



**Expert Group Meeting on “Budgeting and Planning in
Support of Effective Institutions for the Sustainable
Development Goals”**

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The present document is the report of the expert group meeting on budgeting and planning in support of effective institutions for the Sustainable Development Goals, held from 4 to 5 February 2019 at the United Nations (UN) Headquarters in New York. The meeting was organized by the Division for Public Institutions and Digital Government of the United Nations Department of Social and Economic Affairs.

For more information on the meeting, please consult: <https://publicadministration.un.org/en/news-and-events/calendar/ModuleID/1146/ItemID/2979/mct/EventDetails>

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Context and objectives

The expert group meeting was held in the context of preparations for the forthcoming edition of the World Public Sector Report. Since 2001, the report series has covered issues of global relevance in the field of public administration, including globalization and the role of the State, e-government, rebuilding public administration post conflict, human resources in public administration, participation and engagement, accountability and transparency, and institutional aspects of policy integration. The 2019 edition of the report will look at institutional dimensions of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), focusing on the principles that SDG 16 puts forward in relation to institutions – effectiveness, transparency, access to information, accountability, anti-corruption, inclusive decision-making, non-discrimination in laws and policies. These principles apply to all SDGs. In the context of the first review of SDG 16 at the high-level political forum of the UN in July 2019, the World Public Sector Report 2019 aims to provide an overview of progress on institutional dimensions of SDG 16, highlighting progress, challenges, and lessons learned from different SDG areas in various contexts, including different groups of countries.

One chapter of the WPSR 2019 will be devoted to budgeting and planning. The objective of the chapter is to show how budget and planning processes can support national institutions to achieve the SDGs through their relationships to the institutional principles advanced in SDG 16.

The purpose of the expert group meeting was to inform the preparations for this chapter. The meeting aimed to examine whether the more integrated policy approaches called for in the 2030 Agenda are being realized regarding planning and budgeting processes. It provided an opportunity to take stock of recent developments in practice and knowledge regarding budgeting and planning for the SDGs, and to debate the main trends, orientations and challenges around the topic. The meeting explored the linkages between the institutional principles of SDG16 and the various stages of the policy/budget cycle; for example, participants discussed how the budget process can be structured in such a way as to enhance transparency, as well as how transparency policies can contribute to more integrated planning, budgeting and implementation processes for the SDGs. Participants further examined approaches across country contexts to linking budget processes with the SDGs, as well as ways that budget processes can be used to monitor and evaluate public spending on the SDGs in different policy areas and for various groups of society.

The meeting gathered eight experts from international institutions and Government, together with UN staff. Several experts had prepared written inputs for the meeting at the request of the organizers. The list of participants is included in Annex 2.

The detailed agenda of the meeting is included in Annex 1. Session 1 laid out the context of the meeting, described above. Session 2 focused on aligning planning and budgeting processes with the SDGs, laying the foundation for the remaining sessions. Session 3 examined the linkages between budgets and transparency and access to information; Session 4 focused on budgets and anti-corruption; Session 5 explored the linkages between budgets and accountability; Session 6 focused on budgets and inclusive decision-making; and Session 7 examined linkages between budgets and non-discrimination. Throughout these sessions, participants were asked to identify emerging issues as well as promising tools and approaches that can advance progress towards the SDGs. Session 8 was

devoted to validating the key insights and messages from the prior sessions.

The sessions addressed a range of issues such as political and technical factors that drive the alignment of budgets with the SDGs; the quality of budgetary information made publicly available by Governments and the ways in which users access and use it; methodological challenges to measuring corruption in budgets; goals and models of citizen engagement in budget processes; and challenges to making budget processes responsive to the needs and concerns of women, people living in poverty, and other disadvantaged groups; among many others.

The remainder of the report elaborates the issues discussed during the meeting and some of the key messages emerging from the discussions. It is organized by meeting session. Some themes and issues that were mentioned in more than one session are reflected only once to avoid repetition.

Linking the budget process with the SDGs

In order to implement and monitor the Sustainable Development Goals (SDGs), countries need systems that allow the government and other actors to link the allocation of resources with performance and policy objectives. Ideally, such systems should enable governments to measure shifts in the allocation of public resources across the various goals, and more broadly to answer the question of how the allocation of public resources is changing society in the short, medium and long terms.

In many countries, the SDGs have percolated into national sustainable development strategies and national development plans, as well as increasingly into national sustainable development financing strategies that seek to mobilize resources from different actors (both public and private) in support of SDG implementation.

The integration of SDGs into national budget processes has so far been more limited. However, several countries have undertaken initiatives to

link the two. There is a wide variety of models. While Mexico stands out for including performance indicators linked to the SDGs in its budget process and for mapping a large portion of government expenditures to SDG targets, many countries have adopted more limited approaches.

To analyse countries' efforts in this area, UNDP has used a simple framework that singles out two dimensions: whether the approach is ad hoc versus systemic; and whether the drivers are internal (coming from government) or external (in response to demand from civil society or other stakeholders). While other dimensions are also important, this framework provides a simple heuristic model where the different approaches can be easily mapped. For example, based on the results of the SDG preparedness audits done by supreme audit institutions across the world, it is easy to locate countries in the space defined by these two dimensions regarding SDG budgeting. While no global mapping of these efforts exists yet, experts in the field seem to agree that the most frequently adopted approaches at present are SDG-specific (for example, focusing on climate or biodiversity) rather than Agenda-wide; and ad hoc rather than systemic. Depending on the motivations underlying budget process reform, countries can put emphasis on different products and tools (for example, citizens' budgets for specific SDG areas or more participatory approaches to budgeting).

