

Working with national budget processes

National budgets are a government's most powerful economic tool to meet the needs of its people and essential to both SDG16+ implementation and accountability

Overview

The national budget is a financial statement presenting the government's proposed revenues and spending for a specific period of time – usually a year – which is often passed by the legislature, approved by the head of government and presented by the finance minister to the nation. National budgets are a government's most powerful economic tool to meet the needs of its people, especially those most at risk of being left behind. As a political expression of the decisions of the executive government to raise revenues and allocate public resources, it is an integral part of national development strategies, with wide-reaching impacts across both the economy and society.¹¹⁰ In most countries, the budget process occurs in the following four stages: budget formulation; budget approval; budget execution; and budget oversight.

National budgets are fundamental to advancing peaceful, just and inclusive societies. The most well-intentioned public policies and plans for SDG16+ implementation will have little impact unless they are matched with sufficient public resources for effective implementation. Budget systems that are transparent, inclusive and monitored through strong independent oversight institutions are at the heart of SDG target 16.6 (effective, accountable and transparent institutions)¹¹¹ and the best way to manage public funds efficiently and equitably. Conversely, a lack of transparency and limited public participation and oversight in budgeting processes undermine fiscal

discipline, reduce the efficiency of public services and create opportunities for corruption (undermining SDG target 16.5) and other leakages.

Budgets are also critical to translate SDG16+ commitments on inclusion and non-discrimination into concrete action. For example, gender-responsive budgeting tools can be used to ensure that women and girls receive an equitable proportion of the national budget to meet their needs and rights. Budget-based approaches to tackle discrimination include conducting targeted interventions, mainstreaming public services, and monitoring the impact of budget programs on specific groups of the population who are at risk of being left behind.¹¹²

Ideally, all countries should link or align their national budgets to the SDGs – including SDG16+ – in order to ensure that public spending reflects sustainable development priorities.¹¹³ While some countries are in the process of incorporating SDG programs into their budget planning processes and aligning their budgets with the SDGs,¹¹⁴ national efforts to link budget processes with the SDGs have, thus far, been limited in both developed and developing countries.¹¹⁵



110 OECD (2019). *Governance as an SDG Accelerator: Country Experiences and Tools*, p. 40. Available at: <https://www.sdg16hub.org/system/files/2020-08/ocde%20sdg%20accelerators.pdf>

111 Notably, one of the official global indicators for SDG target 16.6 focuses on the degree to which governments implement their budgets as planned. Specifically, global indicator 16.6.1 focuses on "primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)".

112 UN DESA (2019). *Sustainable Development Goal 16: Focus on public institutions, World Public Sector Report 2019*, p. xvii. Available at: <https://publicadministration.un.org/en/Research/World-Public-Sector-Reports>

