

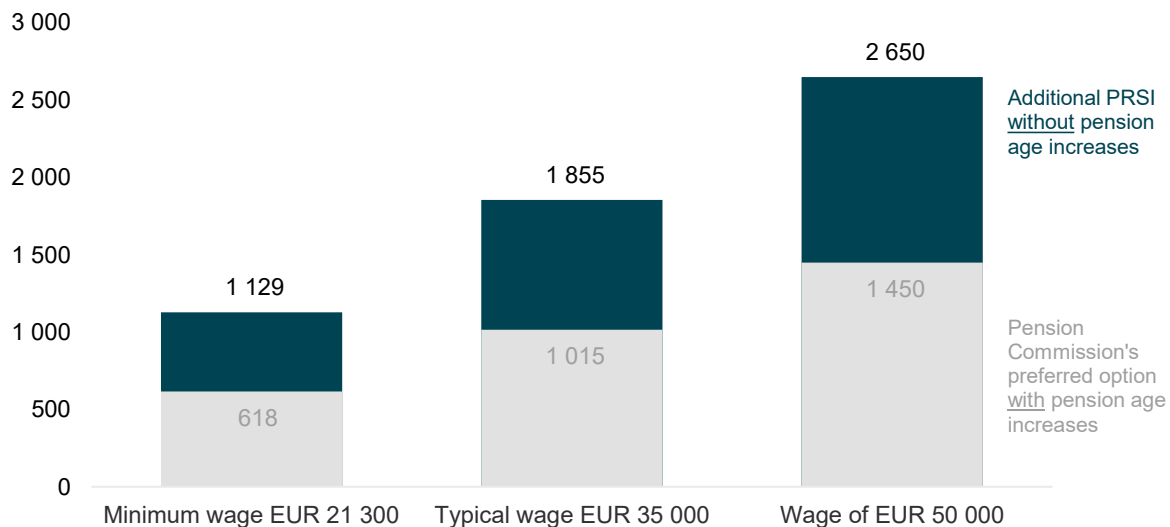
The Council has cultivated ongoing relationships with the media, regularly engaging with journalists on background. It sees this as important for building and maintaining relationships vital to its success.

The Council also uses social media strategically. As well as using it to promote its work, it uses it to intervene on topical issues at key junctures. When areas covered by its past analysis feature in the national debate, it posts content on its past work to help inform the discussion.

One standout example of the Council's ability to capture the public's attention is its coverage of ageing pressures. The Council condensed some of the analysis in its Long-term Sustainability Report to a more human level by showing the implications for individual taxpayers. It estimated that workers on average wages would have to pay an extra EUR 1 000 social contributions annually just to finance the larger number of people reaching retirement age. It estimated an additional EUR 800 would be required if pension age increases did not go ahead (Figure 3.6). This analysis generated substantial and sustained media debate on the implications of pensions policy for different generations of taxpayers.


## Figure 3.6. Ireland's pension pressures

EUR increase in social contributions in today's terms based on policy options



Note: Figures are based on package 3 and 4 of the Pension Commission's (2021) options using social contributions (PRSI) rate increases out to 2050.

Source: Irish Fiscal Advisory Council (2022<sup>[9]</sup>).

StatLink  <https://stat.link/ukfdtq>

Another notable activity is the way in which the Council reviews its work. It assesses its main reports based on multiple readability metrics, tracks media impact carefully, and records examples of text that produced a desirable or undesirable impact. The goal is to continuously learn from its work and improve its communications efforts.

Despite its smaller resources, the Council has managed to have a prominent influence on the national debate. It enjoys a strong media presence shaping public opinion (Nicol et al., 2021<sup>[10]</sup>) and features in almost one-third of articles covering fiscal issues.

### *Insights from the case studies*

It is important to note that both the Netherlands CPB and the Canadian PBO have mature communications. As part of the CPB's change in approach, its communications function expanded to six people. This is the size of some smaller institution's entire staff complement. This level of resourcing allows it delegate tasks substantially. For instance, one person focuses on outward engagements, another on monitoring

communications and impact, another on more strategic issues, another on the CPB's website. The Canadian PBO also has experts within its staffing.

Many institutions will not be able to match the resources of the Netherlands CPB and Canadian PBO. However, they can learn from their experiences in terms of what has worked. They can also draw on the experiences of smaller institutions that have no staff dedicated to communications – such as the Irish Fiscal Advisory Council – but that have advanced communications practices. Part of this success can be tied to its efforts to establish independence, focus analysis on key areas, and embed a strong communications culture among analysts.

As well as embedding a culture that promotes clear communications within their organisations, these case studies reveal some patterns.

**Learning continuously:** These institutions tend to put an emphasis on learning from past publications to improve how they communicate, build on things that worked, and avoid past mistakes.

**Being open:** These institutions tend to be remarkably open. That is, they engage actively with the press on background. Indeed, they often view this as a core part of their role.

**Making content accessible and more human:** There is often a conscious effort to put a more human face on budgetary themes. This is useful as many budgetary subjects can be complex and difficult to parse. However, these institutions find ways to identify clear areas of focus that people can engage with visually, and in a way that is familiar to their own personal circumstances. This often requires some creativity.

### ***3.3.2. Additional considerations in improving how public finances are communicated***

The experiences of institutions with strong communications are helpful in exploring how to improve communications about public finances, but other examples can also provide valuable insights.

This section reflects on the importance of simplicity and readability. It also looks at what can be learned from a recent plain-language renaissance at the European Central Bank (ECB).

#### *Simplicity*

In communicating public finances, it is important to be aware of the knowledge gap between experts and non-experts as well as some of the fundamental challenges of understanding public finances identified in previous sections.

First, it is worth noting that bad communications can cause problems internally as well as externally. It is important to embed good communications throughout an organisation. This can improve internal debate, refine thinking, and dispel unhelpful and opaque language before it makes its way into the public realm.

Second, it is helpful to focus on why certain aspects of public finances matter. This is something often taken for granted and overlooked in budgetary reporting. It should not be assumed that readers necessarily understand why high or rising debt might pose a concern. Low levels of financial literacy are commonplace and it appears that a weak understanding of the basics extends to public finance issues too, even among key stakeholders.

The United States CBO addresses this well in its work. It frequently revisits some of the fundamental risks associated with debt sustainability rather than taking it for granted that people know this intuitively. It also makes a point of directing readers to its well-written primer on federal debt when relevant (CBO, 2020<sub>[11]</sub>).

Third, cognitive science provides some key insights as to how to further simplify public finances. There is a developing literature on language use that is relevant to how public finances are discussed. Table 3.1 draws together some insights from the cognitive science literature that considers how people understand large quantities, one of the fundamental challenges highlighted earlier on.

**Table 3.1. Science-based guidance on communicating about public finances**

<b>Use liberal rounding and use millions and billions carefully</b>	
(Nguyen, Hofman and Goldstein, 2022 <sup>[12]</sup> )	People's ability to recall round numbers is typically better than with precise numbers (68% vs 47%). Somewhat ironically, people also tend to be better able to approximate precise values better after reading round numbers than if they were to have read the precise numbers.
(Landy, Silbert and Goldin, 2013 <sup>[5]</sup> )	More rounding works better when using modifier terms such as USD 1 million or USD 1 billion. However, less rounding is needed when precise units are used, such as USD 1 120 000.  People also do better when comparing the relative sizes of numbers when the same modifier is used. For instance, 2 million is easier to compare with 800 million than it is with 2 billion. This struggle to relate different modifiers, such as millions and billions, is important.  <i>Examples:</i> Use "\$1,120,000" rather than "\$1,123,790" – For money, 3-4 digits are preferred for 7- to 10-digit figures. Use "\$1.1 billion" rather than "\$1.124 billion". When modifiers such as millions or billions are used, people's ability to tolerate precision falls. The nearest 100 million is typically preferred for 10-digit figures with modifiers. Use "\$10 billion, with \$1 billion on debt interest" rather than "\$10 billion, with \$980 million on debt interest"
<b>Give some perspective</b>	
(Barrio, Goldstein and Hofman, 2016 <sup>[13]</sup> ) (Riederer, Hofman and Goldstein, 2018 <sup>[14]</sup> ) (Chaganty and Liang, 2016 <sup>[15]</sup> ) (Jones and Taylor, 2009 <sup>[16]</sup> )	Anchor points – useful conceptual benchmarks or points of reference – are helpful when understanding unfamiliar and large measurements. These tie people's understanding of new areas to things they already know.  One way to substantially improve people's ability to interact with new measurements and large numbers is what are called "perspective clauses". These help with recall, detecting errors, and applying the knowledge to other related measurements. Perspective clauses entail using simple sentences with percentages, ratios, rankings or other comparisons to provide context around numerical measurements.  <i>Examples:</i> "To put this into perspective, this is around 1.2 times the equivalent spend in the United Kingdom." "To put this into perspective, 7.9 billion dollars annual revenue is about 25 dollars for every person in the U.S." "\$5 million is about how much the average person makes over their lifetime".
<b>Make it personal</b>	
(Hullman et al., 2018 <sup>[17]</sup> ) (Chevalier, Vuillemot and Gali, 2013 <sup>[18]</sup> )	Using concrete examples from people's own personal lives helps make difficult measurements relatable. Study participants report this form of re-expression as far more helpful than changes to units and proportional analogies when it comes to weight, volume and length. The studies present measurements alongside objects with similar measurements. For instance, 28 pounds is described as "the weight of a microwave". A key requirement is that the object is as relatable as possible to everyday experiences.  Potential examples applied to the public finance literature could be: "For an average taxpayer on \$60,000, this would mean..." "This spending increase is equivalent to doubling monthly child benefit payments from £100 to £200 a month."

Sources: various (see the first column).

### *Make things readable*

One way to improve communication is to focus on readability, or how easy it is to understand a piece of writing.

Readability is about more than just using short words and sentences. While readability formulas can be a helpful starting point, they do not always account for

factors such as confusing vocabulary or how well a text is structured. Newer methods assess things such as vocabulary variety, sentence structure, and use of concrete language to give a more complete picture of readability.

Even with these advancements, human judgment is still crucial to consider complex elements such as layout and whether the message is clear (Box 3.1).

### Box 3.1. Readability tools help, but they cannot do all the work

Making public finances easier to understand requires communicating them more clearly. One aspect of this is making things more readable. But readability, as it is usually measured, is not sufficient. Developing people's understanding requires knowing the audience and what people will consider both useful and desirable.

#### Measuring readability

There are several websites that provide tools to measure readability. These rely on a variety of measures to assess how readable some text is. Examples include readability.io, webfx.com and readabilityformulas.com. These offer an objective way to refine text and make it more readable.

#### Traditional measures tend to have a narrow focus

Many of the traditional measures employed by readability websites focus on how dense a text is. That is, they consider things such as words per sentence, letters or syllables per word, and so on. Examples of these measures include the automated readability index, the Gunning-Fog index, the SMOG index, the Coleman-Liau index, and the Flesch-Kincaid grade level. They encourage the use of shorter words and sentences to make things more readable.

However, focusing on density alone can be misguided. It ignores the intended meaning of a text, how confusing the words are, how coherent the text is and so on. A passage of text might be short and use small words but still be difficult to follow. This might be because it contains abstract ideas, words with ambiguous meaning, words from many different fields, or awkward sentence structures.

#### Newer measures go deeper but are less straightforward

Broader readability measures have emerged over time. These look beyond density. Measures such as the New Dale-Chall Readability formula rely on lists of familiar words to help gauge how easy it will be to read a text. Some newer measures go further again to develop a more comprehensive framework. For example, the Common European Framework of Reference for languages includes the usual density variables alongside newer measures. It includes variables such as pronouns per sentence, prepositions per sentence, and the number of names and terms included. All these measures can then be mapped onto an overall measure of how easy it is to understand a text.

Modern natural language processing tools have taken things a step further still. They use far more sophisticated techniques for understanding readability. Examples include CAREC, Coh-Metrix, TAACO, the Educational Testing Service's TextEvaluator, and the Pearson Reading Maturity Metric. Generally, these tools involve a few steps. First, researchers identify a large number of texts. Second, they model how readers understand text based on relevant features. Third, they develop a summary score of these features, for example using principal components analysis or regression models. Finally, human ratings of text complexity are modelled as a function of the estimated scores. The idea is to predict the human ratings based on the features modelled. Many of these newer methods have outperformed traditional readability formulas.

A limitation is that these newer natural language processing tools tend not to be as straightforward to assess and use. They are also less readily available compared to other methods.<sup>1</sup>

Nonetheless, it can be instructive to look at the specific features these models focus. Especially those that they find important to successfully predict human ratings of text readability. For instance, they consider how varied the vocabulary is and how cohesive the text is. As in, does it use the same words over and over, or does it use a wide variety of different words from different contexts? Is the text structured well so that it does not overly rely on the reader having prior knowledge of content outside of the text? They look at syntactic complexity: the burden put

on people’s short-term memory by how complex the connecting branches in a text are. They consider how frequently ambiguous words with more than one meaning are used. They consider how “concrete” words are – their likelihood of evoking meaningful mental images. In addition, they may consider conversational style and the presence of a narrative. These are complex to assess, but they can be important to consider when trying to enhance readability.

### There are still gaps

As tools such as these advance, they have the potential to improve how complex subjects such as the public finances are communicated. But there are still limits. Features such as whether the key messages are upfront, whether headings help make content manageable, how helpful charts, tables, and pictures are, and how inviting the page layout is should also be considered. Artificial intelligence will be able to help people write in ways that satisfy readability measures. Ultimately, however, artificial intelligence cannot do all the work. Instead, style guides can help get the balance right and provide guidance on areas not considered by readability tools. Moreover, there is still some value to interviewing stakeholders to better understand whether they find material useful, convincing, enjoyable, and easy to follow.

1. The Coh-Metrix programme is available as a web tool on registration at: <https://soletlab.asu.edu/coh-metrix/>. TAACO is available for download at: <https://www.linguisticanalysistools.org/taaco.html>. A useful summary tool is ARTE, which assesses a range of new and old readability formulas: <https://nlp.gsu.edu/>.

### *Lessons from the European Central Bank’s plain-language renaissance*

Another example is provided by the European Central Bank (ECB). The ECB has successfully overhauled its communications in recent years, making it more accessible and relatable (see Box 3.2).

### Box 3.2. How the ECB revitalised its communications

The ECB has prioritised revitalising its communications. After a comprehensive review, the ECB published its findings (Assenmacher et al., 2021<sup>[19]</sup>) and reformed many of its practices. It put an emphasis on plain-speaking, favouring narratives over precision, and layering its communications for different readers.

#### Building trust

Before its communications overhaul, there was a view that ECB communications were essential policy reading and so did not need to go beyond catering to a pool of experts.

By overhauling its communications, the ECB sought to instil wider trust and confidence in its decisions. It viewed building trust as helping people understand its policy decisions and, in turn, helping its efforts to maintain steady price rises across the Euro Area. This was seen as vital to safeguarding its credibility and the wider trust in the financial system.

#### How was it done?

A key feature of the overhaul was to make its communications punchier, more relatable, more accessible, and to imbue them with a clearer narrative. It went about this by putting more emphasis on several areas:

**Readability:** the ECB encouraged staff to produce grade-level measures of readability. These measurements are readily available in standard packages such as Microsoft Word. The measures offered a quick and reasonably insightful way to assess readability across documents and between institutions, while satisfying economists’ thirst

for data. The Flesch-Kincaid Grade Level measure they rely on is also easy to communicate as it is expressed in terms of the “years of schooling required to understand a given passage of text”.<sup>1</sup> Language previously used in the monetary policy accounts describing ECB monetary policy deliberations and decisions entailed an average of 16 to 18 years of education being required to understand them.