Both political and technical drivers and factors play a role in the approaches that countries choose to adopt to integrate SDGs into their budget process. In some countries, it is the transition from line budgets to programme and performance-based budgeting that drives the integration. In general, countries that have incorporated SDGs into their budget tend to be those that have made progress on programming and the inclusion of performance indicators. Examples in Latin America include Argentina, Colombia and Mexico. In other countries, non-state stakeholders or the legislature may take an active role in incorporating the SDGs into the budget discussion.

In OECD countries, there is increasing awareness of the need to include SDGs in performance budgeting; but this has not really been translated into practice. Budget frameworks at the national level are driven by national priorities. For example, the SDGs have not replaced national approaches for designing performance budget indicators. Similarly, there is hardly any evidence of reporting on SDG progress in the accounts that are produced at the end of the budget cycle. Some countries comprehensively report on a limited number of strategic, cross-cutting priorities, rather than individual SDGs. An emerging discussion in the OECD is whether there could be sustainability reports produced by the public sector (in part inspired by parallel developments in sustainability reporting in the private sector). Such reports would come in addition to traditional performance reporting and could be a way to report on SDG progress.

The choice of an approach to link the budget with the SDGs impacts the capacity to track and monitor progress on the SDGs. For example, experts pointed out that in Latin America, Argentina has focused on integrating the SDGs in the budget formulation; Uruguay on the performance evaluation side; and Mexico on both. This has implications for the information that can be produced from the budget process in relation to SDG implementation and monitoring. While countries can produce information through basic tagging of expenditures to specific sectors or SDGs, approaches that are not embedded in the entire budget process run risks of failure. It is also very important to establish linkages with the planning process.

Provided that they are not purely ad hoc, efforts to link the budget process with the SDGs have to be inscribed in the broader context of public financial management (PFM) reform. Importantly, the impetus for PFM reform at the national level is often not related to the SDGs, and often has more to do with fiscal crises or other motives. Similarly, the core objectives of PFM reform tend to revolve around considerations of fiscal consolidation, fiscal

responsibility, or technical considerations that are independent from the SDGs. Notwithstanding this, PFM reforms can provide opportunities for changes in the budget process that enhance linkages with the SDGs.

One relevant question in order to assess how far countries are likely to go in coming years is the time scale of PFM reforms. The experts' view was that when there is political will, PFM reforms can be implemented in relatively short periods of time. The example of Austria, which comprehensively reformed its budget process to move to performance budgeting, accrual accounting and gender-responsible budgeting, was mentioned. The results from the Open Budget Survey also show that countries can increase the disclosure of budget information in a short time (e.g. Georgia). Aspects related to participation, however, may be more complex and take longer to implement.

A key political factor is how to mobilize interest for the SDGs in the ministry of finance, which is the main custodian of the budget process. In many countries, the ministry of finance does not have primary responsibility for SDG implementation, with institutional arrangements in this regard varying widely. This issue has to be addressed within each government. Experts noted that the SDGs, because they cover most sectors of the economy, can serve as a platform for dialogue between ministries of finance, ministers of planning and line ministries. For example, in some countries, the ministry of finance has used climate change to engage with line ministries on PFM reform.

International organizations and especially international financing institutions such as the IMF and the World Bank also play an important role in supporting PFM reforms across the globe, including through technical assistance and budget support to developing countries. They are therefore an important driver of PFM reform. Those institutions have taken note of the 2030 Agenda and SDGs and have incorporated them in their work. However, according to the meeting's

participants, there may be opportunities for those organizations to factor the SDGs into budget issues more.

More broadly, efforts to integrate the SDGs in the budget process illustrate the challenge of achieving real transformation, as opposed to marginal changes, for the implementation of the 2030 Agenda. Experts reported that in some countries, the message coming from institutions in charge of the budget process is largely amounting to business as usual, with results on already existing programmes being re-cast ex-post in terms of the SDGs, without fundamental changes in resource planning, allocation and spending.

A number of other challenges were mentioned during the meeting, including the following: (i) reflecting the importance of private sector action for the implementation of the SDGs, or at least its interface with the public allocation of resources, in the budget process; (ii) challenges of coordination across different levels of government in decentralized countries (e.g. in Kenya, the coordination of planning, resource allocation, spending and reporting for 47 county governments); (iii) challenges with revisions to budget documents within the budget year, and how to ensure that the revisions maintain focus on original priorities; (iv) lack of a common language among public institutions. For example, while ministries of finance and supreme audit institutions are familiar with the concept and use of performance indicators, this may not be the case in line ministries.

Finally, participants noted the critical importance of engaging all the relevant parts of the national institutional system around budget reforms. Key institutions need to be on board. Building institutional capacity around SDG budgeting in those institutions is paramount.