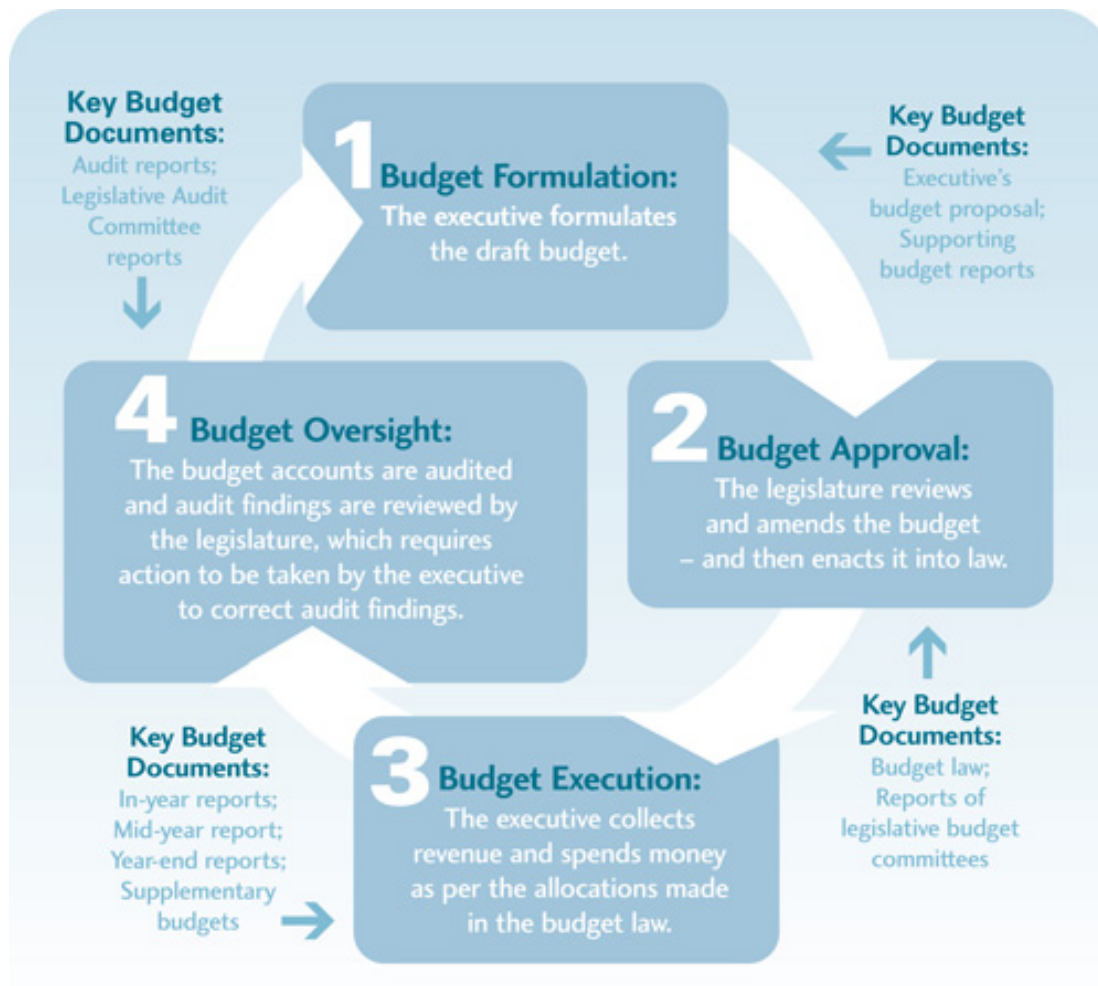
113 United Nations (2019). *Report of the Secretary-General on SDG Progress 2019: Special Edition*, p. 35. Available at: https://sustainabledevelopment.un.org/content/documents/24978Report_of_the_SG_on_SDG_Progress_2019.pdf

114 UN DESA (2019). *Compendium of National Institutional Arrangements for implementing the 2030 Agenda for Sustainable Development*, p. 9. Available at: https://sustainabledevelopment.un.org/content/documents/25839Compendium_of_National_Institutional_Arrangements.pdf

115 United Nations (2019). *Report of the Secretary-General on SDG Progress 2019: Special Edition*, p. 32. Available at: https://sustainabledevelopment.un.org/content/documents/24978Report_of_the_SG_on_SDG_Progress_2019.pdf

Participatory budgeting to support SDG16+ implementation¹¹⁶

Participatory budgeting is a decision-making process in which citizens and community members work closely with their government to determine how part of the public budget is spent. It is a reflection of both SDG targets 16.6 (effective, accountable and transparent institutions) and 16.7 (responsive, inclusive, participatory and representative decision-making). Through participatory budgeting, citizens can prioritize spending on public resources and influence local or national policy, making it an innovative and powerful tool for inclusive, participatory and accountable governance. Starting in Brazil in 1989, more than 1,500 participatory budgets have been implemented globally. In Indonesia, for example, where the SDGs are integrated into national and subnational development planning, the “Village Law,” enacted in 2014 has opened up the possibility for participatory budgeting in the country’s 74,000+ villages. This law mandates the central government to provide a specific amount of funding to villages to finance their own development based on local need and priorities.



116 Adapted from: The Global Alliance for Reporting Progress on Peaceful, Just and Inclusive Societies and Transparency, Accountability and Participation (TAP) Network (2020). *Mainstreaming SDG 16: Using the Voluntary National Review to Advance More Peaceful, Just and Inclusive Societies*, p. 42. Available at: <https://www.sdg16hub.org/topic/mainstreaming-sdg-16-using-voluntary-national-review-advance-more-peaceful-just-and-inclusive>

Putting it into practice

CSOs can play a critical role in government budget processes for SDG16+ implementation and accountability. They can inform the decision-making process to ensure that public resources for SDG16+ implementation are sufficient and being used effectively, and they can monitor the actual execution of budget policies and programs to hold governments accountable.¹¹⁷ In seeking to engage in the budget process, you should consider taking the following actions:

- 1. Encourage your government to align its national budget with the SDGs** – Linking national budgets with the SDGs – including SDG16+ – is important in order for civil society and other stakeholders to be able to assess and monitor public spending on SDG16+ implementation.
- 2. Advocate for budget information to be open, transparent, accessible and disaggregated** – You can use the Open Budget Survey to assess your government's level of budget transparency.¹¹⁸ Depending on its status, you can urge your government to make publicly available those documents that they already produce for internal use.¹¹⁹ You can also urge your government to provide disaggregated budget and expenditure data – including by sex – in order to improve the tracking of spending in relation to the SDGs, including SDG16+.¹²⁰
- 3. Urge your government to support public participation in the budget process** – You can also use the Open Budget Survey to assess your government's support for public participation in the budget process. Inclusive public participation is crucial for realizing the positive outcomes associated with greater budget transparency.¹²¹ You can urge your government to provide formal opportunities for citizens and civil society to meaningfully participate in the different stages of the budget process.