**Narratives over precision:** another decision was to prioritise clear narratives over precise statistical data points. Rather than saying “staff projections indicate that real GDP growth will rise from 1 per cent to 2 per cent”, it favoured a simpler “growth is expected to pick up”. Following this, instead of “unemployment rates are expected to fall to 5 per cent”, a more salient “many more people will have jobs” was preferred when developing the narrative. This was a big shift. It met some initial internal resistance. Understandably, many felt it would threaten the accuracy of the ECB’s statements and risked promoting widespread misunderstandings. However, communications staff at the ECB feel that these risks were overstated and contend that there is no sense that misunderstandings have resulted.

**Accessible language:** as well as focusing on clearer narratives, the ECB has developed a clear glossary that eschews jargon. Its communications staff developed internal glossaries to identify clearer phrases to replace much of the technical language it frequently used in the past. This covers everything from references to banks (often labelled “non-monetary financial institutions” in the past), descriptions of economic activity, and discussions of risks.

**Layering communications:** The ECB also introduced efforts to distil its analysis in ways that targets different audiences. This layering of its communications is a useful way to broaden the intended audience. It entails creating more ways to access the same content, be it in-depth papers or executive summaries, blogs, or social media posts.

An example of how this layering is implemented is the “at a glance” Monetary Policy Statements. These are visual statements that explain monetary policy decisions taken every six weeks. In keeping with other aims, they are short, easy-to-understand, and focused on the narrative rather than precise data. As well as that, the statements are highly visual, leaning on graphics and simple charts alongside short bits of text. They are available in 24 EU languages. One aspect of this work that has been emphasised by some central banks is the importance of developing multiple style guides – tools to ensure that formatting, style, and content has a consistent format and voice.

**Stressing the benefits of both traditional and new media:** Following the review, the ECB stressed how traditional media, such as television, remains important and a relatively untapped means for reaching the wider public.

It might be in decline, but television remains a crucial medium through which people hear their news (Newman et al., 2025<sub>[20]</sub>). Moreover, it can connect to audiences beyond the usual pool of experts. Connecting more broadly like this helps build trust, accountability, and credibility.

Nevertheless, social media offers unprecedented opportunities for direct communication. As such, the ECB has also increased the number of channels through which it communicates, including through Instagram, X and LinkedIn. The experiences with social media are viewed as a success, though they have tended to involve an *ad hoc* approach and central bank follower numbers remain modest relative to population sizes. To be more effective, the view is that these will need to evolve to be more targeted and to better understand people’s attitudes, needs, and interests.

**Listening:** One of the takeaways from the ECB’s strategy review that had a lot of traction was the benefit of its listening activities. During the review, the Eurosystem held numerous events with the academic community, civil society organisations and the public at large, as well as exchanges with national and European parliaments. One view coming out of these interactions was that central banks needed to explain their role better and use understandable language and relatable examples to engage with the public. As a result, the Governing Council plans to make outreach events an ongoing feature of the Eurosystem’s interaction with the public, with events

having both a “listening” and an “explaining” dimension, to help the public understand the ECB’s strategy and its implications.

1. See (Microsoft, n.d.<sup>[21]</sup>) for technical support page.

Sources: Assenmacher et al., (2021<sup>[19]</sup>); Newman et al., (2025<sup>[20]</sup>) and ECB presentation at the 2024 Annual Meeting of the OECD Working Party of Parliamentary Budget Officials and Independent Fiscal Institutions, Athens (unpublished).

### 3.3.3. Key takeaways: Seven steps to improve fiscal communications

Key insights drawn from these best practices offer seven steps to improve how institutions communicate public finance issues (see Figure 3.7).

**Figure 3.7. Seven steps to improve how public finances are communicated**



#### 1. Embed a communications culture

Embedding a strong communications culture throughout an organisation leads to better communications and a greater impact. It is not enough to have one or two communications experts, with peripheral roles. The value of having an embedded approach is shown by institutions such as the Netherlands CPB, the Canadian PBO, and the Irish Fiscal Advisory Council. It can be achieved by focusing on training staff to communicate clearly from day one and throughout their working lives.

#### 2. Open up

Opening up is a key part of communicating successfully. One of the ways that Netherlands CPB and Canadian

PBO achieved greater impact was by allowing staff to talk openly with journalists and proactively engaging with the press, even if it means staff stepping outside their comfort zones. This openness is seen as essential to building strong media relationships, trust, and ultimately boosting the organisation's impact.

#### 3. Use accessible language

Accessible language is crucial. The curse of knowledge means a tendency to wrongly assume others understand complex topics experts understand well. Ways to make language more accessible include the following:

- Make things more readable, focusing on clear communication, not just short words and sentences

- Replace technical jargon with easy-to-understand phrases that are still reasonably precise in their intent
- Use perspective clauses: simple sentences with percentages, ratios, rankings or other comparisons that provide context on the large figures being discussed
- Emphasise clear narratives rather than precise details and numbers

These tactics can help make communications more accessible to a broader audience.

#### 4. Layer communications

A common feature of those with best practices for communications is that they layer their content. They develop many ways of delivering the same message while being mindful of different audiences. This includes everything from in-depth papers to executive summaries, to shorter explainers, to blogs, social media posts, short videos, infographics and so on. Important to this is the development of multiple style guides – tools to ensure that formatting, style, and content has a consistent format and voice across each of the different layers being developed.

#### 5. Use both social media and traditional media effectively

Reaching a broad audience effectively requires a two-pronged approach. This means leveraging both traditional media and social media. Traditional media such as television maintain a strong reach and connect with a wider public beyond experts. This is vital for building trust and accountability.

Social media, on the other hand, offer a chance for direct communication with the public. Such communication should be targeted and consider audience needs and interests. The institutions with the greatest communications impact have been those that use a combination of both traditional and social media channels, ensuring their message reaches a wide range of audiences.

#### 6. Get creative

A number of organisations have developed creative ways to engage their audience. This can be through innovative data visualisations, catchy graphics, neater explainers, or short videos. Examples include the Netherlands' CPB's "off the charts" debt chart, the Irish Fiscal Council's social contributions impact charts, and the Canadian PBO's

Navy commitments chart. A unifying theme is that these approaches convey complex ideas in a way that is simple, striking or that connects to its audience in a more tangible way.

#### 7. Track and refine impact

To ensure their message resonates, successful institutions prioritise tracking and refining their communications impact. They monitor media mentions, web traffic, and even, in the case of larger institutions, parliamentary mentions to understand how their message is being received. This data allow them to refine their approach, tailor content, and identify new communications approaches. Ultimately, this helps ensure their efforts are not wasted and they achieve the desired impact.

### 3.4. Conclusion

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Communicating clearly about public finances is essential for strengthening public understanding and building support for the difficult fiscal decisions ahead. While many institutions face similar communications challenges – from the inherent difficulty of conveying large numbers to the wider disengagement created by a shifting media landscape – these barriers can be overcome with the right institutional foundations and a renewed emphasis on clarity, openness and accessibility.

Experiences across OECD countries demonstrate that effective fiscal communication is rooted in institutional credibility. Communications efforts have greatest impact when they are supported by robust, independent analysis and when they form part of a wider organisational culture rather than a stand-alone activity. Institutions that embed communications throughout their work, cultivate constructive relationships with the media and present complex issues through relatable narratives are better able to enter national debates and sustain public trust.

At the same time, it is important to adapt communication to different audiences. Layering content, making language more accessible, simplifying large numbers and making abstract concepts concrete all help bridge the gap between technical analysis and everyday understanding. Cognitive science reinforces this approach: people respond more strongly to clear narratives, well-chosen anchors and personal relevance than to precise but opaque detail.

Clear communication around public finances requires a concerted effort across the entire fiscal ecosystem. Governments and parliaments can build on the insights from independent fiscal institutions by continuing to refine their communications capabilities and systematically improve how they explain fiscal issues to the public. Building on cognitive science and best practices from central actors, such as IFIs, suggests seven steps that can improve fiscal communication more widely: embed a communications culture, open up to media, use plain language, layer content for different audiences, leverage social media, use visuals creatively

and rigorously track impact to refine future communications.

Ultimately, good communication is not an optional extra. It is central to how societies understand their fiscal choices. When supported by independent analysis and a culture that values openness and clarity, strong communication can help strengthen trust, bridge gaps between experts and citizens and ensure that debates about public finances are grounded in robust independent analysis, framed in accessible terms and connected to people's everyday experiences.

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## Notes

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<sup>1</sup> These are all scored based on the Fiscal Advocacy Index weightings.

<sup>2</sup> Less than 30% of for experts and gifted senior student responses were considered acceptably accurate. For all other categories of elementary, middle and high school students, less than 5% of responses fell within one order of magnitude of being accurate.



# **4** Citizen engagement: Beyond the ballot and into budgets

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This chapter explores citizen engagement. It focuses on efforts across OECD countries to develop a two-way dialogue with citizens on budgets. While these initiatives have several aims – finding solutions, testing policies, managing expectations – at their core is a common thread. They reinforce people’s understanding of fiscal challenges, enable better understanding of citizens needs and preferences, and help build the much-needed consensus and public ownership for difficult fiscal decisions. This understanding will be pivotal for countries as they seek to overcome major fiscal challenges.

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**Infographic 4.1. Citizen engagement: Beyond the ballot and into budgets**



**Engage citizens**



**Build trust**



**Buy-in for difficult decisions**

**Voting every few years is no longer sufficient**

Trust is under strain, debate is fragmented, and governments face difficult choices.

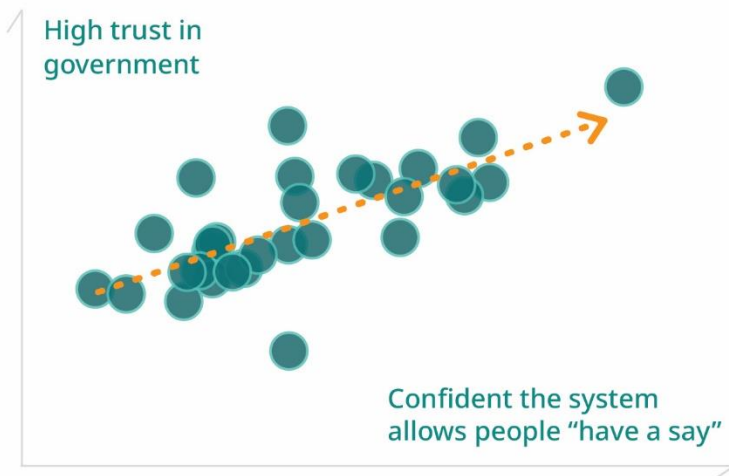
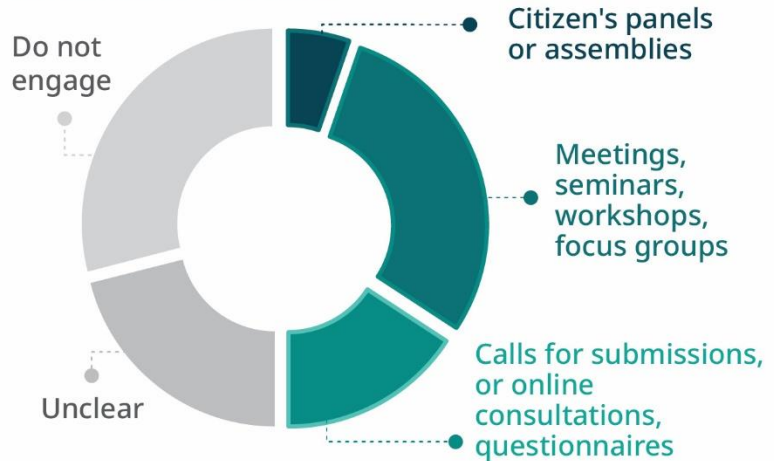
Governments and parliaments can do more to engage their citizens, build trust, and achieve buy-in for difficult decisions.

**Parliaments can push citizen engagement further**

Initiatives around budgets typically have a few aims: they help **find solutions, test policies, and manage expectations.**

But at the core is a common thread. They **build understanding** of the challenges, of citizens' needs, and why difficult decisions are necessary.

**Budget or finance committee initiatives**



**Where people feel heard, they trust more**

The OECD's work on trust in public institutions shows that where people feel they have more of a say, they tend to trust their governments more.

This will be pivotal for countries as they seek to overcome major fiscal challenges.

## Key findings

**Engaging citizens helps build stronger fiscal choices:** Involving citizens in restoring public finances fosters realistic expectations and helps better align reforms with public expectations and needs. This strengthens institutional legitimacy, fosters public ownership, and mitigates the risk of backlash around reforms.

**Beyond the ballot:** With trust in decline and fiscal pressures mounting, voting in elections is no longer sufficient engagement (OECD, forthcoming<sup>[1]</sup>). Governments and parliaments are now exploring how they can instigate greater engagement with citizens.

**Distinct but complementary roles:** Governments and parliaments play different roles in this ecosystem. Governments can use engagement, such as national dialogues, to build consensus and manage expectations before budgets are set. Parliaments can use committees to move beyond standard hearings, actively gathering evidence from the ground to drive more effective scrutiny and find solutions.

**From consultation to deliberation:** To be effective, citizens must be engaged in a way that moves beyond tokenistic “listening” exercises. Meaningful engagement – where citizens are informed, given time to discuss trade-offs, and see their input impact decisions – helps unearth policy solutions, test reforms, and safeguard fiscal sustainability.

### 4.1. Efforts to engage citizens on budgets

Citizen engagement with budgets should be understood within a wider shift in how people expect to participate in public life.

Traditionally, citizen engagement with government begins and ends with the vote they cast in elections every few years. However, the past two decades have witnessed a shift in how citizens interact with public life (OECD, 2022<sup>[2]</sup>). The rise of social media and citizen-driven content creation platforms has empowered individuals to express opinions and engage on issues that matter to them. Easy access to information fuels this trend, allowing people to form informed opinions on a wide range of topics, from local community initiatives to national policy decisions. This engagement goes beyond formal channels such as voting and consultations. Engagement through online polls and social media conversations represent new forms of public dialogue.<sup>1</sup>

There is a growing expectation that public institutions listen, respond and demonstrate accountability for citizens’ input. This shift reflects a deeper recognition that participation strengthens both the effectiveness and legitimacy of public decisions (OECD, 2025<sup>[3]</sup>).

Governments’ efforts to engage citizens in budgeting are part of this broader movement to embed meaningful

citizen participation across the policy cycle. In areas like budgeting, this involves fostering a two-way dialogue around budgets to develop sound, legitimate, and lasting fiscal decisions (OECD, 2025<sup>[3]</sup>).

#### 4.1.1. How do governments engage with their citizens on the budget?

There are already some examples of governments initiating citizen engagement in relation to the budget. These initiatives are often designed to support their role as the executive branch responsible for proposing the budget and implementing policy.

Government-led engagement can be mapped across different timelines and objectives. A common approach is a *pre-budget* dialogue. This is typically designed to “manage expectations”. These initiatives bring key social partners and stakeholders together to build a shared understanding of the macroeconomic and fiscal constraints *before* formal budget demands are locked in. At other times, engagement is more specific. It can be used to find a socially acceptable path for a single, sensitive reform area, such as pensions policy. Finally, for deep structural challenges, such as healthcare or long-term care, governments may initiate in-depth, long-term processes. These might sit entirely outside the annual

budget cycle with one aim being to depoliticise an issue and build a durable consensus for reform.

The methods that governments use to engage citizens are as varied as their goals. Pre-budget consensus-building can take the form of a high-level national dialogue, as seen in Ireland. This sees stakeholders grounded in a common set of economic facts. In contrast, testing the viability of a new policy might rely on a deliberative process like a citizens’ convention, like used in France. The idea is to gather and inform public judgment from a representative sample of the public. For long-term structural issues, governments may turn to independent Commissions (for example, the United Kingdom’s Royal Commissions) or permanent advisory bodies (Scandinavia). These options blend insights from experts, stakeholders, and citizens.