Looking forward, it was noted that it could be relevant to pool knowledge from different organizations and experts to build a simple but systematic mapping or dashboard of where countries are with respect to linking their budget

processes with the SDGs. Such a dashboard could not only provide a global view of where countries stand at present, but could also be used to monitor developments in this area and assess how long reforms take to be implemented in various contexts. Experts also discussed the opportunity to elaborate basic indicators in relation to the budget process that would reflect the transformative nature of the SDGs, their indivisibility, and policy coherence and integration. Examples suggested included the amount of resources that are allocated to cross-sectoral programs, and whether the SDGs are mentioned in pre-budget statements, among others.

Budgets, transparency and access to information

There is a central role of transparency in budget processes. Transparency is a basis for participation, accountability, and non-discrimination. Participants stressed that access to information is a right, albeit one that needn't be exercised on a constant basis. Budget transparency, more than other principles examined in the meeting, is well covered by international standards. Budget transparency standards, guidelines and best practices have been published by the main international organizations working in this area, including GIFT, the IMF, the OECD, the International Budget Partnership, and others. For example, the OECD's "Budget transparency toolkit" refers to all the major standards on budget transparency.

Many governments are publishing information on the national budget, at different points in the budget cycle. In Kenya, the PFM law directs the relevant State institutions to ensure that members of the public are given information on budget implementation for national and county governments every four months. Yet, at the global level, budget transparency remains limited, as shown by the 2017 Open Budget Survey. Moreover, at the country level, progress on budget transparency can be volatile.

Participants stressed that the scope of budget transparency should be wide and cover all sources of revenue and expenditures. It must include data on supplementary budgets, which in some countries are equally important as enacted budgets. Compared to the spending side, there tends to be less transparency on the revenue side. Tax expenditures can be significant but receive much less attention than direct spending. Few countries publish information on tax expenditures, with France being an exception, and their growth in recent years is a concern for many. Participants noted that pressure put on Governments to disclose certain areas of the budget may create incentives for them to shift expenditures to less transparent budgetary instruments such as extra-budgetary accounts. Experts also emphasized the importance for governments to publish data on the incidence of the tax system and on the impact of government spending on outcomes, especially on inequality.

Participants stressed that all documents throughout the budget cycle (from pre-budget statements to budget proposals to budget statements to audit reports) need to be made accessible to citizens promptly, especially at junctures that allow for time to exert influence on budgetary decisions such as the pre-budget statement and the executive budget statement.

In many countries, the quality of data and information that is published, rather than its quantity, may be the main challenge. Efforts to improve the relevance, reliability, objectivity, and comparability of information are critical for budget information to be acted upon by citizens. In addition, it was noted that much data relevant to the evaluation of public programmes may not be produced, collected or owned by national statistical offices or other Government bodies. This can pose a challenge to transparency. Participants also highlighted that new technologies and digital governance can significantly accelerate budget transparency, yet also entail risks.

The interface between governments and users of information is a critical dimension of budget transparency. How to present and communicate budget information to different types of users (including Parliaments, supreme audit institutions, independent fiscal institutions, civil society organizations and the public at large) present challenges for governments. There is no one standard in terms of presentation, although some international organizations provide guidance on this (e.g. OECD's [Rationalizing public reporting](#)). Recent government data portals are tailored for different categories of users. The Government of Canada, for example, has put all the (financial and performance) budget data on a web platform that allows users to tailor their own budget queries.

The presentation and communication of budget information is important to educate citizens on understanding and using budget and planning information and enable citizen engagement in the budget process. Participants emphasized the importance of the so-called “citizen’s budgets” – non-technical, simplified, budget briefs which should ideally be published for each budget document, at the same time the government issues the related official documents. It was suggested that every complex document should be converted to a more digestible version along the lines of citizens’ budgets. Ideally, this should also be done for new policies or tax proposals at any point in the budget calendar. These documents are also relevant for other actors, in particular parliaments and line ministries. It was further suggested that budgeting and planning be integrated into public education systems. Such measures would also serve as tools to address problems of misuse and misinterpretation of budget data and information.

Participants identified challenges around the interface between budget data and information and end users. On the part of Governments, there can be fatigue over producing a large quantity of information that few citizens view, leading to concerns that transparency efforts, which mobilize vast amounts of resources, are wasted.

At the same time, there may be citizen fatigue over the abundance of budget information. Efforts to disclose data should go hand in hand with user feedback mechanisms to learn what users find useful as well as how they think information and its delivery can be improved. Responsiveness to user requests and queries would further serve to maintain the interest of the public in planning and budget processes. As examples, the Ministries of Finance in South Africa and Brazil engage with civil society organizations about what type of information they need and are interested in.

Getting comparable budget data across countries which various stakeholders could use is a challenge. Participants referred to the World Bank's BOOST initiative, whose goal is to help countries publish budget information using different classification systems, in particular functional classifications, as an example of making budget data transparent and accessible to and practical for users. However, government ownership and the integrity of budget data (certified by Ministries of Finance) are critical for the success of budget transparency initiatives. There is also a need to enhance Governments' capacity to disclose budget data in open data formats.

Experts noted that where budget transparency mechanisms are in place, many are not linked with SDG processes and are not being used to provide information on the SDGs. In particular, they questioned whether information on budget processes provides clarity on the trade-offs and synergies among policies addressing the social, environmental and economic dimensions of sustainable development. In some cases, however, the SDGs have created traction to enhance transparency and disclose more data, with Colombia cited as an example. Little information is generally available to show the impact of budgets on different groups of society, including the most vulnerable. However, gender budget statements – or budget statements for indigenous peoples, children or other groups – represent one important step used in several countries to gain

insight into the differentiated impacts of public spending.