- 4. Build the capacity of citizens and civil society to participate in the budget process** – Depending on your level of expertise, you can help to strengthen citizens' and civil society's capacity to engage with budgets by fostering budget literacy.¹²² When people have access to budget information, coupled with the skills and opportunities to participate in the budget process, the resulting engagement between government and citizens can lead to substantive improvements in both governance and service delivery.



117 International Budget Partnership (2011). *Guide to Transparency in Government Budget Reports: How Civil Society Can Use Budget Reports for Research and Advocacy*. Available at: <https://www.internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-how-civil-society-can-use-budget-reports-for-research-and-advocacy/>

118 The Open Budget Survey is the world's only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions such as the legislature and auditor in the budget process. For more information, see: International Budget Partnership. *Open Budget Survey*. Available at: <https://www.internationalbudget.org/open-budget-survey>

119 Claire Schouten and John Hendra (2017). *Open the Books: Why We Need to Open Budgets and Doors to Budgetary Engagement to Achieve the Sustainable Development Goals*. Available at: <https://www.internationalbudget.org/2017/09/open-budgets-to-achieve-sustainable-development-goals/>

120 The 2017 session of the ECOSOC's Forum on Financing for Sustainable Development (FFD) recognized "the importance of better disaggregation of budget and expenditure data at the national and subnational levels, including by sex, to improve tracking of spending related to the Sustainable Development Goals and efforts to improve gender equality, accountability and transparency." Cited in: Transparency, Accountability and Participation (TAP) Network (2018). *SDG Accountability Handbook: A Practical Guide for Civil Society*, p. 20. Available at: <https://sdgaccountability.org/>

121 International Budget Partnership. *Open Budget Survey*. Available at: <https://www.internationalbudget.org/open-budget-survey>

122 Budget literacy is 'the ability to read, decipher, and understand public budgets to enable and enhance meaningful citizen participation in the budget process'. "Masud, Harika et al. (2017). *International Practices to Promote Budget Literacy: Key Findings and Lessons Learned*. World Bank. Available at: <https://openknowledge.worldbank.org/handle/10986/26956>

5. Participate in each phase of the budget process through the following actions:

a. Budget formulation stage:¹²³

- i. Analyze pre-budget statements or reports and publicize recommendations to try to influence the budget before any final decisions are made. If you do not have access to these documents, you can draw on evidence generated from analyses of previous budgets to advocate for your SDG16+ budget proposals;
- ii. Gather information on the public's budget needs and priorities for SDG16+ implementation and use this information, along with your own budget analysis and monitoring, to communicate SDG16+ priorities to the executive government; and
- iii. Seek to influence the Executive's Budget Proposal¹²⁴ including by engaging with advisory committees and participating in any public hearings or consultations.

b. Budget approval stage:¹²⁵

- i. Advocate for your SDG16+ issue(s) – especially in the media given that attention is often the greatest at this stage – by providing independent analyses of the Executive's Budget Proposal;
- ii. Participate in any legislative deliberations on the proposed budget, such as hearings, inquiries and legislative debates, in order to influence the budget; and
- iii. Analyze the revenue and expenditure policies being proposed from an SDG16+ perspective and provide this analysis to legislators to help them more clearly understand the SDG16+ issues related to the budget and make better decisions.¹²⁶

c. Budget execution stage:¹²⁷

- i. Advocate to the government to issue regular public reports on the status of revenues and expenditures during the year, so you can monitor the flow of funds;
- ii. Analyze whether the government is executing the budget as planned, in line with SDG indicator 16.6.1. You can draw on national budget documents, as well as Public Expenditure and Financial Accountability data and the World Bank's BOOST data to check if your government is executing the budget as planned;
- iii. Use in-year reports and mid-year reviews, which convey actual spending figures versus budget allocations, to monitor whether funds allocated to specific SDG16+ projects have actually been used for the intended purpose; and
- iv. Assess the quality of spending by using budget information and verifying the end result of a project to see if the SDG16+ policy goals associated with the budget allocation are being met, and if government funds are being used effectively.