When designing initiatives for citizen engagement, it is important to bear in mind that engaging stakeholders and engaging citizens are two different things. Stakeholders are consulted on budgetary matters related to the specific interests they represent and bring a particular perspective to the discussion. By contrast, engaging representative samples of citizens goes beyond consultation. Such approaches, by design, may

tie the hands of governments and parliaments. This does not imply that citizen participation should not be pursued. Experience with citizen participation has shown, rather, the importance of clearly distinguishing between different types of participatory exercises and their respective purposes.

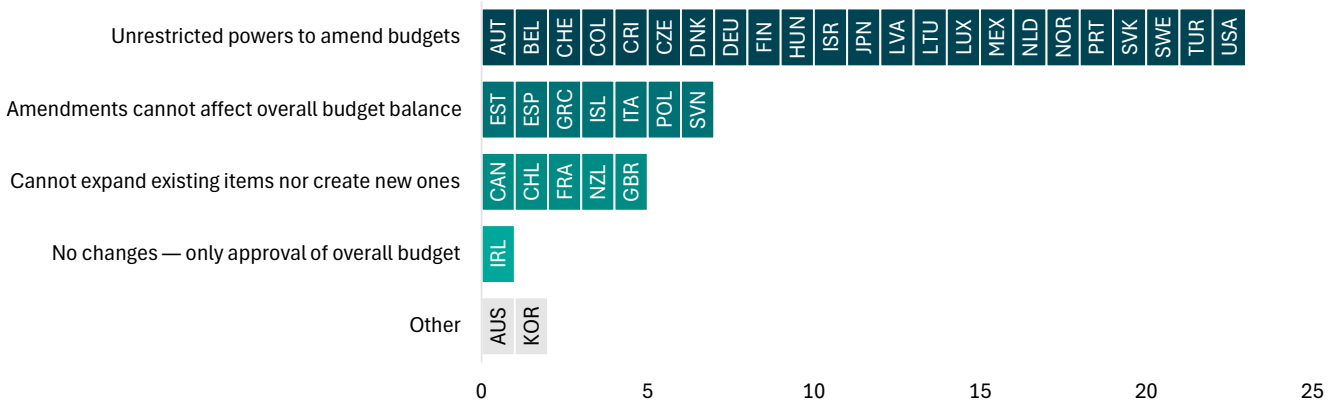
**4.1.2. How do parliaments engage with stakeholders and citizens on the budget?**

While governments engage to build support for policy, parliaments are different. They engage to scrutinise it.

Effective citizen and stakeholder engagement helps parliaments enhance their core functions – oversight, legislation, and representation. This moves their work beyond debating government proposals to actively shaping and challenging them with direct citizen and expert input.

Parliaments’ formal powers around the budget process vary significantly. Across the OECD, three-in-five parliaments have extensive powers to amend the budget (Figure 4.1). Some can make changes within budget totals, and others are largely limited to debating and approving the executive’s proposal.

**Figure 4.1. How parliament roles in budgets differ across the OECD**



Sources: 2025 OECD Survey on Parliamentary Budget Oversight.

StatLink <https://stat.link/chl4mi>

This variation in power matters. A parliament with a strong, formal role in the budget offers a natural and powerful platform for citizen and stakeholder engagement. Its recommendations carry significant weight. However, even in systems where the executive dominates the budget (as in most Westminster systems),

parliaments can leverage citizen and stakeholder engagement as a powerful tool of influence. In this way, citizen and stakeholder engagement strengthens oversight where it might be traditionally weak. Proactive scrutiny, informed by direct citizen and expert input, can

build political pressure and influence the *design* of policy, even without formal amendment powers.

A good example is the **Canadian** House of Commons and its Standing Committee on Finance. The Committee conducts annual “Pre-Budget Consultations.” This sees the committee travel across the country as well as inviting online submissions to gather public and expert views on priorities (House of Commons of Canada, 2024<sup>[4]</sup>; Department of Finance Canada, 2025<sup>[5]</sup>). The goal being, as stated, to:

*“...hear from Canadians about their most pressing priorities – including making life more affordable, promoting economic growth across the country, building one united Canadian economy, and reducing day-to-day government spending.”*

These engagements directly inform a report to the government ahead of budget drafting. The view is that “good planning starts with listening”. While the executive retains the power to formulate the budget, this does not mean parliament has no role in shaping it. By setting the agenda with a highly-publicised report, the government is politically pressured to respond to and potentially adapt its budget.

This proactive engagement contrasts with purely after-the-fact scrutiny. It provides a formal way for the public to inform a budget’s initial design rather than reacting to final proposals.

Another model is seen in **Lithuania**, where the *Seimas* (Parliament) Budget and Finance Committee holds a dual-track process to scrutinise the draft budget. First, it holds public hearings – broadcast live for transparency – where ministries, NGOs, social partners, and the public can present views. Crucially, citizens can also submit written comments or proposals before and after the hearings. Second, it organises targeted, in-depth consultations with experts from the Bank of Lithuania, the National Audit Office, and the IFI, alongside key stakeholders from business and academia. This approach combines broad public access with deep technical scrutiny.

These hearings function as a two-way dialogue: government representatives or the committee chair often set the scene by discussing fiscal realities. This

helps to ground the subsequent proposals in a shared understanding of the constraints. This is complemented by the separate, targeted meetings with technical experts that scrutinise the draft budget in detail.

## 4.2. Why citizens must be engaged in efforts to restore public finances

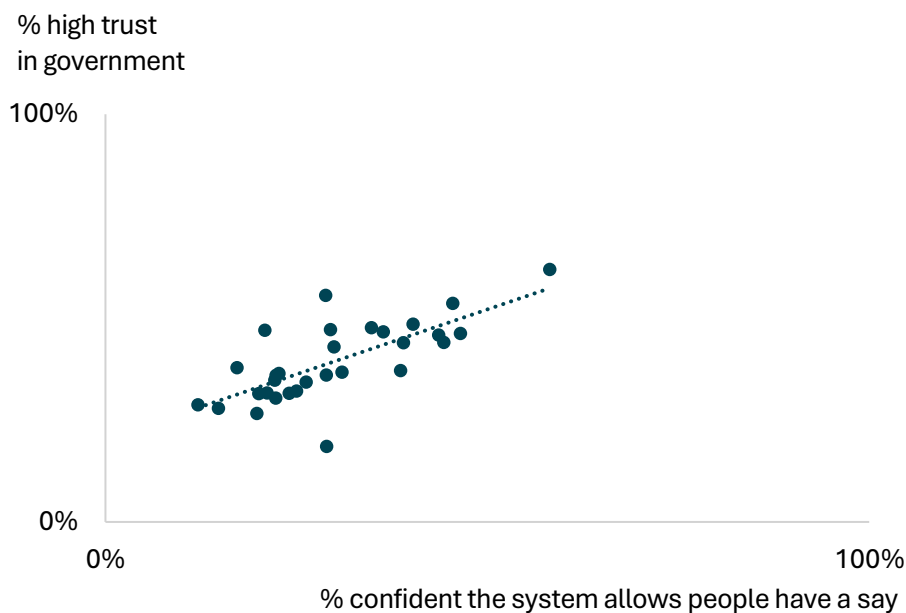
While some governments and parliaments are finding constructive ways to involve citizens in budget processes, the fiscal pressures facing countries today mean that efforts to engage citizens will need to broaden and deepen. Restoring public finances will require major reforms. Navigating this depends on securing public ownership, not just technical solutions.

If OECD countries are to set the public finances on more sustainable paths, governments and parliaments need to increase their efforts to bring citizens on board. They need to raise citizens awareness around the scale of the challenge. They need to empower them to express their preferences and engineer better outcomes. Most of all, they need to make sure that expectations are grounded in reality – balancing needs with resources. This will help ensure that public services and supports are financed, not just for today, but well into the future.

Meaningful citizen engagement offers the potential to reinforce the legitimacy of difficult fiscal choices and build public trust. As well as reinforcing the legitimacy of fiscal choices, engaging citizens can help with finding solutions for restoring public finances, allow testing the water for different options, help manage expectations and foster ownership for the choices made. These motivations are linked by a common thread — building understanding of fiscal challenges and consensus around the need for difficult decisions.

### 4.2.1. Reinforcing legitimacy

Legitimacy is the currency that underpins major policy decisions and a common thread to engaging citizens.<sup>2</sup> As the OECD’s (2024<sup>[6]</sup>; 2022<sup>[7]</sup>) work on trust in public institutions shows, people’s ability to have a say is highly correlated with their trust in governments (Figure 4.2).

**Figure 4.2. Where people feel heard, they trust more**

Note: The figure shows the share of respondents a) reporting “likely” to the question: “How much would you say the political system in your country allows people like you to have a say in what the government does?” and b) answering “high or moderately high trust” to the question: “On a scale of 0 to 10, where 0 is not at all and 10 is completely, how much do you trust the national government?”. The “likely” or “high or moderately high trust” proportion is the aggregation of responses from 6-10 on the scale. Source: OECD Trust Survey 2023.

StatLink  <https://stat.link/8zh56k>

Ensuring that decision making is citizen focused and based on data and analysis provides one of the strongest opportunities to build trust in complex, long term issues (OECD, 2024<sup>[6]</sup>). Recent OECD surveys show exactly why this focus on trust is so necessary today (Box 4.1).

To successfully reinforce legitimacy, engagement initiatives must be thoughtfully designed (Box 4.2). They

must be inclusive, transparent, and provide clear feedback on how citizen inputs influenced the final decisions. Failing to communicate how inputs were used can easily cause these initiatives to backfire. Indeed, recent OECD (2025<sup>[8]</sup>) research underscores the importance of listening to and understanding people’s views.

### Box 4.1. Restoring public finances in the context of low trust

Trust in national governments is relatively low across many OECD countries. This can present a major hurdle for restoring public finances: When public institutions are trusted, governments can draw on this confidence to enact difficult long-term reforms; while major policy changes can become more difficult to enact when trust is lacking.

Across the 30 surveyed OECD countries that participated in the 2023 OECD Survey on Drivers of Trust in Public Institutions (Trust Survey), 44% of people have low or no trust in their national government, a larger share than the 39% who held high or moderately high trust.

A key issue affecting trust in public institutions is how governments are perceived to manage long-term and complex challenges. The OECD Trust Survey highlights that citizens are increasingly sceptical about the capacity of governments to manage complex policy matters, while their satisfaction with essential public services and their perceptions of other indicators related to day-to-day interactions are often more positive. Yet people’s

perceptions of government competence on these difficult issues matter far more for their overall trust in the national government than their day-to-day interactions with public institution.

Balancing the needs of different generations is a core challenge of budgeting. It underpins everything from funding pensions and healthcare to managing national debt. However, the OECD Trust Survey finds that only 37% of people believe their government balances the needs of different generations fairly. This scepticism is a challenge for those seeking to drive reforms that put public finances on a more sustainable path. When citizens doubt the government's ability to make fair, values-based decisions on these complex issues, trust declines.

A further challenge for trust and the acceptability of reforms is how government is seen to communicate with and, above all, listen to citizens. Two-in-five people consider it unlikely that governments would clearly explain how a major policy reform would affect them. This contributes to weaker legitimacy and credibility, potentially undermining public acceptance of difficult but necessary reforms. At the same time, having a voice clearly matters: those who feel “people like them” have a say in government decisions report much higher levels of trust in national government than those who do not feel they have a say (69% compared to 22%). Across the OECD, only 30% of people across the OECD find it likely that the political system allows them to have such a say.

To build the public and political will for reforms that underpin sustainable public finances, governments must actively address declining trust. This means bringing citizens into government decisions; and clearly explaining how reforms were arrived at, how they balance the needs of today's citizens with those of future generations and how they will affect people today. In this way, governments can demonstrate their ability to navigate long-term challenges and manage the budget in a way that balances competing demands.

Source: (OECD, 2024<sup>[6]</sup>).

## Box 4.2. Designing citizen engagement initiatives

The success of citizen engagement is not accidental. It relies on thoughtful design. OECD Guidelines for Citizen Participation Processes point to several core principles:

- **Have a clarity of purpose and outcome:** Clearly define the problem being solved and the “ask” of citizens from the outset. There must be a transparent public commitment to how citizens’ input will be used and how decision makers will respond.
- **Be inclusive and accessible:** The process must actively identify and lower barriers to participation. This ensures that a range of voices – not just the “usual suspects” – can contribute.
- **Inform:** Participants must be given access to a wide range of accurate, relevant, and accessible information. Good engagement relies on informed rather than surface opinions.
- **Transparent and reliable:** The process must be run with integrity, with clear rules and oversight to protect it from policy capture by special interests. All materials, relevant data, and results should be made public.

Source: (OECD, 2022<sup>[2]</sup>).

### 4.2.2. Finding solutions

Citizens possess ground-level knowledge that policymakers often lack. Engaging them can uncover inefficiencies, service delivery gaps, and innovative solutions that better allocate resources. This broad input acts as a radar, surfacing alternative perspectives and identifying blind spots that implicit biases might otherwise obscure.

Beyond specific policy ideas, solution-oriented initiatives significantly boost civic literacy. For example, Iceland's "Public Sector Efficiency" consultation generated modest financial savings, but its true value lay in engaging the public directly in scrutinising state operations. Grounding public debate in real-world trade-offs builds ownership and helps secure buy-in for difficult decisions.

#### Box 4.3. How solution-oriented initiatives boost literacy

Many engagement initiatives are framed around finding solutions. It might be a case of engaging citizens to find savings in times of resource constraints or tasking them with recommendations on sensitive policy areas. Yet their most significant value often lies in building public understanding and a sense of ownership over the public finances.

- More about the road than the destination:** The very process of engaging citizens can foster public support and increase understanding of fiscal realities. For example, **Iceland's** "Public Sector Efficiency" consultation rapidly generated thousands of proposals. Direct savings were modest (estimated to be 0.7% of total annual expenditure). Yet the true value was in engaging the public directly in scrutinising state operations. This helped to build a sense of understanding and ownership during a period of fiscal consolidation. The town of Zeist in the **Netherlands** had a similar approach engaging "citizen experts" to reorganise spending and achieve savings.
- The Value of Literacy:** The Icelandic experience highlights a key benefit. While translating local ideas into large-scale national savings is challenging given the complexity of major budgets (e.g. health, defence), the engagement process itself enhances understanding of the public finances. It grounds the public debate in real-world trade-offs and builds buy-in for difficult decisions. These benefits are often a more durable and valuable outcome than the modest savings themselves. In **Catalunya**, a similar initiative targeted at youth groups was called the "Parlem de Pressupostos" (OECD, 2025<sup>[9]</sup>). This initiative engaged diverse groups, including children and adolescents, in deliberating on complex fiscal priorities such as the use of European cohesion funds. Through tailored workshops and sessions, young participants demonstrated they could meaningfully engage with technical budget trade-offs. Post-session evaluations highlighted a strong sense of empowerment, illustrating how direct involvement in fiscal decisions can significantly enhance civic literacy and trust in public institutions.

### 4.2.3. Testing the water

Citizen engagement can also act as a way to test the viability for potentially sensitive policy changes. Before committing significant political capital, governments can use focus groups, citizens' assemblies, or targeted consultations to gauge public sentiment and anticipate opposition. This helps policymakers better calibrate and communicate difficult reforms (OECD, 2025<sup>[10]</sup>).

By transforming public opinion from a passive constraint into an active policy input, engagement helps overcome political deadlock (OECD, 2020<sup>[11]</sup>). Research in the

European Union (Bunea and Nørbech, 2025<sup>[12]</sup>) and Korea (Kim, Shim and Park, 2021<sup>[13]</sup>) shows that transparent engagement boosts support and enhances governmental trustworthiness.