Participants noted a potential tension between the short-term transparency requirements that apply to the annual budget cycle, and those that apply to medium-term and long-term strategies, plans and programmes (for example, in Kenya, the medium-term 5-year plan provides the framework for the annual budget). However, recent fiscal transparency guidance by international organizations puts a strong emphasis on making the link between the short and long terms. Specifically, these publications list sets of documents that have to be publicly disclosed in order to meet the transparency standards, and this includes long-term documents such as medium-term financial risks and long-term sustainability challenges.

In terms of gaps in knowledge, experts noted that little information exists on trends in budget transparency at the sub-national level. It was noted that public administration at the sub-national level may be unable to comply with all transparency requirements due to limited capacity and fiscal constraints.

Accountability and the budget process

Given the increasing complexity of the context in which governments operate, the role of government has changed as have governance techniques. Reflecting this, government accountability has also shifted to respond to complex governance challenges such as those encapsulated in the SDGs.

Given these transformations, budget accountability goes beyond control and oversight, and becomes a tool for managing strategic objectives of the government. Accountability and government responsibility may involve looking for good practices, learning what works, and managing networks that allow achieving policy goals, beyond the traditional focus on compliance. Budget accountability has moved from a year-end

focus to activities that span the whole budget cycle. Governments are providing more information on their plans and forecasts. Parliaments have adapted their structures to address budget issues, with more specialized committees focusing on different aspects of the budget (forecasts, performance reports, governance). Supreme audit institutions (SAIs) have also adapted, including by developing innovative auditing techniques to respond to changes in governance. In countries like India, SAIs are also using social audits to inform their activities.

Still relatively little reporting on performance of SDG implementation is done by governments. Yet, in some important ways, the SDGs do not represent a radical departure from the past. It was mentioned that most of the work done by SAIs is fully relevant to the SDGs, though it might not be labelled as such. Similarly, governments often have national plans to address complex issues at a whole-of-government level, which overlap with the SDGs even without an explicit connection to them.

In other ways, the SDGs do introduce the need to think of budget accountability differently. A key issue associated with the 2030 Agenda is that of policy coherence. More generally, dealing with complex, multi-sector problems requires integrated (whole of government) approaches. Yet, addressing integration within the context of budget accountability is not without difficulty. For example, attempts to introduce so-called “portfolio budgeting” may face resistance from various actors.

For Parliaments, the need for integration translates into the need for more communication around the budget between specialized committees and committees in charge of specific sectors, as well as dedicated SDG committees that have been created in some countries. Experts also noted, however, that many parliaments do not discuss the budget in great detail, often providing only a vote of confidence on the budget as a whole.

The work of accountability institutions already addresses these issues. For example, the US Government Accountability Office (GAO) regularly conducts audits that consider institutional duplications, overlaps and fragmentation, and their impacts on the efficiency of public spending. GAO has also audited the performance of the government in implementing whole-of-government strategies (e.g. for pandemics, homelessness).

Aspects of budget accountability that are critical to SDG implementation include the following. First, it is important to look at the full government commitment, which includes not only direct spending but also tax expenditures. Second, financial and performance information should be combined in budget documents, rather than presented separately, as the latter makes linking expenditures and performance more difficult. Third, enhancing the evidence base of budgetary decisions. Fourth, closing the gap between planned/forecasted tax revenues and the actual revenues collected. Fifth, “budget credibility” (or the degree to which spending reflects allocations) is important and is linked with the efficiency of spending. Work by the International Budget Partnership aims to better understand the nature and reasons for budget deviations. Lastly, using accrual accounting in budget documents to better reflect public assets and liabilities and the management of natural resources.

Better budget accountability requires an adequate capacity of all relevant stakeholders, including the government, Parliaments, SAIs and other external control and oversight institutions, and the general public. In countries where budgets are heavily dependent on donors, those are also important stakeholders and influence budget transparency and accountability. Each type of stakeholders needs the appropriate capacity to analyze, interpret, and respond to budget information that is provided by the Government.

The need for capacity building in Parliaments was highlighted as essential. Increasing analytical capacity in parliaments is often needed,

especially considering the growing volume of budget information, which in some cases threatens the capacity of Parliaments to engage meaningfully in budget discussions. This requires adequately trained committee staff and strengthened independent research capabilities, including in congressional budget offices. Experts mentioned that insufficient time has been spent on identifying institutional mechanisms needed by Parliaments to fulfill their role in budget accountability. In some countries, the SAI has played a role in this regard, providing capacity building to parliamentarians on how to understand budget information. Additionally, in some contexts there may be a need to streamline budget information and make it more legible.

Well-resourced oversight institutions are also critical. The fact that in some countries SAIs do not conduct performance audits was mentioned as a gap. The SDGs provide a window of opportunity to advance performance audits. Indeed, many SAIs conducted performance audits for the first time when they audited their governments' preparedness for SDG implementation in recent years. The capacity of SAIs to have their recommendations followed upon is also an important factor in enhancing budget accountability. With regard to this, there is a difference between Courts of audits, which have enforcement powers, and national audit offices, which do not. In the USA, even though the GAO as an institution has no enforcement power, a recent law mandates each federal agency, in its annual budget justification going to Congress, is to include a report on each public recommendation of the GAO that is classified as "open" or "closed, unimplemented".