¹²³ International Budget Partnership (2017). *Making the Most of the Budget Cycle: The Budget Formulation Stage*. Available at: <https://www.internationalbudget.org/2017/02/making-budget-cycle-budget-formulation-stage/>

¹²⁴ The Executive's Budget Proposal is the government's major statement on fiscal issues for the coming budget year.

¹²⁵ International Budget Partnership (2017). *Making the Most of the Budget Cycle: The Budget Approval Phase*. Available at: <https://www.internationalbudget.org/2017/06/making-budget-cycle-budget-approval-phase/>

¹²⁶ CSOs' expert analyses and testimony can influence the budget debate, highlight important issues about the impact of budget proposals related to SDG16+ implementation on poor or marginalized communities, and even build the capacity of legislatures to analyze budgets and improve the quality of budget hearings and reports.

¹²⁷ International Budget Partnership (2017). *Making the Most of the Budget Cycle: The Budget Execution Stage*. Available at: <https://www.internationalbudget.org/2017/08/making-budget-cycle-budget-execution-stage/>

d. Budget oversight.¹²⁸

- iii. Use audit reports to assess how well or poorly the budget has been implemented, and to potentially uncover fraud, unauthorized or unsubstantiated expenditures, or systemic weaknesses in financial management practices;
- iv. Engage with oversight bodies to report on issues of public concern related to SDG16+ implementation and to help identify potential areas for audits;
- v. Engage in participatory audits to collect, collate and distribute information on SDG16+ implementation, hold a public hearing or discussion on audit findings and recommendations, and follow up with responsible agencies or actors; and
- vi. Engage the media and other accountability actors to report on audit findings and recommendations related to SDG16+ implementation.

CASE STUDY:


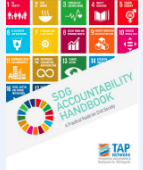
Aligning Strategic Frameworks and Engaging Budget Officials¹²⁹

SDG Accountability Handbook

The implementation of the SDGs in Tanzania falls under the Five-Year Development Plan II (FYDP II) framework, requiring local authorities to integrate the Goals in their strategic plans. To ensure local authorities were familiar with the SDGs and aligned the FYDP II with their strategies, the Local Governance Working Group of Policy Forum, an NGO Network, developed a policy brief and engaged with the Parliamentary Committee for Administration and Local Government. The brief focused on the Ministry of Regional Administration and Local Government (PO-RALG), analyzing budget allocation trends in relation to the implementation progress of SDGs, particularly Goal 3 (good health and wellbeing) and Goal 4 (quality education). Through their engagement, the Policy Forum was able to identify champions to promote the SDG agenda during parliamentary discussions and also organize a strategic session with PO-RALG management to advance better SDG and FYDP II alignment.¹³⁰

To read the full-length version of this case study, visit www.sdg16toolkit.org/case-studies

Key TAP Network resources:

<p>Mainstreaming SDG 16: Using the Voluntary National Review to Advance More Peaceful, Just and Inclusive Societies (Global Alliance and TAP Network, 2020)</p>	<p>This resource provides policy guidance, case studies and good practices on advancing SDG 16 implementation at national and subnational levels by more effectively leveraging the Voluntary National Review (VNR) and post-VNR processes. It discusses national budgets, including how they can be aligned with the SDGs.</p> <p>Available at: https://www.sdg16hub.org/topic/mainstreaming-sdg-16-using-voluntary-national-review-advance-more-peaceful-just-and-inclusive</p>	
<p>SDG Accountability Handbook: A Practical Guide for Civil Society (TAP Network, 2018)</p>	<p>This handbook provides guidance on the different approaches and steps that can be taken by civil society to ensure national government accountability for the SDGs. It includes a chapter on 'Utilizing National Budgets or National Public Finance Systems.'</p> <p>Available at: https://sdgaccountability.org/</p>	

¹²⁸ International Budget Partnership (2017). *Making the Most of the Budget Cycle: The Budget Oversight Stage*. Available at: <https://www.internationalbudget.org/2018/04/making-budget-cycle-budget-oversight-stage/>

¹²⁹ TAP Network 2030 (2019). *SDG Accountability Handbook*. Section: "Connecting with Designated Government SDG Bodies and Ministries" pg. 23.

¹³⁰ Policy Forum, case study (2018).

