



GIFT General Stewards Meeting

# **Budgeting for Cross-cutting priorities**

**AUGUST 2, 2022**

**Lorena Rivero del Paso**

Public Financial Management Advisor

FAD M2

# Outline

- **Budgeting for cross-cutting priorities**
- Budget tagging vs budgeting for cross-cutting priorities
- Where green, gender and SDGs meet

# Public budgets are not everything, but have an important role

The Addis Ababa Action Agenda 2015 for financing development, marks the following strategic areas:

- Domestic public resources;
- Domestic and international private business and finance;
- International development cooperation;
- International trade as an engine for development;
- Debt and debt sustainability;
- Addressing systemic issues;
- Science, technology, innovation and capacity building.

# Why?

Countries that did not align their development strategies (e.g. national plans) to MDGs were as likely as those with adapted national plans to invest in social spending on health and education.

Seyedsayamdost (2017)

**Lessons from the Millennium Development Goals**

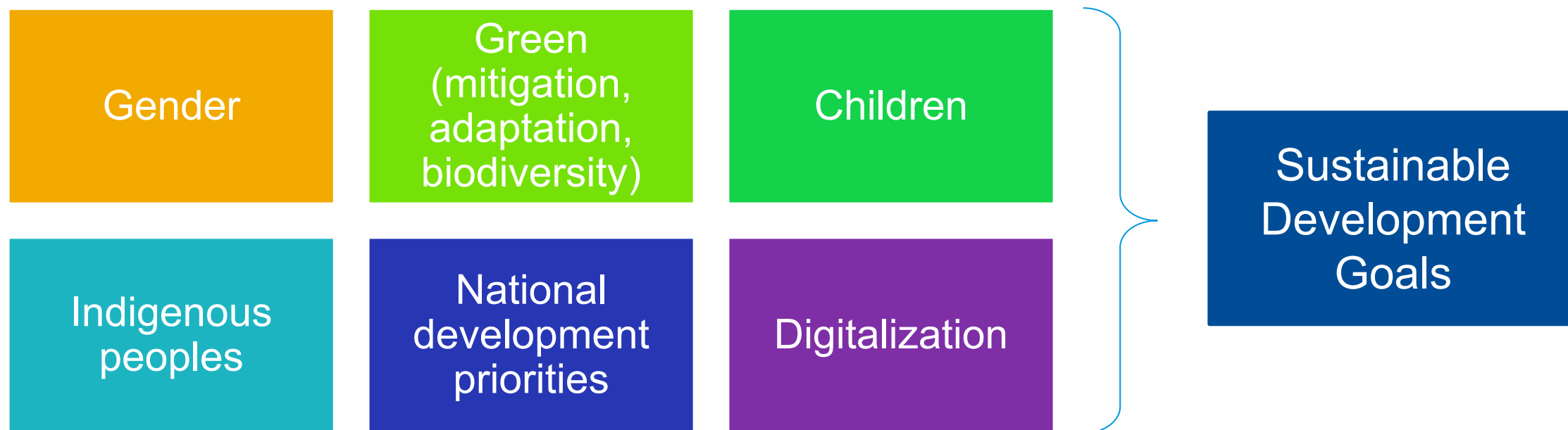
We are not starting in a vacuum

# Outline

- Budgeting for cross-cutting priorities?
- **Budget tagging vs budgeting for cross-cutting priorities**
- Where green, gender and SDGs meet

# Budget tagging: what it is

- Identifying the budget allocated to certain priority: priorities chosen vary
- Different levels of granularity per country
- Different coverage