Beyond SAIs, other institutions such as independent fiscal institutions, which provide independent opinions on the quality of the information provided by the government at the beginning of the budget cycle, can play an important role when tasked with mandates that other oversight institutions do not have. However, in some countries the role of independent fiscal institutions is limited by the law.

Challenges mentioned by participants in relation to budget accountability in the context of the SDGs included the following: lack of government accountability around the macroeconomic projections on which the budget is based, with over-optimistic projections for revenue collection being reflected in the approved budget and ultimately resulting in negative impacts on economic actors; how to address issues relating to private sector accountability within the framework of the budget, for example for public-private partnerships; what the role of government and non-governmental experts should be in safeguarding the reliability of information; and the limits to accountability arounds the SDGs when those are perceived by the government merely as a foreign aid agenda.

Lastly, as for other institutional principles, participants mentioned the need to look at the whole national accountability system, which is broader than the few institutions singled out above.

Anti-corruption and the budget process

Efforts to address corruption in the context of budget processes face methodological challenges. There is no standard methodology to measure corruption in relation to budget processes, and consequently no data are readily available in this respect. Aspects of corruption that are of a systemic nature, or related to political economy factors (e.g. use of privileged information by public officials, collusion of public officials to provide false information to the legislature, revolving doors between the public and private sectors, "crony capitalism") are difficult to measure and address. Budget transparency standards cannot fully address these issues. In addition, there is often a tendency to underestimate the sophistication of corruption schemes.

Nevertheless, corruption around the budget process is a concrete issue, and efforts to combat it have revolved around two basic questions: How

to identify corruption risks at different stages of the budget process, and how to address those corruption vulnerabilities.

Given this, experts agreed that only so much can be expected from PFM reforms in terms of anti-corruption impacts. There is clearly a role of PFM reform at the budget execution stage, where basic tools such as streamlining and automatization of processes, compliance controls and audits contribute to limiting corruption. Beyond this, putting too much expectations on PFM reforms to combat corruption may be misplaced. For example, it was mentioned that while great emphasis has been placed on public procurement reform as a remedy to corruption, the primary objectives of public procurement reform should be to enhance efficiency and effectiveness.

In order to address sophisticated corruption schemes, other approaches might work better. For example, the OECD emphasizes that “transparency is about building trust” (through showing that the government “has nothing to hide”), not focusing the message on combating corruption. Examples of transparency during the elaboration phase of the budget include the preparation of the infrastructure bill in Sweden, where extensive consultations allow all stakeholders to check the spatial allocation of investment. The use of formulae for allocating resources to specific programs, especially in areas that are heavily politicized, was also cited in this context.

This being said, there are many examples of PFM-related reforms that can have a positive impact on corruption. Commitments made by countries under the Open Government Partnership (OGP) offer a sample of such tools and approaches. Those mentioned during the meeting included: the publication of contract agreements between the public and private sectors (the case of Slovenia was highlighted as good practice in this regard); the creation of portals or other channels for complaints; the use of social audits by anti-corruption institutions, noting that for those to be effective, there needs

to be responsiveness on the part of the state; conflict of interest commissions; wealth declaration for senior officials; requirements of transparency for the financing of political parties; engaging citizens in budget formulation and resource allocation (Brazil’s policy councils). Countries such as Chile were said to offer good examples of how to regulate and enhance the transparency of lobbying. The effectiveness of most of these tools or institutions critically depends on the capacity and commitment of the relevant institutions (Parliaments, supreme audit institutions, the judiciary) to follow up on evidence of wrongdoing.

In terms of effectiveness, strong PFM systems at the national level are correlated with lower levels of corruption. Relatively little is known about the effectiveness of specific PFM reforms on corruption. A recent study from the IMF suggests that an effective tax authority or revenue body may be more efficient for reducing perceptions of corruption than specialized anti-corruption institutions. There are also few systematic assessments of corruption risks in the budget process at the national level. In all, the lack of evidence on the effectiveness of budget/PFM reforms on anti-corruption remains a gap.

Reflecting the integrated nature of the 2030 Agenda in addressing corruption in budget processes remains a challenge. The global SDG indicators for corruption are narrow and do not capture many facets of corruption. In this regard, it may be helpful to look for evidence in other SDG areas, for example under target 12.2, which relates to efficient management of natural resources. Some experts warned against linking anti-corruption to other institutional principles of the SDGs too systematically, as the underlying empirical evidence to connect them is still insufficient and not systematic.

Participation and the budget process

Participation, together with transparency, is a key pillar of accountability, in general as well as in

relation to the budget process. Participation features in the principles of the Global Initiative for Fiscal Transparency (“GIFT principles”). Among other things, the principles emphasize that “citizens should have the right and they, and all non-state actors, should have effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies”. GIFT has been engaged in a systematic effort to collect case studies and empirical evidence on what practices work in this respect.

