

Policy priority inference in SDG-related budget analysis for subnational budgeting and public financial management

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Challenges

- **Subordination** to the national authority in terms of allocations objectives (tends to bring accountability gaps).
- **Inter-governmental coordination in national development plans/programs and vertical policy coherence amongst levels of government**, as well as the horizontal policy coherence challenge from the subnational integrated agenda, which needs to also accommodate the national policy priorities.
- **Insufficient information collection** for evidence-based budgeting and outcome analysis
- **Shorter times in office** of elected officials and decision makers
- **Lack of reliable FMIS and/or data interoperability** This impacts the mere capability of linking expenditures to outcomes, but when done manually, it impedes the automated adaptability to changing circumstances that would ensure sustainability of policy prioritization.

Budget credibility which implies that once approved, a government's budget should function as a roadmap to guide spending toward effective delivery of public services and progress on sustainable development.

However, quite frequently, as shown by the work on the matter by IBP, governments veer off course, underspending in some strategic development areas and overspending in other areas, triggering society and taxpayers' questions about the reliability of the budget systems, especially when expected impacts are missed.

Horizontal and vertical policy coherence of development objectives are not commonly mainstreamed to budgets, as they are more broadly understood as resource allocations distributed to administrative units or programs, rather than as enablers and necessary elements for the achievement of societal outcomes

Entry points and agenda proposals

Entry points and examples

- **Development planning structures and documents** through alignment of local development planning (Bogotá, Colombia), or through transversal priority mainstreaming (Guanajuato or Quintana Roo, Mexico).
- **Performance-based budgeting** through budgetary programs that have specific allocations for each of them and have **performance indicators** with corresponding baselines, goals and targets.
- Alignment of national and subnational governments in the SDG national **agenda, or local governments including independently SDG agenda in their plans and programs.** For example, the Canadian provinces of Alberta, British Columbia, Prince Edward Island and Québec, cooperate with the federal government through the Pan-Canadian Framework on Clean Growth and Climate Change, the Cross River State in Nigeria participates in meetings coordinated by the Federal Ministry of Environment on adaptation strategies at the country level; and in Mexico, the State of Jalisco has adopted measures aligned to those undertaken by the federal government.

Proposed Agenda



- **Peer learning** opportunities and forums that include subnational/city government's networks, on SDG mainstreaming in PFM,
- **Knowledge products** highlighting enabling legal, institutional, FMIS and political arrangements,
- **Open repository** with information and solutions from the field about the intersection of public subnational budgets and the SDG agenda,
- **Capacity building** efforts on this topic directed specifically to subnational government's public servants, unavoidably including those in the **Ministries of Finance and Planning entities**.

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