# Budget tagging

## Finland

Whole of government

Through the programs

Objectives of the society's commitment

Sustainable development goals of the 2030 Agenda

<p>1. Equal prospects for well-being</p>	<p><b>4</b> QUALITY EDUCATION </p> <p><b>10</b> REDUCED INEQUALITIES </p>	<p><b>1</b> NO POVERTY </p> <p><b>2</b> ZERO HUNGER </p> <p><b>3</b> GOOD HEALTH AND WELL-BEING </p> <p><b>5</b> GENDER EQUALITY </p> <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH </p> <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS </p> <p><b>17</b> PARTNERSHIPS FOR THE GOALS </p>
<p>2. A participatory society for all</p>	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS </p>	<p><b>4</b> QUALITY EDUCATION </p> <p><b>10</b> REDUCED INEQUALITIES </p> <p><b>17</b> PARTNERSHIPS FOR THE GOALS </p>

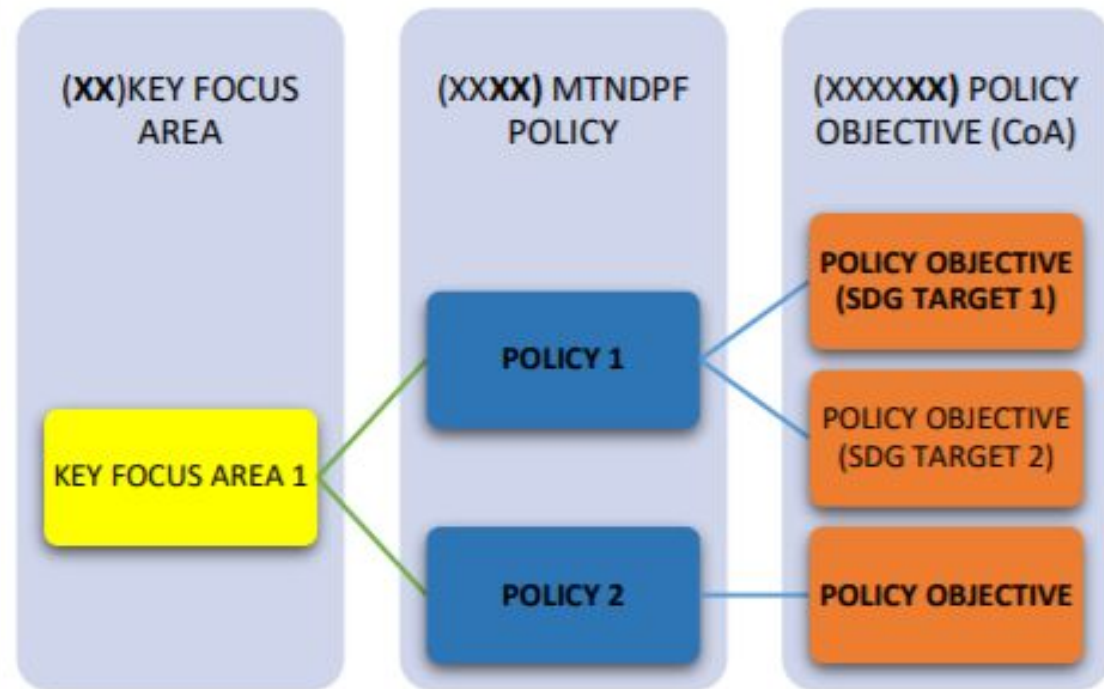
# Budget tagging

Process for identifying the policies and resources aligned with a certain SDG.

## Ghana

Expanded Chart of Account adding codes for the SDG targets at level of policy objectives under each of the five thematic areas

Mapping SDG targets with national planning framework - Example on Economic Development Pillar





# Budget tagging: The Philippines

## Joint Programme on Integrated National Financing Frameworks Philippines



### SPOTLIGHT ON National SDG Budget Tagging Exercise

## In a nutshell



The National SDG Budget tagging tool will establish a policy-based and unified codification of SDG-related programs, activities, and projects (PAPs), which can ensure effective allocation of public resources to address SDGs on education, health, and the demographic dividend. It specifically aims to:



Serve as an effective basis for prioritization of public resources on programs that will impact the SDGs;



Promote coherence by fostering links between the government budget and SDG-related policies; and



Identify financing opportunities to accelerate the achievement of the 2030 Goals.