Structured engagement can also help decide the broader fiscal stance. Participatory budgeting, such as Portugal's dedicated national envelope for citizen-proposed projects (OECD, 2017<sup>[14]</sup>), gives the public a direct role in weighing tax and spending trade-offs.

#### 4.2.4. *Managing expectations*

National plans and budgets reflect an innate desire to improve society. But, often, if all the desires of key interest groups and the public were taken into account, the sum of their costs would be far greater than the taxes people wish to pay.

Pre-budget dialogues bring stakeholders together to understand the sheer scale of demands and hear independent expert advice on the economic backdrop. Fostering a consensus on financial constraints focuses minds on priorities rather than unachievable wish lists. This process moderates the overall fiscal impact and directly enhances public understanding of the public

finances at the exact moment when these issues are most prominent.

#### 4.2.5. *Fostering ownership*

Engaging citizens can help build a sense of co-ownership. This is vital when difficult trade-offs cannot be avoided. It is particularly crucial for long-term challenges (OECD, 2025<sup>[10]</sup>). If citizens feel their concerns are ignored, policies face resistance. International experience with representative deliberation shows that, when implemented well, these processes allow citizens to contribute solutions they can buy into, resulting in balanced proposals with long-term perspectives (OECD, 2025<sup>[15]</sup>).

### Box 4.4. Citizens, stakeholders and meaningful participation

#### Whom to engage and why it matters

The OECD distinguishes citizens (individuals participating in their own right) from stakeholders (organised interest groups such as businesses, trade unions, associations, or advocacy groups representing constituencies). Both add value, but they play different roles in the policy cycle. Well-designed processes should be clear about who is being engaged, why, and with what expectations.

Citizens can be more open to compromise and to society-wide trade-offs once informed, whereas stakeholders/interest groups may legitimately defend narrower interests. This ability to change positions and potentially to reach a compromise is a vital difference. Engaging citizens goes beyond consulting with stakeholders. It can help governments and parliaments understand where there might be more consensus and how to make difficult fiscal trade-offs more socially acceptable.

#### Levels of participation

Participation spans information (one-way), consultation (two-way feedback) and engagement (collaboration throughout the policy cycle). Clear communication about the level offered, and accountability for how inputs are used, are essential quality standards

#### Design principles

Effective processes are inclusive, informed, transparent and accountable, with feedback on how inputs shape decisions. Aligning the “front office” of participation with the “back office” of budgeting, rulemaking and procurement helps ensure that citizen input has a path to influence.

Source: (OECD, 2022<sup>[2]</sup>).

### 4.3. Building on good practices in citizen engagement

#### 4.3.1. Citizen engagement by governments

Well-designed engagement that will help restore public finances must focus on the aggregate fiscal stance and distributional priorities, not just individual budget programmes.

The following examples illustrate how citizen engagement can be used in this way:

- **Building consensus (pre-budget):** Many governments convene dialogues *before* the budget is finalised. This helps to align key stakeholders in terms of key priorities and what the hard fiscal and economic realities are. **Ireland's National Economic Dialogue** is a good archetype (see Box 4.5).

#### Box 4.5. Ireland's National Economic Dialogue (NED)

Established in 2012, the NED is a key forum for public consultation and discussion on the annual Irish budget. While government-led, it provides a platform for diverse voices ahead of key decisions. It aims to facilitate an open and inclusive exchange between the government and stakeholders on the competing economic and social priorities facing the country.

The NED brings together a diverse range of stakeholders, including:

- Representatives from business associations, trade unions, and civil society organisations
- Social partners (employer and employee representatives)
- Economic and social policy experts
- Public interest groups
- Individual citizens (through online submissions)

The forum is held annually, typically in June, in the lead-up to October's national budget for the following year. This is a key period when discussions about the budget begin to heat up and there is a risk of runaway expectations in terms of what can be achieved with one budget.

The NED usually starts with a scene setter on the economic and fiscal landscape. Experts are asked to give a broad macroeconomic and fiscal outlook. This gives an opportunity to promote a shared understanding of the fiscal backdrop Ireland's budgetary decisions. In effect, this is a chance to raise understanding of public finances at a key juncture in the budgetary calendar.

The second part of the annual forum is designed to foster a broad-based discussion on the annual budget itself. All attendees are invited to contribute, with break-out sessions used to drill down into key themes or policy areas. These engagements help inform the government's budgetary priorities. The approach helps ensure the budget reflects the needs and priorities of Irish society, while also promoting a shared understanding of the context and raising understanding of the public finances.

- **Testing viability and gathering input for specific policies:** Governments may use consultations or other methods to gauge public reactions to specific, potentially sensitive reforms. The **French Citizens' Convention on Climate** (Convention Citoyenne pour le Climat, 2020<sub>[16]</sub>) offers a good example in the context of major fiscal challenges. It was commissioned by the President specifically to find socially

acceptable ways to address environmental challenges after earlier carbon tax proposals failed. While the legislation that followed (Légifrance, 2021<sub>[17]</sub>) ultimately diluted some proposals, the Convention nevertheless achieved things that might have proved far more difficult without the convention. It served as a large-scale testbed for policy options. It informed the government on public preferences and red lines

regarding climate measures. This provides a useful template for governments to navigate other difficult large-scale fiscal challenges. It can be the use of targeted surveys or consultations. And it can be for changes to tax systems, subsidies, or other major public service reforms.

- **Building consensus on long-term structural reform:** Some governments use deeper approaches to “manage expectations” and build a durable consensus. This is vital for complex and politically sensitive issues.

The **United Kingdom’s** Royal Commissions are a prime example. These independent, in-depth inquiries cover areas such as major pensions reforms or long-term care solutions. They are mandated by government to gather extensive evidence from stakeholders, experts, and the public over a long period of time. They help to take the politics out of the initial evidence-gathering phase. This is good for testing the viability of profound changes and building legitimacy for subsequent, often difficult, government action.

A different model is common in **Scandinavian countries**. This involves *permanent* advisory commissions. These bodies are typically made up of representatives from political parties, industry, labour, and academia to develop long-term strategies for areas like taxation or healthcare. Their role is partly to institutionalise compromise. They pre-negotiate major reforms and bind key actors to a politically sustainable outcome *before* a crisis hits. This pre-empts the

large-scale opposition that often derails major reforms when handled more abruptly.

Another compelling example of building consensus for long-term structural change is **Brazil’s** approach to defining its National Climate Plan through 2035 (OECD, 2025<sup>[10]</sup>). The government used a large online consultation, *Brasil Participativo*. The platform let citizens access information and submit ideas, but it also let users comment on others’ suggestions, allowing them to vote for the most impactful proposals. The most-voted initiatives were then reviewed by the government for potential integration into the Climate Plan, so as to help shape Brazil’s climate policy until 2035. It garnered substantial engagement: 8 000 proposals and 1.5 million votes.

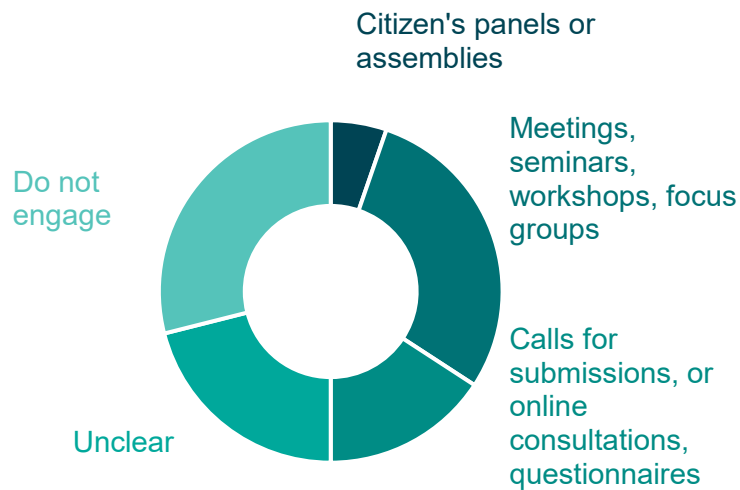
When it comes to citizen engagement, government-led initiatives are best positioned *before* budgets are formally passed. This can help to identify potential policy roadblocks early on and foster consensus, paving the way for more successful policies.

#### **4.3.2. Citizen engagement by parliaments**

Citizen engagement by parliaments has immense potential (see Figure 4.3). However, it has been historically underused and requires proactive parliaments. The challenge is moving from tokenistic hearings to effective, evidence and data-driven engagement that genuinely informs financial scrutiny and policy outcomes.

### Figure 4.3. Committees can push citizen engagement further

% of all 38 OECD countries, budget/finance committee initiatives



Note: The figure shows the % of OECD countries that have initiatives used by committees to foster citizen engagement. Calculations are on the basis of "highest form of engagement" ranked in order of engagement as follows: citizen's panels or assemblies; meetings, seminars, workshops, focus groups; calls for submissions, or online consultations, questionnaires; engagements that are not specified; and, lastly, an explicit answer that they do not have any form of citizen engagement. Of course, this ranking does not imply that some forms of engagement are always better than others – ultimately, it depends on the quality of engagement. The figure focuses on budget or finance committee initiatives, but there are other sectoral committees that can often engage citizens, often in novel ways.

Sources: 2025 OECD Survey on Parliamentary Budget Oversight.

StatLink  <https://stat.link/8x716d>

The potential for citizen engagement by parliaments varies depending on how committees are structured. An important distinction relates to the split between budget or finance committees and sectoral committees.

#### *Budget or finance committees*

Budget and Finance committees are traditionally focused on scrutinising the government's overall proposed budget. They tend to cover the overall fiscal framework, sustainability, and fiscal rules. This helps the public examine the broader fiscal picture. Ideally Budget and Finance committees would do this in advance of the budget being laid before parliament. This then allows them to examine whether the budget is consistent with pre-agreed fiscal limits once it is tabled. In practice, Budget and Finance committees are more often looking at fiscal aggregates *after* the budget is tabled, though some are adopting more proactive roles.

Roughly half of OECD countries have budget and finance committees that stipulate ways of engaging citizens in

some form around budgets. That is, they involve the wider public through consultations or direct engagements (Figure 4.3).

In practice, public engagement usually means inviting outside experts to take part in budget committee hearings or events. Committees tend to prioritise structured dialogue with organised actors who have technical or sectoral expertise. This can include academics and researchers, think tanks, business and industry representatives, labour unions, and civil society groups such as NGOs or community leaders. These participants are often invited because they have already made public statements relating to the budget, or have provided written submissions to the committee. Inviting them to a hearing or event allows members to hear their views in more detail.

Committee hearings or events like this are usually open to the public. Engagement is usually in person, although hybrid engagement practices are becoming more common. In countries such as Canada and Chile,

hearings are televised and available online, while in Austria public access to meetings is permitted only in person.

There are two more common stages of the budget where committees engage citizens. The first is in annual priority setting and budget preparation where interactions are used as an opportunity to reflect on priorities. The second is in scrutinising the budget once presented to the legislature.

The way in which Budget and Finance committees document and use citizen input is an important indicator or meaningful engagement. For example, in the United States contributors receive individual responses explaining how their input has influenced deliberations or decisions. In a number of other OECD legislatures, the Budget or Finance committee incorporates public input into decision making and documents this in a formal report. Other legislatures demonstrate transparency by publishing all submissions received, providing summaries of input, releasing meeting minutes, or using a combination of these approaches.

### *Sectoral committees*

These committees have immense potential, given their focus on more specific areas, such as health, education, and transport. They can help find solutions and test these by connecting policy scrutiny with on-the-ground realities. Moreover, they can move beyond formal hearings to actively seek evidence from diverse citizens. This includes cohorts often unheard in traditional processes. The approach involves finding out *what* policymakers do not know, such as whether programmes are actually working or not.

**Nordic countries**, such as Sweden, have sectoral committees deeply integrated in the policy-making process. They routinely call on a wide range of experts, academics and civil society groups when considering the budget, as well as other legislative proposals with direct budgetary impacts. This deeper form of consultation, driven by expert input, is a standard part of scrutiny and is crucial for “Finding Solutions” and ensuring well-grounded policy.

**The United Kingdom** offers another useful example. The Parliament's Business and Trade Committee actively engages with the “real economy” by touring the nation. This “on the road” approach involves meeting businesses of all sizes, trade unions, and consumer groups across the country – from university campuses to high streets. The goal is to hear first-hand about the challenges facing people and businesses as well as the opportunities or solutions they might propose. The committee combines these direct meetings with online surveys and formal calls for written evidence on specific pro-growth topics like business confidence, regulation, and costs. This proactive evidence-gathering directly shapes the Committees’ reports and recommendations to government. It helps to understand the realities of doing business and inform policies. Such evidence can drastically improve the quality of financial scrutiny by grounding it in lived experience, leading to more effectively allocating resources.

### *Broadening how parliaments engage*

The work parliaments are doing to engage with the public in formal committee hearings can be built upon to further broaden citizen engagement.

The OECD’s principles around “Open Parliament” encourage legislatures to open up and improve transparency (OECD, 2023<sup>[18]</sup>; 2017<sup>[19]</sup>). This can be through initiatives related to improving channels for citizen input, such as online platforms, petitions and consultations.

While not always budget-specific, these broader initiatives create an environment where fiscal discussions can become more accessible and informed by diverse perspectives. It moves beyond inputs solely from stakeholders like lobby groups, businesses or trade unions.

Parliaments should be active in building a direct link to constituents. They have a unique mandate and must actively work to avoid being out of touch, using citizen engagement to bridge potential gaps.

There are also innovative ways to tease out people’s preferences. Two examples of these are “Deliberative Polling” and “Quadratic Voting” (Box 4.6).

### Box 4.6. Innovative methods to inform and gauge preferences

There are innovative methods emerging that can help policymakers understand public preferences more deeply. These go beyond traditional hearings and consultations. These methods get behind surface opinions and try to capture more informed, considered public judgment.

- Deliberative processes:** Instead of relying on raw public opinion, these processes – such as Citizens’ Assemblies, Juries, and Panels – involve a randomly selected group of people broadly representative of the community. Participants spend time learning from experts, deliberating with peers, and developing collective recommendations. The OECD (2020<sub>[11]</sub>) identifies 12 distinct models of deliberation used across the globe to address complex policy issues. One key example is “Deliberative Polling”. This approach tests informed, rather than surface, preferences (Fishkin, 2011<sub>[20]</sub>). First, a representative sample of people is polled on a policy question. Then, they are given balanced briefing materials and the space to deliberate on the topic with peers and experts. Finally, they are polled again. Studies consistently reveal that this phased approach arrives at notable shifts in preferences (see (Stanford University, n.d.<sub>[21]</sub>)). It shows that the conclusions citizens reach, having become better informed, can differ significantly from their initial opinions. This yields a crucial insight: public support for difficult but necessary budget decisions could be built if citizens are given a genuine opportunity to understand the trade-offs. Another example is Citizens’ Juries, where small groups deliberate over several days to produce specific recommendations.
- Quadratic Voting:** This method is designed to measure the intensity of preferences (Cavaillé, Chen and Van der Straeten, 2024<sub>[22]</sub>). It forces participants to make trade-offs. Instead of a simple “yes” or “no” vote, participants are given a budget of “voice credits”. They can allocate these credits across various issues. But the “cost” of each additional vote on a single issue rises such that it eats up successively larger amounts of credits. It does so in a quadratic manner (1 vote = 1 credit, 2 votes = 4 credits, 3 votes = 9 credits). This approach compels participants to decide what they truly care about. It mimics the real-world trade-offs inherent in a budget and helps policymakers distinguish between popular, low-stakes preferences and deeply-held minority priorities. While not yet widespread in national budgeting, it has been used by public sector bodies, such as in the **Colorado** state legislature, to tease out priorities and link public preferences to budget trade-offs.