Key resources:

<p>'Guides and Toolkits' (International Budget Partnership)</p>	<p>These guides and toolkits aim to provide accessible, practical guidance for understanding and applying skills, tools and methodologies for budget analysis, monitoring and advocacy.</p> <p>Available at: https://www.internationalbudget.org/capacity-building/guides-toolkits/</p>
<p>'Publications and Resources' (International Budget Partnership)</p>	<p>This section of the website of the International Budget Partnership allows users to search for budget-related publications by keyword, country and subject.</p> <p>Available at: https://www.internationalbudget.org/library/publications/</p>
<p>The Open Budget Index (International Budget Partnership)</p>	<p>This index is the world's only independent, comparative measure of central government budget transparency. It is based on the Open Budget Survey, which assesses the amount and timeliness of budget information that governments make publicly available in eight key budget documents in accordance with international good practice standards.</p> <p>Available at: https://www.sdg16hub.org/node/1035</p>
<p>Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditures (International Budget Project, 2008)</p>	<p>This guide offers an overview of government budget implementation processes and provides practical, tested tools that can be used by civil society organizations interested in monitoring government expenditures. Available in English, French, Spanish, Russian, Chinese and Bahasa Indonesian.</p> <p>Available at: https://www.internationalbudget.org/publications/our-money-our-responsibility-a-citizens-guide-to-monitoring-government-expenditures/</p>
<p>A Guide to Budget Work for NGOs (International Budget Partnership, 2001)</p>	<p>This guide provides a comprehensive description of the basic principles of applied budget work, examples of useful resources and best practices. It provides a systematic overview of the different aspects of effective budget analysis, with an emphasis on the activities and approaches a NGO might want to undertake in its initial years of budget work. Available in English, French, Spanish, Arabic and Russian.</p> <p>Available at: https://www.internationalbudget.org/publications/a-guide-to-budget-work-for-ngos/</p>
<p>Guide to Transparency in Government Budget Reports: How Civil Society Can Use Budget Reports for Research and Advocacy (International Budget Partnership, 2011)</p>	<p>This guide provides essential information on how civil society organizations can use, and have used, the eight key budget reports that their government should be making available throughout the budget process for research and advocacy purposes. Available in English, French, Spanish, Portuguese and Arabic.</p> <p>Available at: https://www.internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-how-civil-society-can-use-budget-reports-for-research-and-advocacy/</p>

<p>Sustainable Development Goal 16: Focus on public institutions: World Public Sector Report 2019 (UN DESA, 2019)</p>	<p>This report examines national-level developments in relation to several concepts of SDG 16, including access to information, transparency, accountability, anti-corruption, inclusiveness of decision-making processes and non-discrimination. It includes a detailed chapter on how budget processes can be harnessed to better support the implementation of the 2030 Agenda and the SDGs.</p> <p>Available at: https://publicadministration.un.org/en/Research/World-Public-Sector-Reports</p>
<p>Tracking Spending on the Sustainable Development Goals: What Have We Learned from the Millennium Development Goals? (International Budget Partnership, 2017)</p>	<p>This brief explores good practices and lessons learned from monitoring government budgets and expenditure on the Millennium Development Goals (MDGs) that can assist with monitoring, reporting, and accountability in respect of the SDGs. It features summaries of case studies from 11 countries.</p> <p>Available at: https://www.internationalbudget.org/publications/tracking-spending-sustainable-development-goals/</p>
<p>The Contribution of Participatory Budgeting to the Achievement of the Sustainable Development Goals: Lessons for policy in Commonwealth countries (Yves Cabannes, 2019)</p>	<p>This paper explores the potential of participatory budgeting for contributing to the achievement of the SDGs. It looks at how participatory budgeting is contributing to the achievement of SDG 16 and provides specific recommendations for action, based on innovative practice examples from around the world, highlighting how practice across diverse local authorities could be used to monitor SDG target 16.7.</p> <p>Available at: https://www.researchgate.net/publication/335948749_The_contribution_of_participatory_budgeting_to_the_achievement_of_the_Sustainable_Development_Goals_lessons_for_policy_in_Commonwealth_countries</p>
<p>'Participatory Budgeting' (The Engine Room, 2017)</p>	<p>This resource introduces the concept of participatory budgeting and provides an overview of the opportunities and challenges that the implementation of such a model can bring. It presents examples of governments that have conducted participatory budgeting processes successfully and includes examples of tools and platforms that they have used. Available in English, Spanish and Portuguese.</p> <p>Available at: https://library.theengineroom.org/participatory-budgeting/</p>
<p>Participatory Budgeting (World Bank, 2007)</p>	<p>This book provides an overview of the principles underlying participatory budgeting. It analyzes the merits and demerits of participatory budgeting practices around the world with a view to guiding policy makers and practitioners on improving such practices in the interest of inclusive governance. It includes five regional surveys and seven country case studies. Available in English and Chinese.</p> <p>Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/635011468330986995/participatory-budgeting</p>