## Progress so far



Work for the National SDG budget tagging is now at the **Inception Phase**, with its design and scope finalized through alignment exercises with the National Economic Development Authority and the Department of Budget and Management.

## Moving forward

Process documentation for national budget tagging commenced

SDG codification framework mapped

Results of Budget Tagging exercises presented

FEBRUARY

MARCH

APRIL

MAY

JUNE

Data and process gaps in budget tagging identified

Strategies to align the tracking of programs and budget allocations across NEDA and DBM systems designed

Online repository built for materials used in the tagging exercise

# Budget tagging

## Mexico

Tagging programs to targets and sub-targets

Identification of type of contribution, direct/indirect

Recognition of multiple contributions

Integrated to FMIS with cross-cutting budgets module

Connected to the Performance Evaluation System indicators

Example of definition of sub-targets						
SDG Target	Sub-target 1	Sub-target 2	Sub-target 3	Sub-target 4	Sub-target 5	Sub-target 6
<b>Target 1.4</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to <b>economic resources</b> , as well as access to <b>basic services</b> , ownership and control over land and other forms of property, inheritance, natural resources, appropriate <b>new technology</b> and <b>financial services, including microfinance</b>	Access to <b>economic resources</b>	Access to <b>basic services</b>	Access to ownership and control over land and other forms of property, inheritance, natural resources	Access to <b>new technology</b>	Access to financial services, including microfinance	
<b>Target 2.3</b> By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through <b>secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</b>	Access to <b>Secure and equal access to land</b>	Access to <b>productive resources and inputs</b>	Access to <b>knowledge</b>	Access to <b>financial services</b>	Access to <b>markets and opportunities for value addition</b>	Access to <b>non-farm employment</b>

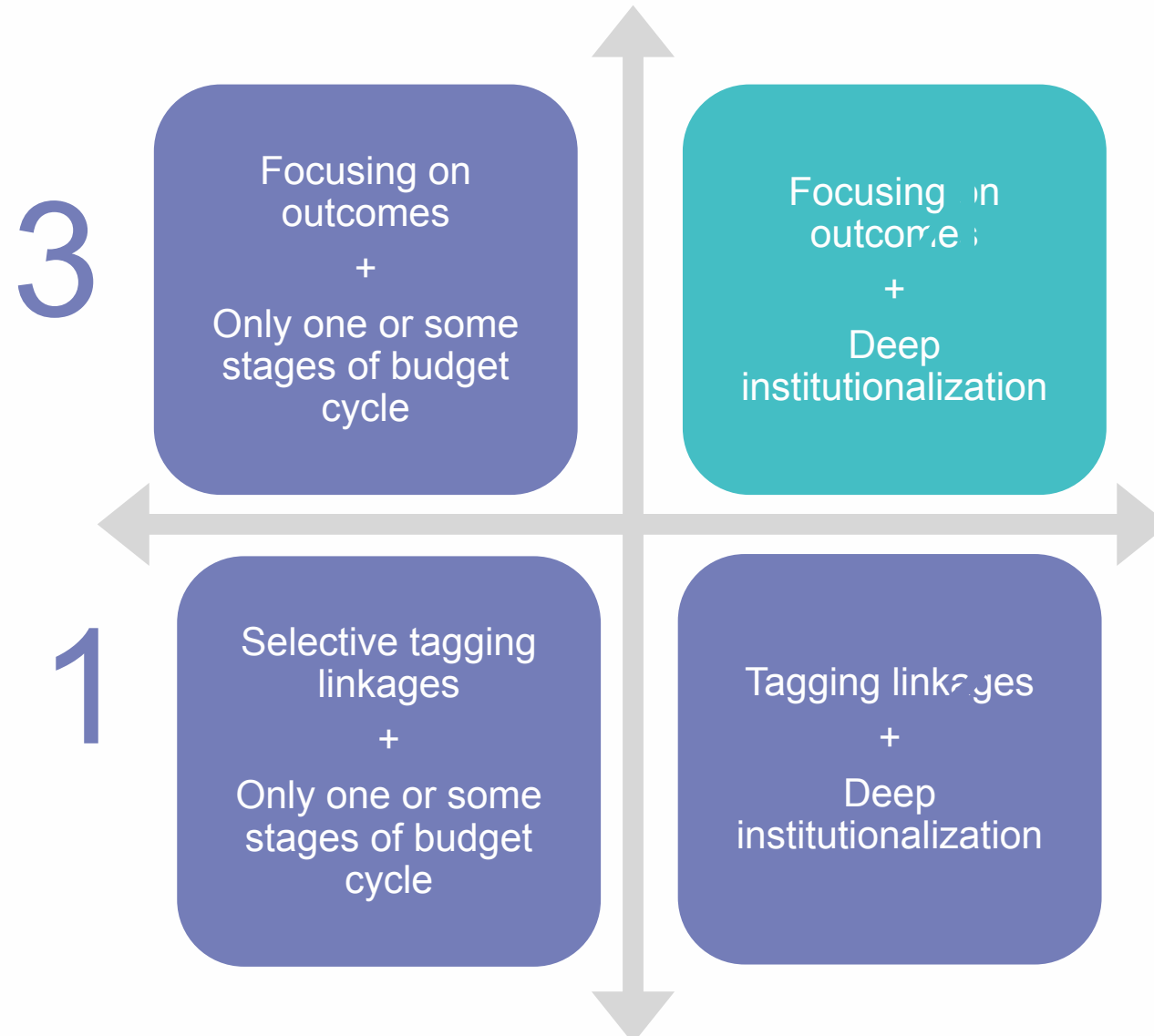
<https://blog-pfm.imf.org/pfmblog/2021/01/-leveraging-public-budgets-for-the-sustainable-development-goals-the-case-of-mexico-.html>