To enable participation, complete fiscal information and all other relevant data, in formats and using mechanisms that are easy for all to access, understand, and to use, re-use and transform, should be disseminated. Moreover, Governments should be responsive regarding the purpose, scope, intended outcomes, process and timelines, as well as the expected and actual results of public participation. Also, Governments should make efforts to reach out to the most marginalized groups.

Public participation has to be understood as complementary to - and not a substitute for - existing institutional mechanisms and accountability systems in the budget process. Citizen engagement is a tool that can be mobilized in countries with different accountability systems. Through participation, citizens and civil society can perform the important function of scrutinizing government actions, which other institutional mechanisms (for example, Congressional hearings in the USA) may or may not perform depending on the country context.

Participation has both an intrinsic (for example, through offering marginalized groups the opportunity to influence decision-making) and an instrumental value. However, it also has costs (e.g., related to the capacities and resources needed for participatory processes) and may involve some risks. It can be hard to set up and manage, resource-consuming, and sometimes lead to inconvenient results. Some parts of the

government may feel that they are already overburdened by citizen engagement initiatives. Governments often need to see the practical benefits of engaging citizens, for example in terms of leading to better resource allocation, improving public services and making them more responsive to the needs of citizens. Citizen engagement can play a useful role in monitoring budget execution, especially at the local level but also at the national level.

In addition, there exist many participatory tools and approaches, which involve different degrees of participation (as measured, for example, by the International Association for Public Participation scale); and those are not equivalent or equally adapted to different problems and objectives.

For these reasons, public institutions have to make clear what they expect from citizen engagement. This is a precondition for selecting the appropriate approaches. Among the considerations that matter in this regard are clear criteria for participation, the inclusion of feedback mechanisms, and the role of experts in participatory processes. For example, Kenya has defined clear criteria for citizen participation in the budget process, and the government has to publish reports showing evidence of citizen participation. It is also critical to avoid elite capture and ensure that the scope of participatory processes is such that they can address issues relevant to the most marginalized groups. In all, when considering public participation and citizen engagement, risks and challenges should be kept in mind.

Defining who “the public” exactly is can be difficult. Recently, many countries have seen the emergence of groups that claim to represent the public. There needs to be clear criteria for understanding the legitimacy and representativeness of different groups. The principle of reciprocity, by which organizations wishing to engage with the government have to be transparent on whom they represent and what their agenda is, can help in this regard.

Many countries have some kind of engagement mechanism in relation to the budget cycle (e.g. 94 countries reported the existence of such mechanisms out of the 115 included in the 2017 Open Budget Survey), with a variety of approaches at different stages of the budget cycle. In Canada, for example, there are thousands of pre-budget consultations. Citizens' budgets are also widespread, including some focusing in specific SDG areas in countries that have tried to link their budget with the SDGs.

In terms of effectiveness, more evidence is available for participatory processes at the local level than at the national level. It was mentioned that participatory budgeting has been shown to work well, especially in the Brazilian context. At the national level, little is yet known about the impacts of participation in budget processes. Institutions such as independent fiscal institutions can provide feedback to the government at the national level, but have no equivalent at the local level. Assessing the quality of participation is important, but is rarely done. Lastly, many positive examples of participatory mechanisms come from the sector level, but the wealth of experience that exists in different sectors has not been systematically mobilized to inform participation in budget processes. It is also unclear whether some SDG areas are "more participatory" than others, and if so, what could be done about it.

As already mentioned in relation to transparency, participants emphasized the importance of budget education for both the general public and the Parliament in order for citizen engagement to be productive. Actions to improve budget literacy, capacity building in public institutions, and feedback mechanisms were all viewed as important. A basic task of government is to demonstrate the link that exists between taxes and public services; this is especially important in countries trying to increase domestic revenue mobilization from low levels. It was also emphasized that public participation should encompass broad conversations on the role of the fiscal system in addressing inequality, including

for example the regressive/progressive nature of fiscal systems as well as of specific policies.

In many countries (such as Kenya), the annual budget is inscribed (by law) in medium- and long-term frameworks. The need to align the budgets with the agreed strategies and plans that define the long-term development trajectory at the national level might in some cases conflict with the variability that would come from participatory processes. Hence, there could be tensions between participation and the alignment of different planning instruments. There was no agreement among participants on the importance of such tensions in practice.

Information and communication technologies (ICT) offer new opportunities for public participation in budgeting, for example through open government data. However, technology should not be expected to solve all problems, and both ICT-based and conventional approaches to citizen engagement in the budget processes should be combined.

Budgets and non-discrimination

The link between budget and non-discrimination is relevant to many goals and targets of the 2030 Agenda, especially those that refer to vulnerable groups in society. There are strong and obvious connections with SDG 1.

Discrimination can be deeply embedded in budget processes (e.g., through tax systems). However, it may be hard to identify. For example, work on the administrative burden of public programs reveals how requirements for participation may reduce participation by target groups. Budget-based responses to discrimination can be classified in four categories: dedicated programs (such as affirmative action and scholarships); earmarking of funds for specific groups in general programs (for example, in Kenya, 0.5 per cent of all revenues collected by the national Government are mandated by the Constitution to go to marginalised communities;

the law also requires that 30 per cent of Government procurement opportunities be set aside specifically for enterprises owned by women, youth and persons with disabilities); public services (aiming to reach everyone, especially marginalised groups); and the monitoring of impacts of public programs on specific groups (to understand the differential impacts of the budget and identify unintended impacts). However, budget information as such is often not very informative in this regard. It is important to show where the money is spent (e.g. for police, services). Participatory planning at the ward level in Kenya was mentioned as an example of processes allowing citizens to see where public resources are going.