#### *Enhancing legitimacy and ownership through deliberation*

Parliamentary committees can commission or host deliberative processes. This can take the form of citizens’ panels or assemblies on specific budget-related issues or broader policy questions with fiscal implications. The OECD defines these processes as involving a randomly selected group of people who are broadly representative of a community spending significant time learning, deliberating, and developing collective recommendations for policymakers.

The **United Kingdom’s Climate Assembly** was commissioned by six parliamentary select committees. This allows legislatures to receive informed recommendations from a representative group of citizens on complex trade-offs (Climate Assembly UK, 2020<sub>[23]</sub>). In this example, it referred to pathways to decarbonisation. This serves multiple purposes: it

provides valuable insights (“Testing the Water”), builds legitimacy for subsequent parliamentary action (as recommendations come from an informed citizen body), and fosters public understanding and ownership (“Learning Objective”), especially on long-term issues where buy-in is essential.

#### *Timing and framing*

Parliamentary engagement often occurs *after* the executive budget proposal is tabled, focusing on scrutiny and amendment. However, as the Canadian example shows, proactive pre-budget engagement is also possible and arguably more influential on the initial budget shape. The *framing* of engagement is also context-dependent; sometimes it is about seeking specific solutions, other times about understanding broad values, and sometimes about educating citizens on constraints. While this chapter focuses on pre-budget

design, the Open Government Recommendation (OECD, 2023<sup>[18]</sup>) promotes participation across the entire policy cycle, including in monitoring and evaluating budget execution.

Governments may see budget policy as territory that is especially sensitive. It may seem prone to higher political risks. Parliamentary finance committees sometimes mirror this caution.

However, designing parliamentary engagement well has substantial benefits. It can provide a higher quality of scrutiny, better policy, enhanced legitimacy, and stronger democratic connection. This, in turn, provides crucial channels for adjusting policy based on wider input. It can make complex fiscal debates less cryptic and more accessible.

### Box 4.7. The Almedalen model – a national forum for dialogue

One template for citizen engagement is Sweden's *Almedalsveckan* (Almedalen Week). This annual event began in 1968 with an improvised speech by politician Olof Palme, then Minister of Education. It has since evolved into an informal democratic meeting place. Rather than being a government-run event, it is a decentralised platform hosted by the Region of Gotland, where participants create the content. It functions as an informal meeting place to discuss democratic issues.

The event gives the wider public a chance to meet with party leaders, ministers, business executives, union chiefs, academics, and NGOs. The atmosphere is relaxed and promotes a sense that all voices are present and heard.

- **Budgetary issues:** Major economic and fiscal trade-offs form a central part of the debate. It gives government and opposition parties a chance to “test the water” for budget proposals.
- **Fostering shared understanding:** Its key strength is fostering an informal dialogue where all stakeholders can interact. This helps to “manage expectations” on a national scale, allowing diverse groups to understand each other's positions and constraints.
- **A template for dialogue:** Almedalsveckan offers a powerful template for a platform to engage citizens. It demonstrates how an open, informal dialogue can become a tradition that builds a shared understanding of national challenges. One that can create more of a consensus for formal, and often difficult, fiscal decisions.

## 4.4. Conclusion

Citizen engagement has huge potential. Governments and parliaments across the OECD can use it as a tool to move beyond the ballot and actively involve citizens more frequently in budgetary decisions.

While approaches vary across the OECD, the underlying motivations tend to be similar: to find better solutions, to test policy, to manage expectations.

Crucially, all of this helps to reinforce legitimacy. This legitimacy is essential for countries navigating complex fiscal challenges, such as high public debt and rising budgetary pressures.

Governments and parliaments can bring different strengths to this endeavor. Governments typically engage with citizens to build consensus around proposals and manage expectations pre-budget.

Parliaments can delve deeper into ground-level realities. They can help stress-test policy and provide better ways for citizens to voice challenges and opportunities. If done proactively, it can help both before and after budget proposals are made. These roles are complementary.

Actions to restore public finances need to be acceptable to the public and subject to robust scrutiny. The need is clear: achieving fiscal sustainability needs more than technical expertise and an electoral mandate. It needs a lasting shift towards building public understanding and securing an ongoing social license for difficult, yet necessary, decisions.

Engaging citizens is no longer just a public relations exercise. It is at the core of sound fiscal decisions and essential for building more responsive, effective, and efficient public institutions that can deliver on citizens' needs.

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## Notes

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<sup>1</sup> Note that the formal OECD framework, the Recommendation on Open Government, specifies a ladder of "stakeholder participation" (OECD, 2023<sub>[18]</sub>). This broad umbrella term covers information, consultation, and engagement. It defines "Engagement" as the highest level of participation ("to collaborate during all phases"). This chapter uses "engagement" for the entire spectrum as it relates to citizen engagement around budgets. It can be seen as a continuum running from information (one-way) through consultation (two-way feedback), to engagement (active collaboration).

<sup>2</sup> One can think of the legitimacy goal as one of participation's "intrinsic benefits" (OECD, 2017<sub>[19]</sub>). In other words, the inherent values arising from engaging citizens in a democratic process. It extends to their sense of political influence, collective responsibility, and trust in government. Intrinsic benefits also include stronger political awareness and democratic values as well as making the processes behind democratic decisions more legitimate. By contrast, the other ways that citizen engagement can help, noted here, relate to better results. These "instrumental benefits" refer to the idea that participation can improve the quality of policies, laws and services, as they were elaborated, implemented and evaluated based on better analysis and on a more informed choice. They may also benefit from the innovative ideas of citizens and be more cost-effective.



# 5 Creating champions of fiscal sustainability

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This chapter looks at how independent institutions can help strengthen the political will for actions to restore fiscal sustainability. This includes independent fiscal institutions and supreme audit institutions playing a greater role as “fiscal advocates”: that is, being more vocal around the need for government action on major policy challenges, such as putting public finances on a more sustainable path.

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**Infographic 5.1. Creating champions of fiscal sustainability**

**Champions of fiscal sustainability**



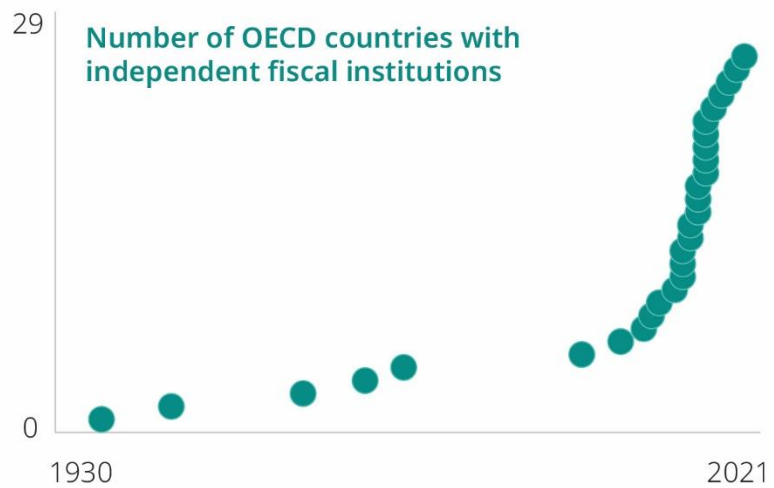
**In today's environment, independent voices are vital.**

Independent institutions are widely trusted. They must **combine their independence and analytical credibility with clear, plain-language communication** to amplify the case for long-term sustainability and highlight the costs of inaction.

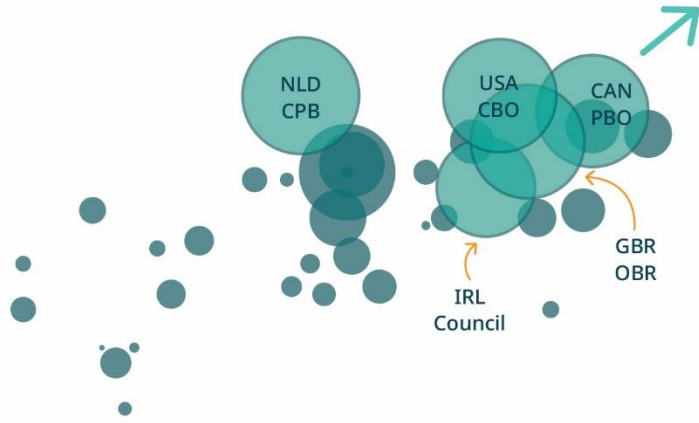
**Independent fiscal institutions have proliferated**

OECD countries have increasingly turned to independent institutions to help raise awareness of long-term fiscal challenges.

Their establishment marks one of the most significant reforms in modern budgeting practices, strengthening oversight, transparency and creating trusted national voices on public finances.



- Highly independent
- Focused analysis
- Strong public impact



**Many serve as good examples**

There are institutions across the OECD that have marked their independence, focused their work on major fiscal challenges, and developed their own public voice. Without this, they would not be able to flourish as fiscal advocates.

## Key findings

**The emergence of fiscal advocates:** Independent fiscal institutions (IFIs) have expanded rapidly across OECD countries, strengthening oversight, transparency and public understanding of long-term fiscal pressures. As public debt has risen and fiscal risks have grown, many IFIs have moved beyond rule monitoring to become more active voices in explaining policy trade-offs and supporting long-term fiscal sustainability.

**A necessary evolution:** The evolution of IFIs from technical fiscal watchdogs to fiscal advocates is helping to build political will for decisions and reforms that support long-term fiscal sustainability. IFIs are well-placed to play the role of champions of fiscal sustainability that highlight major policy trade-offs. Supreme audit institutions also play a key role. Together, these bodies form a distinct and complementary system for financial oversight that promotes transparency, sustainability, and public confidence.

**Three pillars of advocacy:** To be effective fiscal advocates, institutions need to develop three attributes: a strong vision focused on major long-term challenges; an independent voice that engages the public in plain language; and the ability to enable action through impactful scenario analysis.

**The OECD Fiscal Advocacy Index:** Measuring advocacy is complex, reflecting both internal factors (resources, independence) and external factors (media environment). The OECD's "Fiscal Advocacy Index" reveals that, while some institutions have achieved high impact through robust communications and analysis, many others have significant scope to strengthen their influence on the national debate.

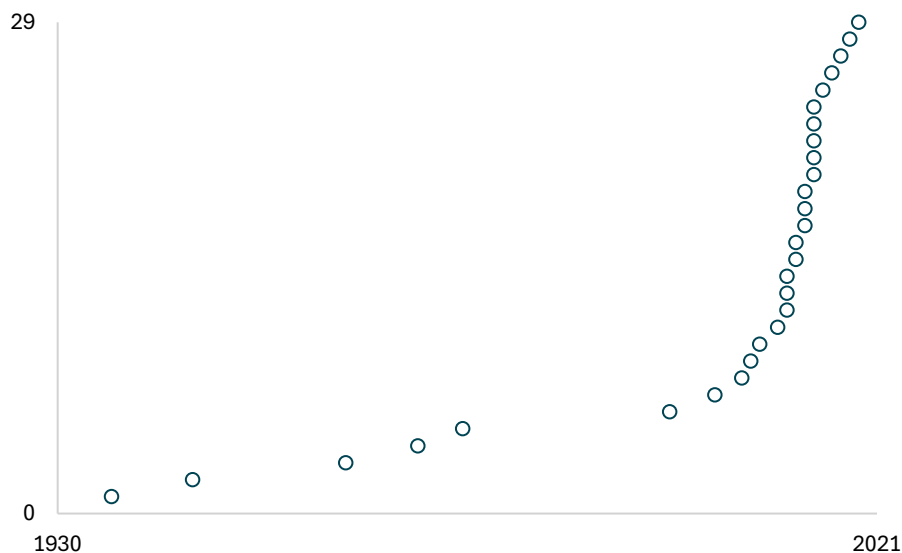
### 5.1. The emergence of fiscal advocates

OECD countries are increasingly turning to independent institutions to help raise awareness of long-term fiscal challenges. By 2021, 29 OECD countries had established

independent fiscal institutions (IFIs). Their establishment marks one of the most significant reforms in modern budgeting practices. Their growth has strengthened fiscal oversight, improved transparency and created trusted national voices on public finances (Figure 5.1).

## Figure 5.1. IFIs have proliferated in the last decade and a half

Number of OECD countries with IFIs, by year established



Sources: IFI mandates and OECD 2021 IFI database.

StatLink  <https://stat.link/1ut63p>

Thus far, the role of IFIs has focussed on fiscal oversight and monitoring compliance with fiscal rules. Many countries experienced severe recessions in the late 2000s. This was accompanied by widening deficits, lost creditworthiness, and a need to undertake painful austerity measures at an untimely point in the business cycle. Among the many lessons taken from the crisis was the benefit of having greater independent oversight – specifically, bodies that could better monitor and communicate risks in public finances.

However, the fiscal context in which IFIs operate has undergone a seismic shift and the sustainability of public finances in a number of OECD countries is being called into question. In response, many IFIs have already moved beyond narrow rule-monitoring roles. Several now produce long-term sustainability analysis, identify fiscal risks and communicate trade-offs of policy decisions. Their work has helped foster informed public debate on the major fiscal pressures countries face, including ageing, healthcare costs and rising defence spending as well as the cost of extreme weather events.

This shift reflects the growing need for longer-term thinking at a time when public debt has reached historic highs and when short-term political incentives can undermine fiscal sustainability.

IFIs in several countries also recognise the need to take a more prominent role in public debate. They are engaging more directly with the public, explaining the fiscal implications of different policy choices, and highlighting the consequences of inaction. This shift is helping to build political will for decisions and reforms that support long-term fiscal sustainability.

In essence, IFIs are pivoting from fiscal watchdogs to becoming stronger fiscal advocates.

### 5.1.1. What are fiscal advocates?

*"Fiscal advocates are independent bodies that focus on long-term fiscal sustainability. They warn about emerging risks, explain key trade-offs, and show how short-term decisions can weaken future stability."*

The idea of fiscal advocacy is two-fold. First, it entails promoting more decisive and realistic planning. By constructively setting out scenarios, fiscal advocates can help governments tackle major fiscal challenges. It also means enhancing people's understanding of the fiscal and economic implications of major policy choices. This can be grounded in terms of the obvious and uncontroversial broad policy choices, such as meeting overarching fiscal targets vs. leaving policies unchanged.

It involves actively communicating the challenges in a way that a wide range of stakeholders can easily grasp.

Second, it is rooted in supporting wider fiscal sustainability. That is, institutions in their role as fiscal advocates can help generate political will for action that will help guide public finances towards a more sustainable long-run path.<sup>1</sup>

IFIs are natural fiscal advocates, but supreme audit institutions also play a key role (see Box 5.1). While IFIs offer forward-looking analysis of public budgets, supreme audit institutions provide essential scrutiny after the fact. Together, these bodies form a distinct and complementary system for financial oversight that promotes transparency, sustainability, and public confidence.

### Box 5.1. The complementary role played by supreme audit institutions

Supreme audit institutions are known for the core function of holding governments accountable. They do this through rigorous financial and performance audits. However, their trusted status gives them a unique responsibility to improve public understanding of public finances. Beyond technical auditing, they are well-placed to help the public understand the nation's fiscal situation, including budget goals, risks, and uncertainties. Crucially, they also shed light on budgetary outturns and value for money, ensuring the public understands not just what was planned, but what was actually achieved.

#### Complementing advocacy

Many supreme audit institutions are evolving into active communicators. They actively use social media, visualisations, and digital tools to disseminate their analysis. By explaining complex financial matters clearly, supreme audit institutions foster a more informed public discussion. In doing so, they powerfully complement the advocacy work of IFIs, helping to build the broad public and political will required to take decisive action on fiscal challenges.

## 5.2. Why independent institutions are evolving

The current fiscal environment reinforces the need for independent institutions such as fiscal councils, parliamentary budget offices and supreme audit institutions to evolve. Fiscal challenges demand forward-looking analysis that clarifies choices and guides the debate. Traditional watchdog roles such as monitoring fiscal rules are no longer sufficient to ensure sustainable reforms are successfully implemented.