# Budget tagging: limitations

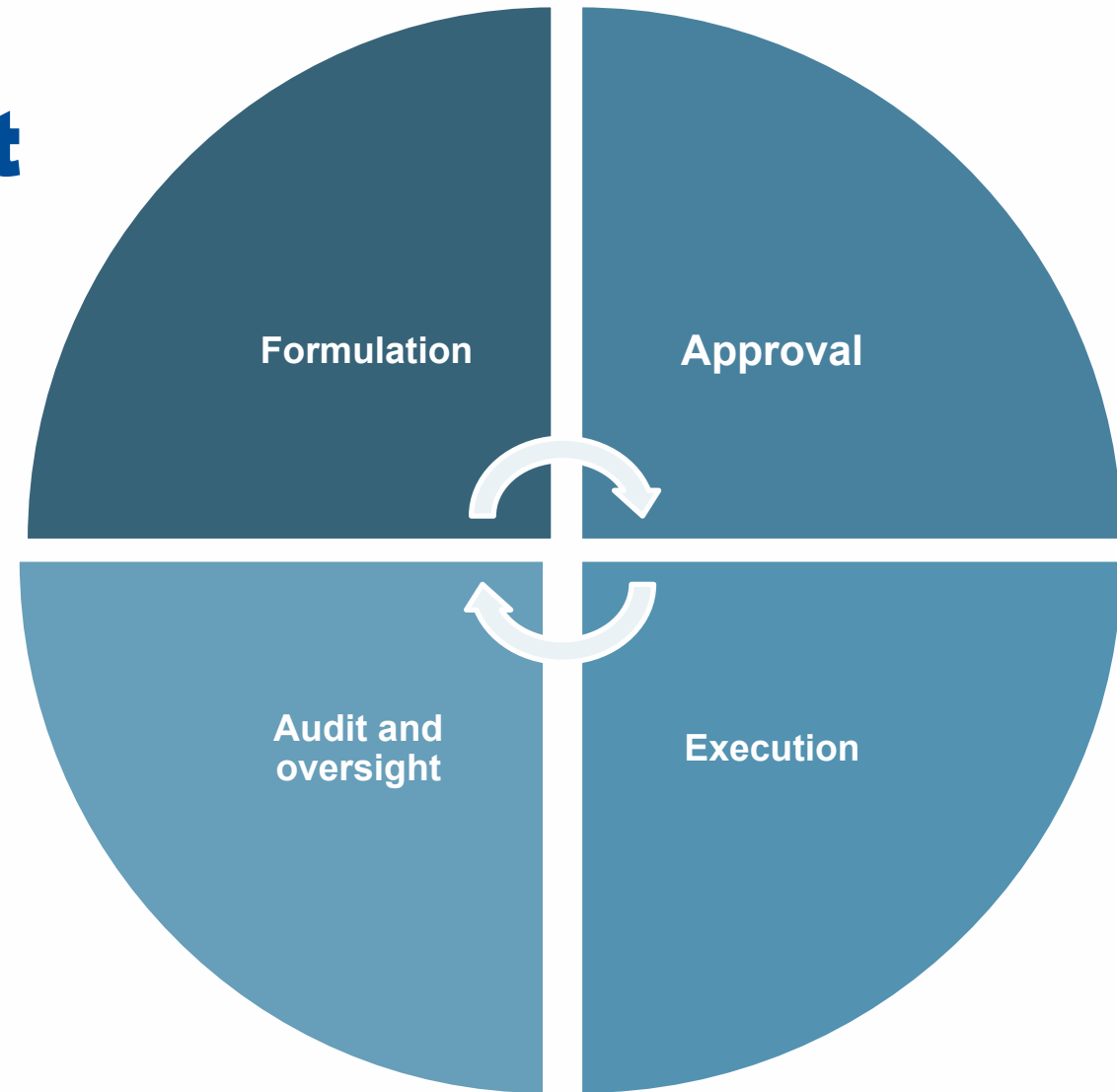
- Most cases focus on reporting, not decision making ([risk of Gender-Green-SDG washing](#))
- Balance between administrative burden and added value
- Too aggregate
  - i.e. most cases limit to tagging at the 17 SDGs level—difficult for decision making