Participation can also be a critical element to promote non-discrimination in the budget process. Some countries provide good examples of participation in budget formulation (e.g., Canada, Fiji, New Zealand, India, Ukraine), but only Mexico is engaging vulnerable groups in budget implementation. Such engagement as well as the participation of relevant stakeholders in specific SDG areas is enabled by programme budgeting, which facilitates budgeting and performance monitoring of cross-cutting issues.

Experts observed that the landscape for gender-responsive budgeting has changed significantly in the last years both at the international and national levels, and it is now widely agreed that financing is not gender-neutral. At the global level, gender aspects of financing and budgeting are mentioned in international documents such as the Addis Ababa Action Agenda, the Nairobi outcome of the Global Partnership for Effective Development Cooperation, as well as PEFA. At the national level, ministries of finance are increasingly receptive to the need to consider gender issues in budgeting, in particular as way to improve the efficiency of public spending. In Austria, gender-responsive budgeting is mandated by the Constitution.

Compared to other areas, gender-responsive budgeting is well developed. A variety of tools are now available for application at different

stages of the budget cycle. Assessing the impact of budgets on time use of men and women is an example of the sophistication of gender-responsive budgeting tools. However, the application of the concept and its tools and methodologies to other social groups, such as indigenous peoples, is at early stages.

There is great variety in the formats of gender budget statements across countries. Some countries focus on “putting out a number”; others focus on performance indicators. Data is not comparable across countries. In part, this reflects the need for gender-responsive budgeting to be based on the national budget system. Generally speaking, producing budget information on specific groups is easier for countries that have adopted performance budgeting.

The inclusion under SDG 5 of a global indicator (5.c.1) on the proportion of countries with systems to track and make public allocations for gender equality and women’s empowerment has played an important role in providing a solid basis for national conversations on gender budgeting. For example, the Government of India now issues a gender budget statement. It was noted that the indicator has helped move the conversation beyond the consideration of expenditures on gender-targeted programmes, towards a focus on key performance indicators for target groups. However, indicator 5.1.c has limits. As a process indicator, it does not measure outcomes and impacts in terms of gender equality. Some also feel that the indicator does not reflect the 2030 Agenda’s ambition to “work for a significant increase in investment to close the gender gap”, expressed in its paragraph 20.

Participants discussed several challenges to inclusive budgeting based on the experience of gender-responsive budgeting. Above all, while the tracking of resource allocation is an essential first step to understanding how budgets affect social groups, it does not necessarily lead to increased resource allocation or provide insight into outcomes for those groups (particularly where allocations are not actually spent).

However, it is possible to improve government responsiveness with lower budget allocation. The focus of gender-responsive budgeting is almost always on spending, with taxes and revenues hardly examined. In addition, extra-budgetary resources and private funds can fall outside the scope of systems used to track and allocate budget resources. Yet, in order to understand the impact of budget decisions on women, it is critical to also focus on the revenue side of the budget. It was noted that caution should be exercised with regard to newer budget delivery models, in particular public-private partnerships, which may impact women differently and affect traditional channels of accountability. Austerity measures constitute another challenge, as they often lead to budget cuts in social sectors and cause significant harm to disadvantaged groups.

A further, broad challenge is that of data availability. In general, less data is available on budget execution than on allocation. Disaggregating investment on public goods that may affect different groups in different ways (e.g. roads) is conceptually difficult. In the context of the SDGs, budget information by itself may not be sufficient to assess discrimination and should be analysed with other information (such as population or poverty data). However, overlaying information on different sources of discrimination and tracking corresponding expenditures can be very intensive in both data and resources.

Experts pointed out that while more and better data is critical, its absence should not prevent the development of strategies to make programmes more responsive to the needs and concerns of women and other groups. Reflecting this,

focusing on key performance indicators for target groups, as opposed to only tracking expenditures that reach them, is now more common. Gender audits done by supreme audit institutions are also a relatively recent development (a question in this regard was whether it is preferable to push for gender audits, or for the inclusion of gender markers into performance audits).

Participants discussed the challenge for governments of producing group-focused budget information for the many relevant groups identified by the 2030 Agenda, including because of resource constraints. Group-focused reports cannot be fully automatised using budget process outputs, and requires dedicated additional work (e.g. impact assessments, audits). However, in several countries of the Asia-Pacific region, gender-responsive budgeting has often been advanced by motivated public officials operating within existing resources. Some experts felt the political mobilization of different groups was perhaps a more important factor in this regard, with groups that succeed in mobilizing the attention of politicians being more likely to be considered for publication of additional budget data focused on them.

Experts mentioned that efforts to promote “pro-poor” budgeting in the past had been undermined by inadequate policy reforms aimed at benefitting those groups more, including measures to address inequality, particularly through progressive tax systems, as well as by a lack of transparency which prevents adequate monitoring. It was mentioned that governments should publish contextual analyses of poverty and inequality containing objectives and relevant data along with measures to address them.