These institutions can play a central role in generating political will for action. By showing the costs of current policies, spelling out the risks and illustrating the consequences of inaction, they can help policymakers and citizens recognise the need for timely decisions. This requires constructive analysis that highlights key trade-offs and provides a clear sense of direction.

To take this next step, many of these institutions will need to strengthen their voice, deepen their analytical work on long-term challenges and communicate more

actively with the public. This evolution may be demanding, but there are few structural barriers preventing them from pursuing it.

The role of IFIs and supreme audit institutions as independent bodies with a focus on public finances makes them natural candidates to bring greater attention to how public finances need to evolve to address today's challenges in a sustainable way.

### 5.2.1. The next step in their evolution

Building on evolutions seen to date, institutions such as IFIs and supreme audit institutions can further develop on their traditional role. They can avail of their independence, their implicit mandates for fiscal sustainability and transparency, and strengthen their existing communications. These institutions can step forward into a more prominent role.

Advances have not been consistent across OECD countries, many institutions still need to make further leaps forward. They need to emulate best practices amongst their peers. For example, IFIs can do this by

pivoting from more limited “watchdog” roles that focus primarily on policing fiscal rules. Instead, they can evolve into institutions that lead the way on major fiscal challenges.

This shift in focus will provide these institutions with the space they need to promote a wider culture change in budgeting, where they highlight fiscal sustainability challenges and clearly communicate the implications of government action and inaction.

This involves more focused analysis, different modelling, looking ahead to the major fiscal challenges and tracing a way forward with scenario analysis. More than that, it means stepping into the limelight and communicating with the public in tangible ways that many of these institutions have not yet done.

### *Fiscal advocacy is in their DNA*

Looking more specifically at IFIs, while their mandates vary widely, the role of a forward-looking and outspoken fiscal advocate is arguably at their core. This is evident from the early literature contributing to the IFIs own post-financial crisis “Cambrian explosion” in the 2010s. Despite disparate institutional frameworks, IFIs share a common purpose.

IFIs were envisaged as being able to fulfil several key roles. Chief among these were: 1) assessing the long-term sustainability of public finances; 2) costing fiscal measures; and 3) informing the public about the outlook for public finances. As the following extracts from formative papers show, the genesis of IFIs was one that envisaged independent, far-sighted, and forthright institutions (Table 5.1).

**Table 5.1. Fiscal advocacy is central to how IFIs were first envisaged**

“...their influence on fiscal behavior arises from their capacity to “tie the hands” of policymakers tempted by deviations from socially optimal choices”	(Debrun and Kumar, 2007 <sup>[11]</sup> )
“Fiscal council assessments of long-run fiscal implications of tax and spending initiatives also can contribute to improving the transparency of budgetary decisions that are highly sensitive to demographic developments.”	(Hagemann, 2010 <sup>[21]</sup> )
“...an independent fiscal institution performs real-time costing and forecasting to ascertain the macro-fiscal consequences of the budget bill, over a short and medium term to a long-term horizon. In essence, its principal raison d’être is to maintain discipline and transparency in public finances during the policy-making process, which in turn helps bolster the credibility of government.”	(Kopits, 2011 <sup>[31]</sup> )
“...whereas the public audit institution discharges an indispensable backward-looking task, the independent fiscal institution has a forward-looking diagnostic task.”	
“A major issue that emerges in any discussion of independent fiscal institutions is their effectiveness in promoting transparency in public finances”	(Calmfors and Wren-Lewis, 2011 <sup>[41]</sup> )
“If the primary problem is thought to be over-optimism by governments in making fiscal projections, then these forecasts could be delegated to the fiscal council. If the main information problem instead is insufficient understanding of the government’s intertemporal budget constraint, i.e. of the future consequences of current deficits, providing fiscal sustainability calculations highlighting these consequences might alleviate the bias.”	
“Long-run fiscal analysis should also be a core activity of a fiscal watchdog, since insufficient consideration of future consequences forms the core of the deficit bias problem.”	

### *Fiscal advocacy is in their remits*

It is clear that the role of fiscal advocate is inherent to the IFIs existence. However, one might argue that specific remits do not permit them to play this role.

The remits of IFIs across the OECD either a) specifically call for them to assess these issues, or b) leave it open to them to decide if such work is required. Indeed, only five

OECD countries with IFIs have not already embarked on producing some of the work of fiscal advocates: long-term sustainability analysis, dedicated fiscal risks reports and election costings (Table 5.2). In the case of four of these countries, the IFIs in question are open to interpreting their remits in a way that allows them to assess these areas. Of these five, only one country with an IFI appears to be prevented from doing this work outright.

## Table 5.2. It is in IFIs' remits to do the work of fiscal advocates

Ability to publish on long-term fiscal sustainability, fiscal risks, election costings

IFIs already doing some of this work	IFIs' remits let them do this work in future	IFIs are prevented
Australia	Estonia	France
Austria	Germany	
Belgium	Hungary	
Canada	Mexico	
Chile		
Czechia		
Denmark		
Finland		
Greece		
Ireland		
Italy		
Korea		
Latvia		
Lithuania		
Luxembourg		
Netherlands		
Portugal		
Slovak Republic		
Slovenia		
Spain		
Sweden		
United Kingdom		
United States		

Note: See detailed table in the online appendix "The Fiscal Advocacy Index".

Sources: IFI mandates and OECD 2021 IFI database.

OECD countries tend to have at least one IFI that fulfils part of the roles of a fiscal advocate. Looking in more detail at the types of activities IFIs perform, it is clear that many countries have IFIs that have evolved beyond monitoring fiscal rules (Figure 5.2).

However, there is significant room for progress. For instance, there are only four countries where IFIs actively

produce both election costings and long-term sustainability analysis. Furthermore, only a few countries have IFIs that produce dedicated reports on fiscal risks. This means that, while many IFIs have embarked on workstreams with a focus on major fiscal challenges, substantial work remains.

**Figure 5.2. IFIs help fulfil some of the activities of fiscal advocates**

United Kingdom	Fiscal rules	LT Sustainability	Fiscal risks
Portugal	Fiscal rules	LT Sustainability	Fiscal risks
Chile	Fiscal rules	LT Sustainability	Fiscal risks
Belgium	Fiscal rules	LT Sustainability	Election costings
Austria	Fiscal rules	LT Sustainability	Fiscal risks
Sweden	Fiscal rules	LT Sustainability	
Spain	Fiscal rules	LT Sustainability	
Slovenia	Fiscal rules	LT Sustainability	
Slovak Republic	Fiscal rules	LT Sustainability	
Netherlands	LT Sustainability	Election costings	
Luxembourg	Fiscal rules	LT Sustainability	
Lithuania	Fiscal rules	LT Sustainability	
Latvia	Fiscal rules	LT Sustainability	
Italy	Fiscal rules	LT Sustainability	
Ireland	Fiscal rules	LT Sustainability	
Greece	Fiscal rules	LT Sustainability	
Finland	Fiscal rules	LT Sustainability	
Denmark	Fiscal rules	LT Sustainability	
Czechia	Fiscal rules	LT Sustainability	
Canada	LT Sustainability	Election costings	
Australia	LT Sustainability	Election costings	
United States	LT Sustainability		
Korea	LT Sustainability		
Iceland	Fiscal rules		
Hungary	Fiscal rules		
Germany	Fiscal rules		
France	Fiscal rules		
Mexico			
Estonia			

Note: "Fiscal rules" refers to IFIs that have an official role in monitoring compliance with fiscal rules. "LT Sustainability" covers IFIs that produce long-term sustainability analysis. "Fiscal risks" covers those that produce dedicated fiscal risks reports. "Normative rec's" refers to IFIs that make normative policy recommendations as part of their work. "Election costings" refers to IFIs that cost election platforms.

Source: OECD 2021 IFI database.

StatLink  <https://stat.link/31nbar>

This study of the origins, remits and work of IFIs yields three conclusions:

- First, the mandates of IFIs, when assessed at country level, are mostly consistent with those of fiscal advocates. The mandates require countries to have IFIs that produce independent, public pronouncements on matters of great fiscal responsibility. Moreover, given the rationale for their creation, the intent and general clauses call for this role even if it is not explicit in their mandates.
- Second, there are numerous examples where aspects of this work are already being fulfilled, either through the IFIs' interpretations of their mandates or through an explicit requirement to fulfil the role.

- Third, this work nonetheless remains patchy and incomplete. There is scope to build on areas of analysis such as election costings, fiscal risks, and long-term sustainability analysis. Moreover, this work can be deepened and made more impactful.

*Their independence demands they play a role as fiscal advocates*

As independent institutions, it is to be expected that IFIs champion fiscal sustainability and speak out on major fiscal risks and trade-offs. To do so, IFIs need to have full independence. Yet, these relatively new institutions can have limitations (Box 5.2).

### **Box 5.2. Are independent fiscal institutions independent enough? Some case studies**

To play the role of fiscal advocates, IFIs need to be able to freely focus their work on major fiscal issues, speak openly and assess policy scenarios. In effect, they need to be granted sufficient independence.

There are several ways independence can be limited. Below are a few case studies.

#### **The United Kingdom's Office for Budget Responsibility (OBR)**

The OBR ranks among the highest in the OECD's independent IFIs for having strong conditions to maintain its independence (Nicol and Von Trapp, 2018<sup>[5]</sup>). However, even in this context, IFIs can experience conditions that challenge their independence. For instance, the OBR is legally obliged to produce its forecasts on the basis of what the government states as its policy, including the use of the Chancellor's numbers for future public spending in its forecast. This is the case even if they assess those forecasts to be inaccurate, or if they take into account announcements not yet enacted.

Finally, the Chancellor can ask the OBR not to publish its forecasts alongside major budget changes as it requires a decision from the Chancellor as to when it publishes its forecasts (OBR, 2023<sup>[6]</sup>). Without that decision, its role can be sidelined.

#### **The French Haut Conseil des Finances Publiques**

The *Haut Conseil des Finances Publiques* is constrained from playing the role of fiscal advocate in two respects. First, it is mandated to focus its work on official macro-fiscal forecasts and compliance with fiscal rules within the context of the public finance programming law. This typically involves an overly narrow four-year horizon – far too short a time horizon in which to assess many major fiscal challenges such as the sustainability of a pensions system, future healthcare needs, and other demographic pressures. Second, it is limited in terms of how it can set its own work programme even within its mandate. Beyond that, its ability to play the role of an effective fiscal advocate could potentially be constrained by its lack of a clear identity and ability to communicate separately from the Court of Auditors with which it shares its leadership.

### The Slovenian Fiscal Council

The Slovenian Fiscal Council faced another form of constraint on its independence. The constitutional basis for its operation originally capped the number of employees it could have. Specifically, the original Fiscal Rule Act stated that “not more than four public employees may be employed by the Fiscal Council, performing expert support for members of the Fiscal Council. Administrative and technical tasks for the Fiscal Council shall be performed by the services of the Court of Audit of the Republic of Slovenia”. Thus, while its mandate allowed it a wide focus and the ability to play the role of a fiscal advocate, the depth of its analysis was constrained by its cap on staff. A revised Fiscal Rule Act in April 2025 removed the constraint.

It is worth remembering whose interests IFIs are ultimately serving. It is not the interests of a finance ministry, a government, a parliament, nor any other institution: IFIs are independent and exist to serve key decision makers and citizens by informing them on fiscal matters in a clear manner. It is not an easy role. Indeed, it is one that is likely to be challenged on a regular basis. However, it is a valued role that IFIs have already come to play in modern democracies. The case of the OBR explored in Box 5.2 is reassuring in this context. In seeing its role and independence threatened in 2022, the importance and relevance of the OBR was reaffirmed. Nevertheless, this is an ongoing challenge to be navigated.

Moreover, by not fully fulfilling the role of fiscal advocates, by not speaking out vigorously on the most important fiscal challenges, IFIs risk irrelevance. In this sense, taking the safe route and avoiding falling foul of careful, legalistic readings of their mandate, carries other risks. It can lessen IFIs effectiveness, limit the public’s desire to support them, and gradually undermine their existence.

## 5.3. Effective fiscal advocates

Analysis of countries where IFIs are successfully shedding light on issues relating to long-term fiscal sustainability suggests that for IFIs to continue to evolve from fiscal watchdogs to fiscal advocates, they will need to:

1. develop their vision,
2. develop their independent voice, and
3. enable action

### 5.3.1. Developing a vision

IFIs should focus their vision on the major challenges facing the public finances. To stay relevant, they should look ahead to the key policy trade-offs and risks facing governments.

As the previous section showed, IFIs were envisaged as institutions that would fulfil a number of analytical needs. At the core was a need to assess the overall sustainability of public finances. In addition, IFIs were seen as bodies that could cost fiscal measures, inform the public about the outlook for the public finances, and make recommendations around policy plans.

The challenges facing governments are such that only a far-sighted, coherent assessment will suffice. This is why dedicated long-term sustainability reports play such an important role. They serve as the backdrop against which all fiscal policies, challenges and risks can be gauged. Without this, isolated studies of fiscal risks, elections costings, and assessments of fiscal rules lose their sense of perspective.

Developing a coherent vision therefore requires IFIs to do two things. First, they need to identify the broader long-term risks associated with fiscal sustainability. Second, they need to consider major challenges in this context, such as the costs of public pensions, healthcare reforms, specific election promises, and so on.

### 5.3.2. Developing their independent voice

IFIs exert their influence mainly through persuasion. That is, they do not have formal enforcement tools to enact their influence aside from certain comply-or-explain or endorsement provisions. These provisions can steer governments towards explaining deviations from fiscal rules or present their forecasts in a more realistic manner. However, they cannot compel governments to

plan and act on major fiscal challenges in a more forward-looking way.

In 2014, the OECD established a set of “Principles for Independent Fiscal Institutions”. These called on IFIs to develop effective communication channels to sharpen their outreach, visibility, and impact (OECD, 2014<sup>[7]</sup>). The goal was to develop effective independent institutions that could play a key role in guiding budgetary policy in a sensible direction by amplifying their powers of persuasion.

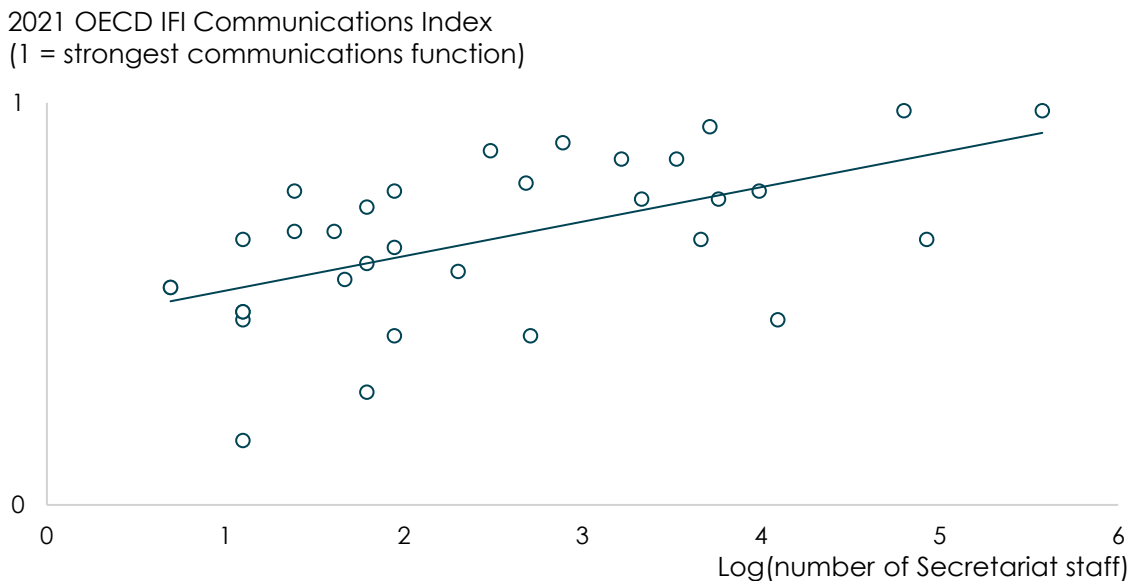
Through its ongoing interactions and in-depth reviews of IFIs, the OECD has seen substantial progress being made on IFIs communications channels. While some IFIs

have developed an advanced apparatus for communications, there is wide variation and plenty of room for improvement.