# Budget tagging vs. Priorities Budgeting



# Mainstreaming should go throughout all stages of the budget



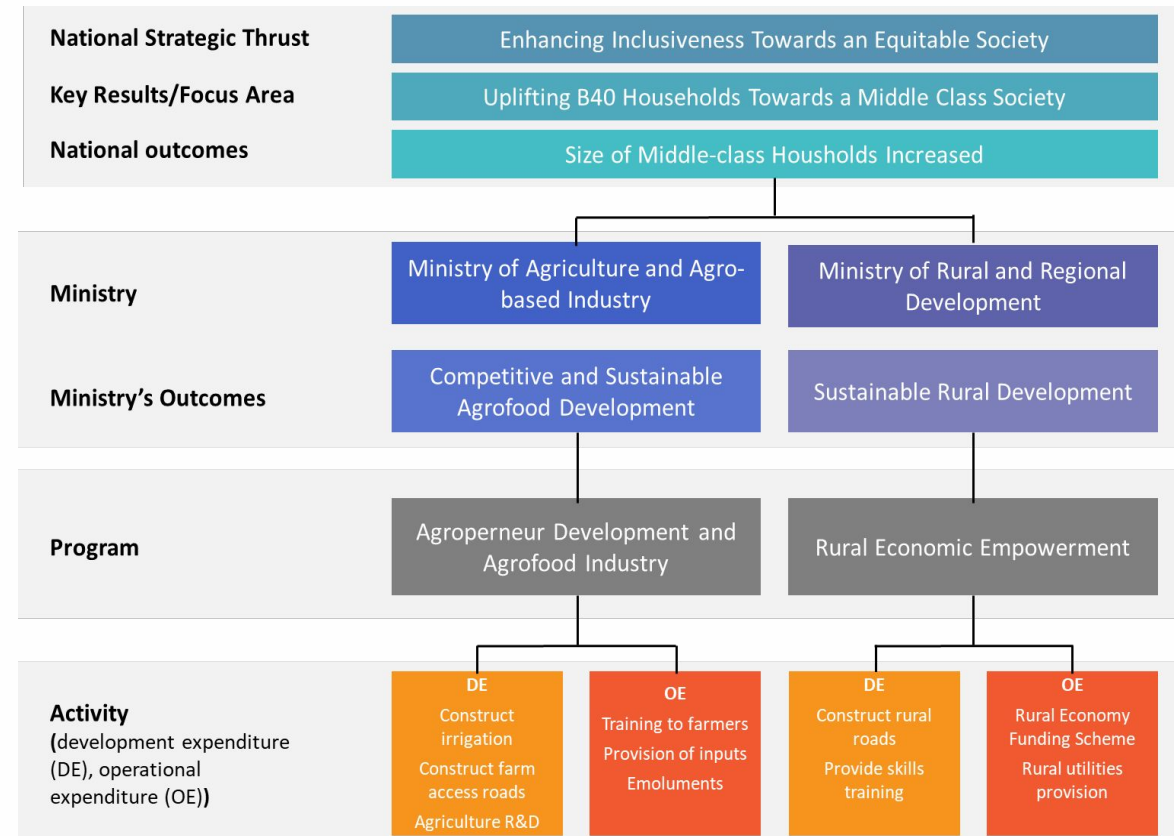
# Budgeting for SDGs throughout the budget cycle