Annex 1. Agenda

4-5 FEBRUARY 2019

UNITED NATIONS HEADQUARTERS, NEW YORK

4 FEBRUARY 2019

- 09:30 - 10:00 hrs **Registration**
- 10:00 - 10:30 hrs **Opening Session**
- Opening remarks: **Mr. Elliott Harris**, Assistant Secretary-General for Economic Development and Chief Economist, UNDESA
- Welcoming statement and EGM expectations: **Mr. Stefan Schweinfest**, Officer-in-Charge, Division for Public Institutions and Digital Government (DPIDG), UNDESA
- 10:30 - 11:15 hrs **Session I: Context: World Public Sector Report 2019**
- 1) Presentation of the concept for the report
 - 2) The chapter on budgeting and planning within the report
 - 3) Expectations for the meeting
- UNDESA
- 11:15 - 11:30 hrs *Break*
- 11:30 - 13:00 hrs **Session II: Planning and budget processes in support of the Sustainable Development Goals (SDGs)**
- Guiding points:**
- Aligning planning and budgeting processes with the SDGs
 - Planning for the SDGs – inputs for the budget process
 - Budgeting for the SDGs: (a) upstream / budget formulation and financial planning; (b) downstream / budget execution and oversight
- Moderator:* David Le Blanc, Chief, Institutions for Sustainable Development Goals Branch, DPIDG, UNDESA
- 13:00 - 15:00 hrs *Lunch break*
- 15:00 - 16:20 hrs **Session III: Budgets, transparency and access to information**
- Guiding questions:**
- How can the various stages of the budget and planning processes be structured in a way that enhances transparency?
 - How do transparency policies and oversight in various areas contribute to more effective planning, budgeting and implementation processes?
 - What are recent examples at the national and subnational levels?
 - What are emerging issues in this field?

Moderator: Claire Schouten, Senior Program Officer, International Advocacy – International Budget Partnership (IBP)

16:20 - 16:40 hrs *Break*

16:40 - 18:00 hrs **Session IV: Budgets and anti-corruption**

Guiding questions:

- How do corruption risks affect the different stages of the planning and budget process, and how can the associated issues be addressed?
- How can planning and budget processes be structured to minimize corruption?
- What are good examples of practices and tools addressing these issues at the systemic and sector levels?
- What are emerging issues in this field?

Moderator: Aranzazu Guillan Montero, Senior Governance and Public Administration Officer, ISDGB, DPIDG, UNDESA

5 February 2019

10:00 - 11:30 hrs **Session V: Budgets and accountability**

Guiding questions:

- How have initiatives to promote accountability in the public sector (international, national) focused on different stages of the budget and planning processes?
- How can the various stages of the budget and planning processes be designed so as to enhance accountability?
- What are good examples at the sector level?
- What are emerging issues in this field?

Moderator: Chris Mihm, Managing Director for Strategic Issues, U.S. GAO

11:30 - 11:45 hrs *Break*

11:45 - 13:00 hrs **Session VI: Budgets and inclusive decision-making**

Guiding questions:

- How can budget and planning processes be structured to promote inclusiveness and participation?
- What are promising examples at the systemic and sector levels?
- How can budget and planning processes be made inclusive and participatory? What are the trends?
- How do inclusiveness and participation in decision-making with respect to planning and budget impact planning and budget outcomes?
- What are emerging issues in this field?

Moderator: Juan Pablo Guerrero, Network Director, GIFT

13:00 - 15:00 hrs *Lunch break*

15:00 - 16:15 hrs **Session VII: Budgets and non-discrimination**

Guiding questions:

- How can the budget be used to analyse how public resources address the needs of disadvantaged groups (e.g. for persons with disabilities, migrants, indigenous peoples, older persons, the unemployed, etc.)?
- How can budget and planning processes be structured to promote non-discrimination?
- What lessons can be drawn from decades of "pro-poor budgeting"?
- What are promising examples and emerging practices in this field?

Moderator: Tom Beloe, Governance, Climate Change Finance and Development Effectiveness Advisor, UNDP Bangkok Regional Hub

16:15 - 16:30 hrs

Break

16:30 - 17:30 hrs

Session VIII: Revisiting the links among planning, budgeting and the institutional principles of SDG 16

Guiding points:

- Revisit the discussion to determine what has changed in our understanding of the issues
- Important points and preliminary list of messages for the chapter, by principle
- Relationships, synergies, and challenges among initiatives focusing on different principles
- Next steps

Moderator: Lisa Ainbinder, Governance and Public Administration Officer, ISDGB, DPIDG, UNDESA

17:30 - 18:00 hrs

Closing

Concluding remarks: Stefan Schweinfest, UNDESA

Annex 2. List of participants

Name and organization
Thomas Beloe United Nations Development Programme - Bangkok Regional Hub
Juan Pablo Guerrero Global Initiative for Fiscal Transparency (GIFT)
Christopher Mihm United States Government Accountability Office (GAO)
Yamini Mishra Amnesty International
Delphine Moretti Organisation for Economic Co-operation and Development (OECD)
Stephen Masha Ngowa Government of Kenya
Katarina Ott UN Committee of Experts on Public Administration (CEPA); Institute of Public Finance; Zagreb University
Claire Schouten International Budget Partnership (IBP)
Lisa Ainbinder Division for Public Institutions and Digital Governance, UNDESA
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