Recent work by the OECD highlights the wide-ranging communications functions in IFIs across OECD countries. Many IFIs are active in disseminating and promoting their research. However, some are more effective than others and there is widespread scope to improve how IFIs track their media impact.

At the same time, there are many IFIs with very low visibility. These institutions still disseminate their work, but they are less strategic in terms of how they achieve wider impact and promote their work.

**Figure 5.3. More resources tend to mean stronger communications functions**



Source: Author’s elaboration based on the communications apparatus dimension of the 2024 OECD Fiscal Advocacy Index.

StatLink  <https://stat.link/kay5f6>

Part of the reason for lower visibility is a question of resourcing. Larger IFIs tend to have stronger communications functions (Figure 5.3). They have dedicated communications staff, and highly developed practices to engage with the media. An example is the Netherlands Bureau for Economic Policy Analysis (CPB). The overall institution has around 125 FTEs, with a dedicated communications function comprising around five FTEs. This communications function has developed a communications strategy aligned with the overall mission of the institution. It sets out aspects such as

communication goals, target audiences and communication tools.

However, size does not preclude smaller IFIs from developing more rigorous public engagement. Mid-size and smaller IFIs can leverage the skills of their larger counterparts in other OECD countries, and they can take the lead from other institutions, both small and large, that have had success in shaping national discussions. Institutions such as the Scottish Fiscal Commission have a more modest staffing complement (around 25 FTEs) and no dedicated communications staff, but still actively

engage with traditional and social media and publish thought-pieces on their own dedicated blog.

Achieving impact is not simply a question of resourcing or having the right communications tools. For an IFI's work to have greater impact, it needs to be relevant and salient. That is, the IFI's vision for what matters needs to be appropriately focused and its delivery needs to engage the public with clear tangible illustrations.

To become fiscal advocates, IFIs will need to develop their communications. If these institutions are to help policymakers move the policy needle in a direction that entails meaningful action, IFIs should play a more prominent and vocal role in the national debate.

### 5.3.3. Enabling action

While the vision and communications skills of an IFI matter, they are not sufficient on their own. To truly engage citizens and promote fiscal action, their work needs to be constructive. It needs to identify clear courses of action.

IFIs can enable action by communicating trade-offs clearly. This can be achieved with scenario analysis that draws on the most obvious policy choices. It may often mean assessing the fiscal consequences of action (meeting targets, following through on wider policy objectives) and inaction (a "no policy change" scenario).

This final element, enabling action, can be tricky for IFIs to navigate. Indeed, one of the OECD's Principles for IFIs (2.1) is that they should be precluded from any normative policymaking responsibilities to avoid even the perception of partisanship.

It is worth clarifying here that fiscal advocacy does not mean advocating specific policies. Indeed, calling for specific policies based on value judgments and illustrating the implications of the most likely policies are quite distinct. In practice, there are standard policy alternatives to consider. This is a well-understood convention, and IFIs can be explicit in saying that they are refraining from expressing a preference for any given policy option. An example is provided by the Canadian Parliamentary Budget Office (PBO) and its work analysing the impact of pension reforms in recent years. Instead of praising or criticising proposed changes, the PBO illustrated the fiscal consequences of these changes compared to the current scenario (Office of the Canadian Parliamentary Budget Officer, 2025<sup>[8]</sup>).

To mitigate the risks to their reputation and independence, IFIs must therefore carefully calibrate their interventions. They must keep their interventions grounded in evidence, set out a number of alternative policy options as scenarios to be considered and avoid political preference.

It is the IFIs role to shed light on what key alternative scenarios entail. This can boost citizens' understanding and help democracies break the impasse on key decisions. It can empower citizens to express informed preferences, backed up by clear non-partisan analysis that spells out the trade-offs involved.

## 5.4. Measuring fiscal advocacy

This section considers fiscal advocacy as it is currently practised. It looks at OECD countries and assesses how well placed they are in terms of ensuring IFIs have the scope and capacity to become greater fiscal advocates. As part of this, it considers the broader environment and develops a new Fiscal Advocacy Index.

### 5.4.1. Creating the optimal conditions for fiscal advocates

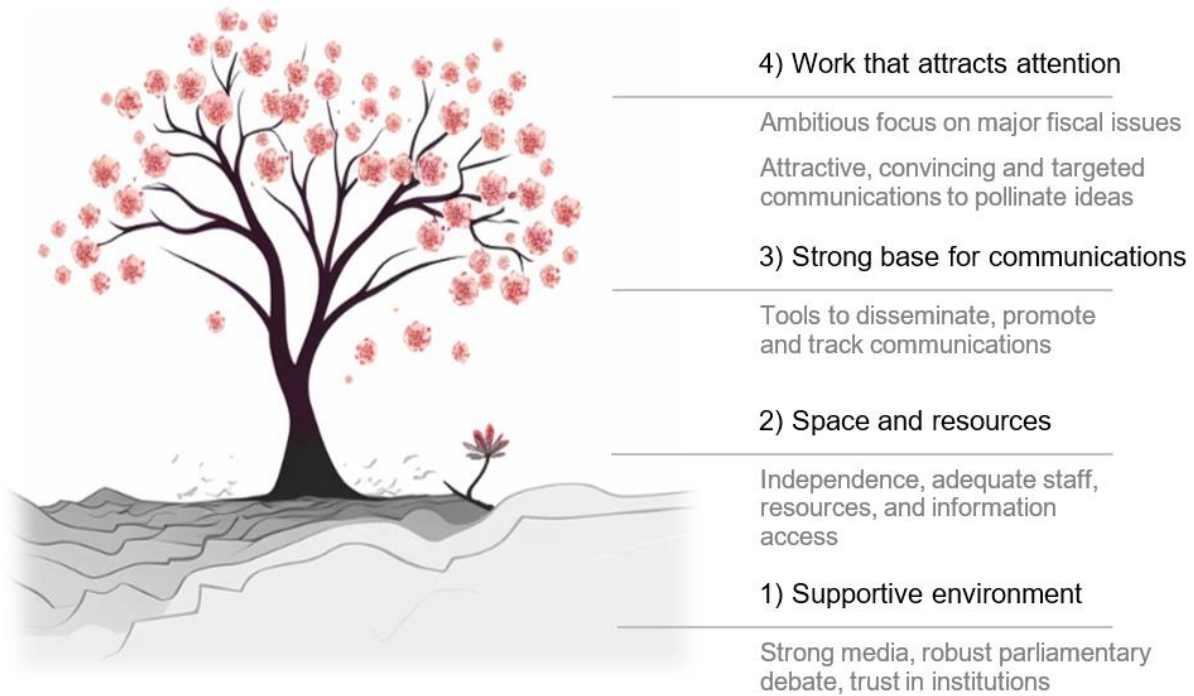
Fiscal advocacy is likely to be easier under certain conditions:

- First, a strong media sector, robust parliamentary debate, trust in institutions and well-functioning research bodies will undoubtedly provide a good bedrock. Weaknesses across any of these areas will hamper an IFI's ability to act as a fiscal advocate. However, their work can also strengthen these factors.
- Second, IFIs need to be truly independent to thrive. This means that they should have independent leadership, freedom to make operational decisions, and sufficient access to resources such as to staff and information. This can foster wider trust.
- Third, for IFIs to be advocates, they need a strong communications approach. This means a well-designed communications set-up that lets them spread their messages: disseminating and promoting their work and obtaining feedback on its impact. This is both across traditional media and modern digital information networks.

- Fourth, IFIs need to focus their work on major issues that attract attention. The kind of fiscal advocacy envisaged is one where IFIs draw awareness to the major fiscal challenges facing OECD countries. To pollinate or spread their ideas effectively, IFIs must produce attractive, convincing and targeted communications. For example, the Slovak Council for Budget Responsibility developed “Budgetary Traffic

Lights” as a tool to communicate risks around the government meeting its budget objectives. It is updated monthly and allows the Council to communicate clearly around whether government measures adopted during the course of the year give rise to risks for either the current budgetary year or over the medium-term horizon (Slovak Council for Budget Responsibility, 2026<sup>[9]</sup>).

**Figure 5.4. An ecosystem approach to sustaining fiscal advocacy**



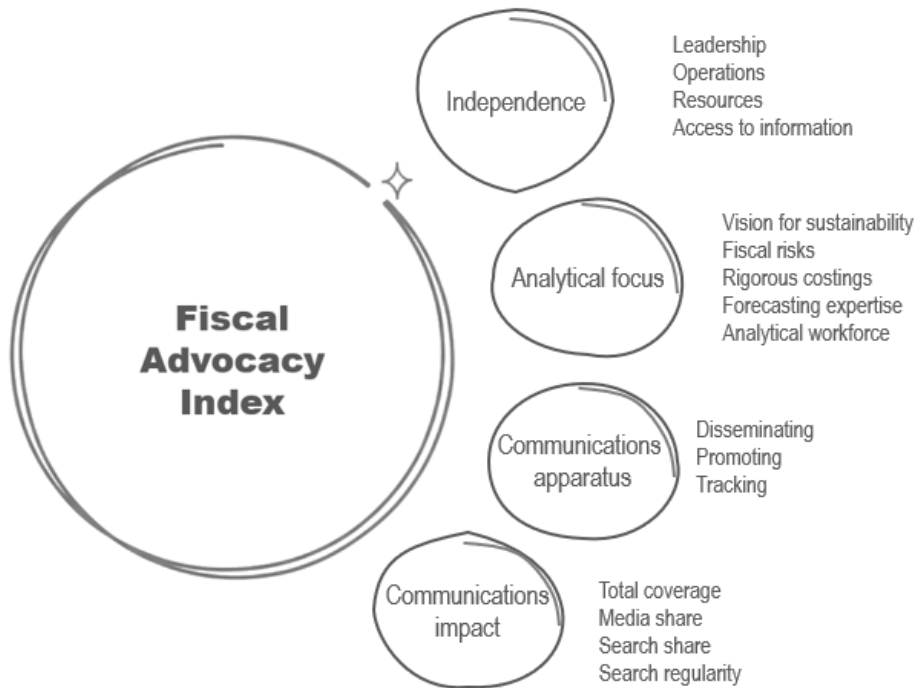
Source: Author’s elaboration.

These conditions can be seen as an ecosystem (Figure 5.4). The optimal conditions for fiscal advocates involve a balance of external and internal factors. Externally, the right environmental conditions are needed to support IFIs as fiscal advocates. Internally, IFIs need to maintain strong and impactful communications along with ambitious work programmes.

**5.4.2. Assessing fiscal advocacy – a Fiscal Advocacy Index**

With these conditions in mind, the OECD has assessed the state of play across OECD countries by constructing a “Fiscal Advocacy Index” (OECD, 2025<sup>[10]</sup>). The index provides a measure of fiscal advocacy across the OECD at the national level. It looks at the institutional arrangements enabling IFIs, their analytical focus, their communications apparatus, and their communications impact.

**Figure 5.5. The outline of the 2024 OECD Fiscal Advocacy Index**



Source: Author's elaboration.

The outline of the Fiscal Advocacy Index focuses on four of the key elements identified (Figure 5.5) and has a maximum value of four. The index draws on the latest available data and primarily relies on the OECD (2021<sup>[11]</sup>) database on IFIs.

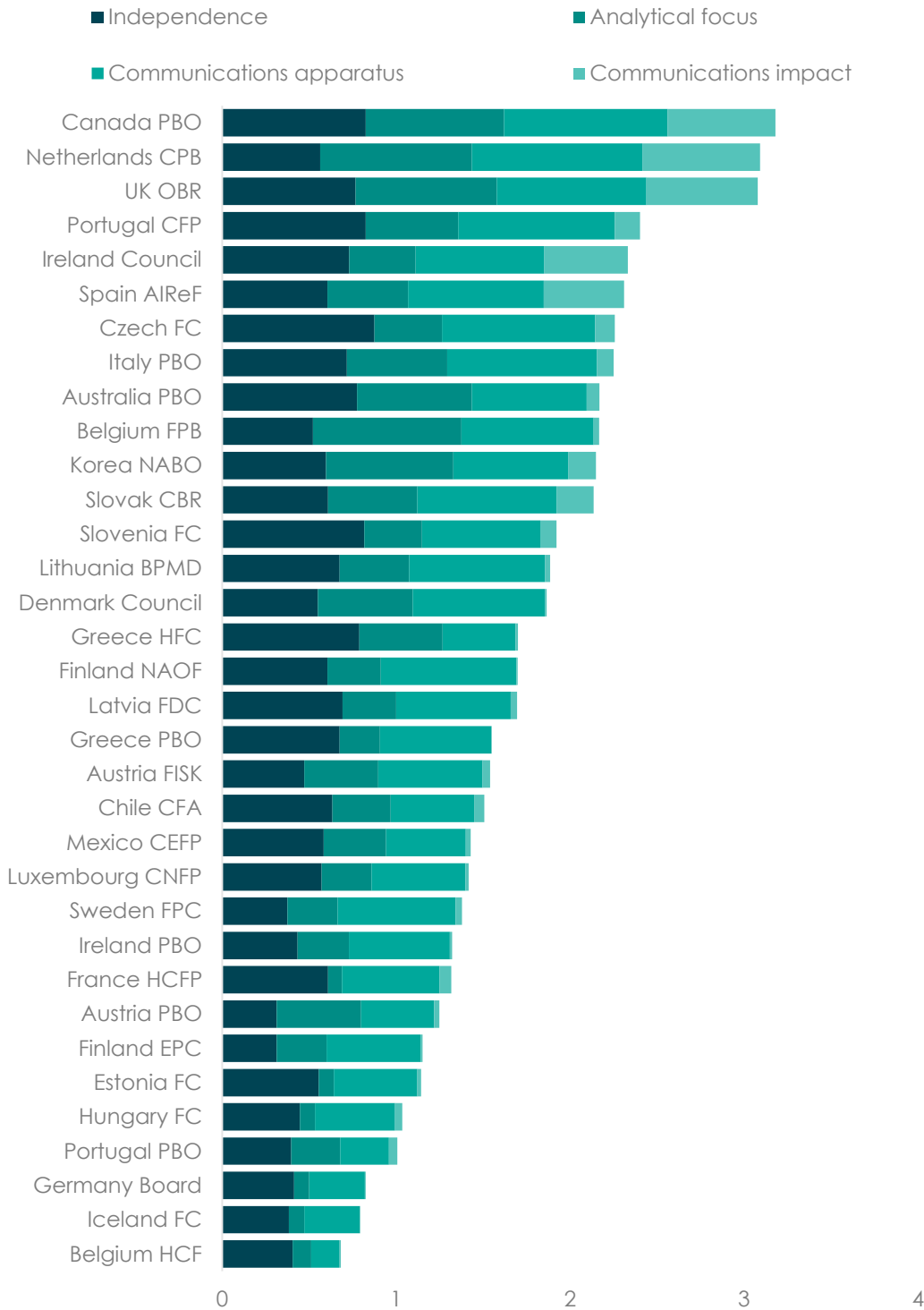
First, it looks at the IFI's level of independence, with this dimension based on an update of earlier OECD work on measuring IFI independence (Nicol and Von Trapp, 2018<sup>[5]</sup>). The original index is updated to include latest available data from the OECD (2021<sup>[11]</sup>) database on IFIs.