- Deeply related to the planning and programming processes (revenue, macro, budget)
- Budgets should include classifications that enable tracking objectives.
- Mapping SDGs with the budget, considering **positive and negative** links and spillovers



# Linking the formulation stage: challenges and tools

- National/long-term planning vs budget cycle
- Program budgeting
- Performance orientation



World Bank, Performance Budgeting in Malaysia

# Budgeting for SDGs throughout the budget cycle

- Orienting discussions towards non-financial objectives & performance
- Role of Parliamentary Budget Offices and/or Independent Fiscal Institutions





# Budgeting for SDGs throughout the budget cycle

- Monitoring against **financial and non-financial** targets set at the formulation and approval stage
  - **Inputs and outputs indicators** that drill down from SDGs indicators (disaggregation by geo, gender, age, income when possible)



# Budgeting for SDGs throughout the budget cycle

## Auditing with focus on SDGs

- Assessing the readiness of national governments to implement, monitor, and report on the progress of the SDGs

## Evaluation with focus on SDGs

- External evaluation with SDGs indicators

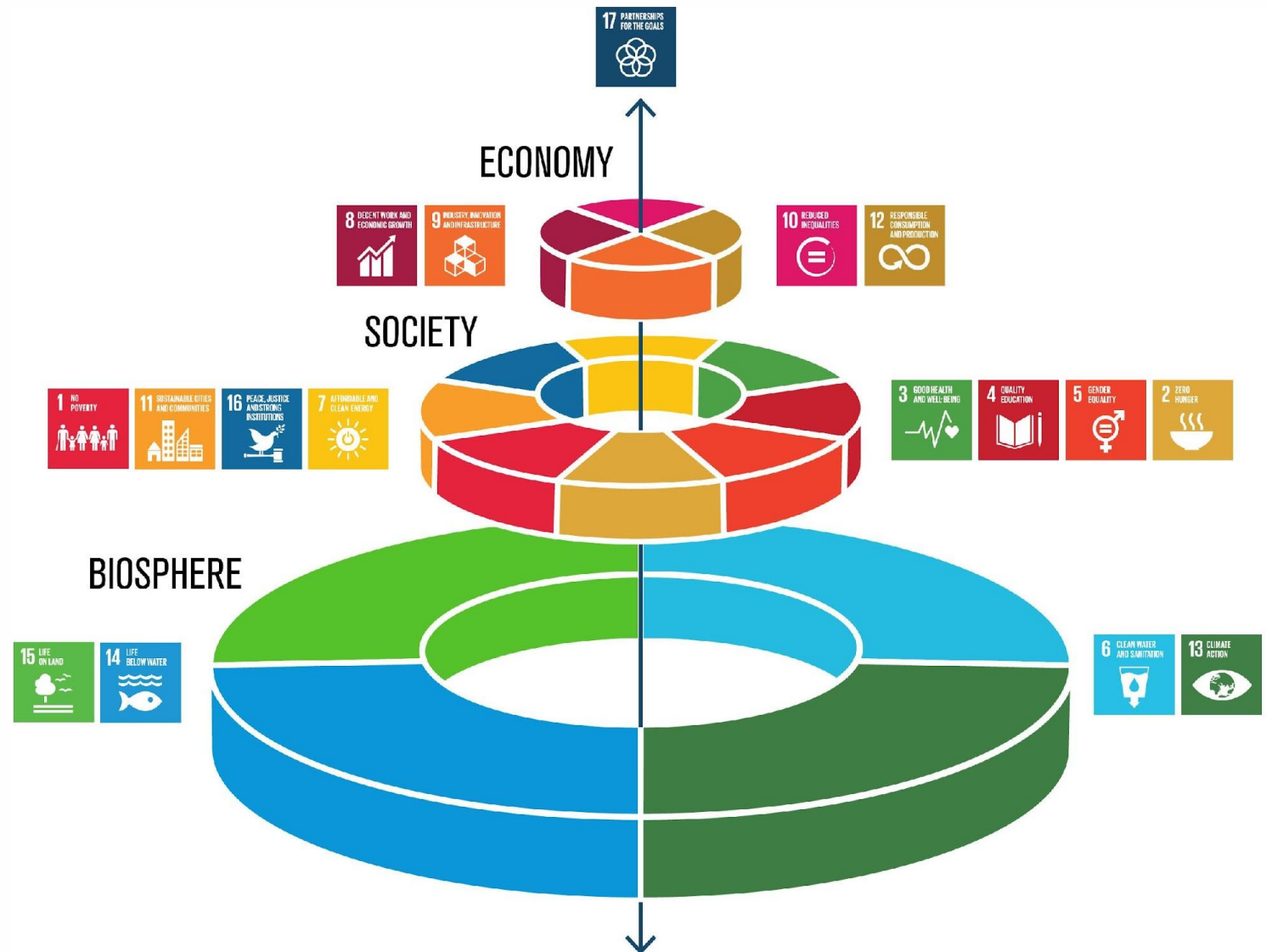


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# SDGs were conceived as an integrated and indivisible agenda

- Three pillars
- Recognizing interaction, root problems



# Indivisibility does NOT mean not prioritizing

- The SDGs are a very ambitious agenda with competing priorities for limited human and economic resources. Therefore, countries also need to:
  - Assess current progress
  - Identify networks of interaction within the country
  - Identify accelerators and bottlenecks

A comprehensive budget tagging process will serve as base information.

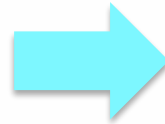
# Gender budgeting: SDG 5 and beyond

- SDG 5 is for Gender equality. Gender budget tagging included in the indicators

## TARGET

### 5.C

Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels



## INDICATOR

### 5.C.1

Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment

- However, gender related targets or indicators are included in SDGs **1,2,3,4,8,10,16,17**
- Gender disaggregated indicators are not explicitly included in some targets which could be included (e.g. 9.5.2 gender disaggregated researchers) to improve gender responsive budgeting.

# Green budgeting

- SDG 13, 14 and 15 are directly related to environmental outcomes (not only climate change)



- However, greening the economy cannot be complete without SDGs 7 (clean energy) and 12 (responsible production and consumption).
- Additionally, related targets or indicators are included in other SDGs, primarily for adaptation and mitigation of climate change (SDGs 1,2,6,8,11)

# Zooming in on specific policies

- Some indicators are not considered in the SDGs set, however countries are meant to add their national indicators
- Other international instruments focus on specific targets that should also be considered
  - Clear example: Paris Agreement & AICHI Targets □ Paris collaborative on Green Budgeting (OECD)





A final reflection...

# Should it be Public Finance instead of Budget?