Second, the index looks at the ability of an IFI to focus its analysis on areas of importance. Specifically, it looks at an IFI's ability to produce long-term sustainability reports, forecasts, dedicated assessments of fiscal risks, and election costings. It also considers how well resourced its analytical functions are.


Third, the Index evaluates the apparatus that OECD IFIs have put in place for disseminating, promoting, and tracking communications. It mirrors the approach used in the 2021 OECD IFI Communications Index (OECD, 2023<sup>[12]</sup>). The Index considers the institutional arrangements that an IFI has in place, with a view to underpinning its impact in terms of outreach.

Fourth, the Index assesses the communications impact that an IFI has managed to have. The Index draws on new indicators of communications impact produced by the OECD. These indicators use a combination of data on media coverage, developed using tailored Google searches within its "news" search tool, plus Google Trends data based on user data for 2021 to 2023. These are intended to assess the extent to which IFIs have entered the national debate and public consciousness.

**Figure 5.6. The 2024 OECD Fiscal Advocacy Index**



Note: A detailed explanation on the components of the 2024 OECD Fiscal Advocacy Index is available in the online appendix “The Fiscal Advocacy Index”, including the variables, answer options, scores and weights used to construct the composite index, as well as the statistical analysis carried out.  
Sources: 2024 OECD Fiscal Advocacy Index.

StatLink  <https://stat.link/guymz4>

In general, those institutions ranking the highest in the Index tend to have a high level of independence and a wide analytical focus (Figure 5.6). In addition, they have developed a mature communications apparatus, with substantial impact to show for it. This includes the Canadian PBO, the United States Congressional Budget Office (CBO), the Netherlands CPB, and the United Kingdom Office for Budget Responsibility (OBR).

Larger institutions have an advantage. They can develop dedicated communications functions and they have the resources to widen their analytical focus to key areas such as long-term sustainability analysis, election costings, and dedicated fiscal risks assessments.

Yet smaller IFIs can also have a significant impact. The Irish Fiscal Advisory Council has managed to have a substantial communications impact, despite its small size, while focusing its analytical work on longer-term fiscal challenges such as ageing. Portugal's Public Finance Council has also positioned itself strongly, with a highly developed communications function that includes a dedicated communications staff member. With its wide analytical focus, it is primed to make a much more substantial communications impact.

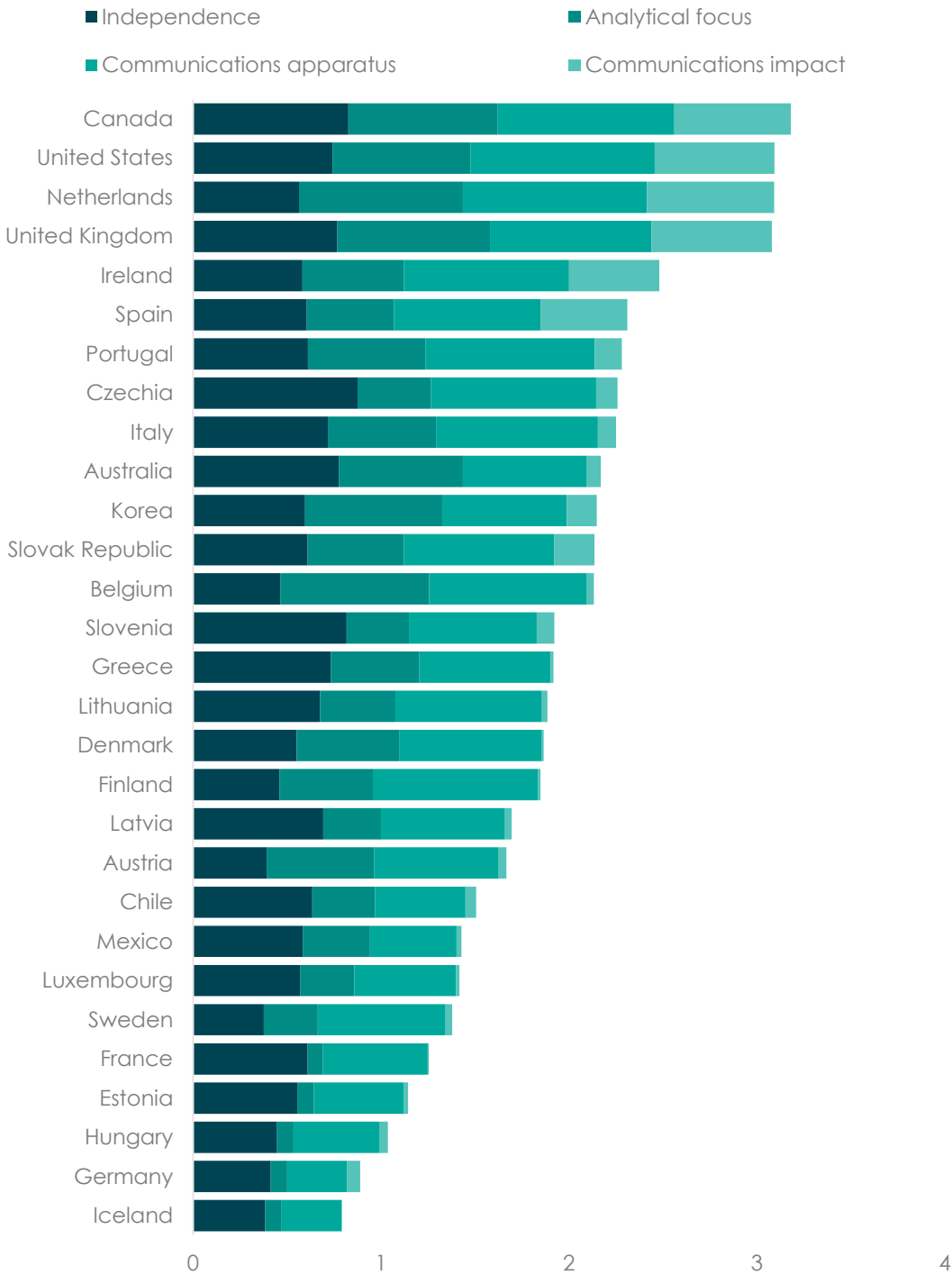
Given that some OECD countries have more than one IFI, it is worth considering outcomes at country level as well (Figure 5.7). A country may have one IFI producing long-

term sustainability analysis and developing a more public role in assessing fiscal policy, while another IFI is less prominent in the public debate but plays a vital role by enhancing parliamentarians' knowledge on fiscal issues and developing costings. For example, in Austria, the Fiscal Council has a formal role in assessing compliance with fiscal rules and assessing long-term fiscal sustainability whereas the Parliamentary Budget Office has a more hands-on role supporting legislators and parliamentary committees in scrutinising the budget.

Recognising this delineation of responsibilities, the Index can be aggregated to national level. It can combine the analytical focus of separate IFIs, the best-placed IFI on the communications front, and their combined levels of independence.

At the country level, fairly similar results can be seen, with just a few notable changes. First, Ireland benefits from the costings work done by its Parliamentary Budget Office, which helps to flesh out its analytical focus when aggregated to the country level. Second, Portugal sees a slightly lower independence ranking on average, pulling it down the rankings slightly. Third, countries such as France and Germany that have only one IFI show up relatively low at a country level when countries with two IFIs benefit from the relative strength of one of their institutions.

**Figure 5.7. The 2024 OECD Fiscal Advocacy Index (at the country level)**



Note: A detailed explanation on the components of the 2024 OECD Fiscal Advocacy Index is available in the online appendix “The Fiscal Advocacy Index”, including the variables, answer options, scores and weights used to construct the composite index, as well as the statistical analysis carried out.

Sources: 2024 OECD Fiscal Advocacy Index.

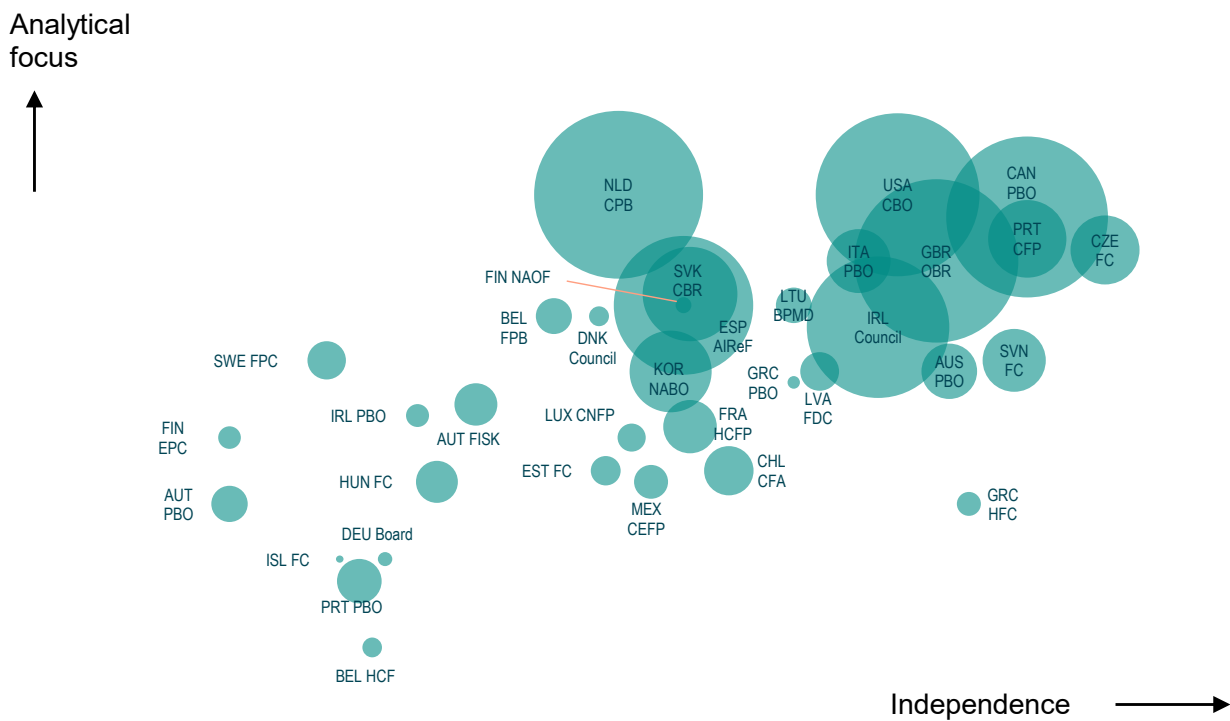
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Some natural groupings emerge in terms of the results. A cluster analysis (available in the online appendix “The Fiscal Advocacy Index”) can establish how the institutions cluster together across the four key dimensions considered.

Four distinct groups emerge from this analysis (see online appendix “The Fiscal Advocacy Index”). The first is notable for having relatively low levels of independence compared to other IFIs as well as more narrow analysis and negligible communications impact (Figure 5.8). The

second group achieves a similar level of independence to the next two groups, but, unlike those, it is marked out by a relatively narrower breadth of analysis. The third cluster comes with a wider analytical focus and a slightly stronger communications apparatus. However, it is notable for having very limited communications impact despite the communications functions being reasonably well developed. By contrast, the final cluster has a pronounced level of communications impact in addition to the other attributes seen in the third cluster.

**Figure 5.8. There are clear cases of IFIs acting as fiscal advocates**



Note: Size of bubbles indicates relative communications impact, with larger bubbles indicating more impact. Sources: 2024 OECD Fiscal Advocacy Index.

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This offers some important insights. Some institutions may have put in place robust communications functions. For example, they may have a reasonable communications strategy and employ press releases, press conferences, and other tools to get their message out, but coverage of their work in traditional and social media may still be relatively limited. The index suggests that fostering informed constituencies, which can, in turn, encourage governments to take responsible actions requires more than public releases. An IFI needs to have a credible level of independence as an important

pre-condition for its views to become influential. In addition, it is important that IFIs have a steady media presence and ensure that their messaging is convincing, focused and provided when it matters most during the budget process.

Overall, these results highlight the scope for improvement that remains across many OECD countries in terms of developing fiscal advocates. Some countries have IFIs that are making a substantial impact on the public debate, with analysis that can generate the political will for action on major fiscal challenges.

However, others have IFIs with weaker levels of independence, a narrow analytical focus, and relatively undeveloped communications practices.

Fostering informed citizens will be essential to addressing major fiscal challenges. Generating the political will to tackle challenges such as ageing populations and increased spending in priority areas will not be easy.

IFIs can help foster the will for political action. Ensuring their success means certain standards will have to be maintained. This means ensuring credible levels of independence, adequate discretion for IFIs to focus their work on major fiscal challenges, sufficient analytical capacity, and the ability to develop their own public voice.

## 5.5. Conclusion

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Independent institutions such as fiscal councils, parliamentary budget offices and supreme audit institutions are increasingly central to helping governments and citizens understand the long-term implications of today's fiscal decisions. Their evolution into fiscal advocates reflects both the scale of the challenges ahead and the demonstrated value of independent, analytically rigorous and publicly accessible fiscal commentary. This chapter shows that IFIs already make an important contribution, but it also highlights the substantial scope for them to deepen their impact.

The experience of OECD countries demonstrates that IFIs can shape national debates when they combine credible independence, strong analytical capacity and clear public communication. Institutions that articulate long-term pressures, quantify policy trade-offs and explain the consequences of inaction can help shift attention away from short-term incentives and towards

decisions that safeguard fiscal sustainability. This is particularly important in an environment marked by high debt, demographic pressures and rising demands on public services.

At the same time, not all relevant institutions are yet equipped to play this role fully. In some cases, mandates constrain the analytical scope; in others, timing rules or resource limitations restrict the institution's ability to speak clearly on emerging risks. These constraints can limit the relevance of these institutions at precisely the moment when their presence as trusted, independent voices is most needed. Strengthening their independence, analytical capacity and communications functions would help ensure they remain effective contributors to national fiscal discussions.

The analysis also stresses that fiscal advocacy does not mean independent institutions endorse specific policies. Rather, it requires them to illuminate the fiscal implications of choices, providing governments and citizens with a clearer understanding of the risks and trade-offs. By framing alternative scenarios in a balanced, non-partisan way, institutions such as IFIs can help build public understanding and support more informed political decision making. This role complements that of other oversight bodies, including supreme audit institutions, which help citizens understand budget execution and value-for-money outcomes.

As pressures on public finances intensify, the ability of independent institutions to act as fiscal advocates – anchoring debates in robust independent analysis, communicating clearly with citizens and illuminating fiscal choices – will be vital. A clear long-term vision, a strong and independent public voice and scenario analysis that helps clarify options will remain essential tools in helping governments respond to today's challenges while ensuring a sustainable fiscal future.

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## Note

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<sup>1</sup> Fiscal sustainability can be taken here to mean "debt sustainability" with a high probability. However, that may be too narrow a definition. It can, of course, involve more complex assessments of, for example, the sustainability of the revenue base, the interest burden, the structure of debt instruments, net worth, contingent liabilities and so on.

# The People and the Budget

## Empowering Public Understanding of Public Finances

Facing record public debt and mounting spending pressures, OECD countries must look beyond traditional tools to secure fiscal sustainability; it can no longer be achieved without public buy-in. This report highlights that empowering public understanding is now an essential component of modern budgeting. It outlines a strategy based on four pillars: 1) demystifying the budget for key decision makers; 2) communicating public finances clearly; 3) fostering genuine citizen engagement to build legitimacy; and 4) transforming independent fiscal institutions into proactive fiscal advocates. Ultimately, the report contends that generating political will for necessary reforms requires moving budget discussions out of the purely technical realm and cultivating a shared public understanding.



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