Evidence-Based Resource Prioritization for Sustainable Development Goal Implementation

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Limited resource availability and growing needs—exacerbated by economic downturns due to unexpected global occurrences such as the COVID-19 pandemic—mean that Governments have to make tough budget choices and that the efficiency of those choices matters more than ever. Engaging key stakeholders in making these choices increases the likelihood that they will support healthy public finances, better fiscal outcomes, and more responsive, effective and equitable public policies. Their involvement also strengthens the legitimacy of these choices and contributes to increased trust in public institutions.

To make informed choices, Governments and other stakeholders need to have, at a minimum, technically sound, quality information to weigh the potential positive and negative consequences of the policy choices available to them. Providing key decision makers with solid data facilitates a collaborative resource allocation process that contributes to the achievement of long-term development goals, including the Sustainable Development Goals (SDGs). Budgets are key in this process, as they reveal information about unavoidable trade-offs, allowing stakeholders to plan public policies accordingly. The extent of information largely depends on how budget systems are technically set up and whether the information emanating from them meets quality considerations. To participate effectively, stakeholders outside government need access to this information and open engagement spaces where their contributions can have an impact.

This contribution presents budget tagging as a method that can be used to link budgets to development goals, allowing policymakers and other stakeholders to quantify priority resource requirements, to target resources accordingly, and to monitor results and take corrective action as needed. Practical examples from several countries illustrate the application of this approach and highlight the important role of stakeholders outside the executive branch. The contribution also identifies some of the current gaps in this approach and offers recommendations to address them.

What is budget tagging and what are its benefits?

Budget tagging can be used to technically link financial resources in budgets to priority development goals. In this methodology, individual budget allocations or programmes are assessed and given specific tags when they are considered to affect particular priority goals. Methodologies differ in terms of levels of granularity and coverage. The goals targeted can be directly linked to the SDGs or can be tied to particular national development goals relating to, for example, traditionally marginalized populations such as women, children, youth and Indigenous Peoples or even to specific agendas such as climate/green goals. They can also cover different levels of government and different budgetary classification levels.

Within government, budget tagging facilitates internal review, including the identification of priority goal resource requirements, budget allocations and actual spending, as well as comparisons of actual spending with budget allocations (to assess budget credibility).[2] Further, it provides civil society and other stakeholders with the information required to contribute to budget development and monitor budget execution. Essentially, it facilitates the identification of commonly understood policy priority trade-offs, providing a direct and consistent tool that can be used by all stakeholders in linking public financial management (PFM) decisions to development outcomes over time.

Budget tagging also enriches monitoring and evaluation. It facilitates not only the monitoring of follow-up action in daily operations but also analysis for decision-making, and it enables international comparisons to some extent. When financial resources are linked to priority goals, with budget development and monitoring supported by strong public participation, the impact of public spending becomes traceable and measurable, potentially triggering significant social development improvements. The table below details some of the benefits of SDG tagging throughout the budget cycle.

Table. Benefits of the SDG-tagging methodology in specific budget phases

Budget formulation	Legislative approval	Budget implementation	Audit and oversight
• Facilitates identification of development goal resource requirements • Supports the use of SDGs as an arbitration tool and a driver for evidence-based allocation adjustments • Mainstreams national efforts towards the achievement of the SDGs into operational procedures directed by the ministry of finance towards line ministries	• Enriches the debate around the proposed budget, showing allocations to development goals • Facilitates clear identification and communication in terms of investment in target populations and cross-cutting priorities such as children and youth, gender, and climate change • Enriches communication with non-PFM-oriented civil society groups and the private sector	• Improves the assessment of budget performance • Allows the design of budget monitoring dashboards for decision makers and the public • Monitors expenses through a cross-cutting-priority lens and facilitates evidence-based allocation improvements	• Integrates a focus on particular SDGs in expenditure reviews • Allows Supreme Audit Institutions to undertake audits of the impact of SDG-related policies • Allows parliament and other oversight stakeholders to scrutinize Government's performance in achieving development goals and recommend corrective measures in cases of deviation from budget targets

Budget tagging in practice

Several countries, including those in which members and partners of the Global Initiative for Fiscal Transparency (GIFT) network operate,[3] have been working on integrating development objectives and the SDGs into budget systems.

In the Americas, the Ministry of Finance and Public Credit in Mexico publishes a database on its Transparencia Presupuestaria website that shows at a granular level how government programmes and projects are linked with the SDGs for each fiscal year and throughout all phases of the budget cycle.[4] The information is provided in an open data format that is easily accessible to the public. This annual information supports user-engagement initiatives focused on innovative analysis of budget data for sustainable development. While these exercises were co-pioneered by the Ministry and local data-driven civil society organizations (CSOs), GIFT has documented and promoted the model in its Dataquest and Rally concept note,[5] which has been adapted for application in Argentina, Chile, Colombia (at the national level and in Bogota City), Costa Rica, Indonesia, Mongolia, the Philippines and Uruguay, as well as at the subnational government level in Guanajuato and Mexico City in Mexico. Guanajuato has made further progress by identifying gender considerations in budgeting.

The financial management information system (FMIS) in Argentina consolidates data on national budget allocations to priority areas such as gender-, youth- and child-related

policies. Quarterly spending reports are published,[6] with data presented in open data formats, enabling public administration agents to re-use the data and publish progress dashboards. In Colombia,[7] international partners developed an SDG budget coding and tagging methodology for the 169 SDG targets, as detailed in box 2.3 in the overview section of this chapter.

In Africa, the Government of Ghana has incorporated SDG budgeting and financing into its national budgeting processes at an aggregated level, with SDG codes being added to the standard chart of accounts. The Ministry of Finance publishes periodic SDG budget reports detailing central and local governments' annual budgetary allocations to each SDG. Data on actual spending, however, are not published. The Ghana Statistical Service launched an online interactive dashboard for monitoring the country's SDG progress.[8] To help fill SDG data gaps, the Kenya National Bureau of Statistics initiated partnerships with CSOs and integrated a set of quality criteria for citizen-generated data in the Kenya Statistical Quality Assurance Framework.[9] With the support of the United Nations Children's Fund and the GIFT network, Egypt and Lesotho have also taken steps towards linking their programme-based budgets with cross-cutting development goals.

In Asia, the Philippines is developing a policy-based, unified codification of SDG-related programmes, activities and projects using a whole-of-government approach, providing a basis for linking budgets and the prioritization of public resources as well as private investment with programmes that will impact the SDGs.[10]

The role of stakeholders outside government

Stakeholders outside the executive branch can advocate for the publication of quality budget information and the creation of public participation spaces. They can actively use information to contribute to policy decisions and to monitor the execution of budgets towards the achievement of the SDGs. If those outside of government do not demand information or use the budget information provided, there will be little or no broad-based pressure on the public sector to start or keep producing and publishing such information. Further, stakeholders can undertake research and provide inputs, monitor and advocate for SDG goals, and provide opportunities to educate the public on PFM, among other actions. Relevant examples from the GIFT network illustrate such contributions.

Many CSOs are actively involved in budget monitoring, research and advocacy. The Centro de Investigación Económica y Presupuestaria (CIEP),[11] a Mexico-based think tank, and the Instituto Centroamericano de Estudios Fiscales[12] in Central America have analysed budget allocations and execution, including intergenerational implications. A mapping exercise based on the methodology of the Development Financing Assessment, complemented by an integrated national financing framework, was carried out by CIEP to link resources to actions relating to progress on the SDGs.[13] To explore the connections between budget credibility and efforts to achieve the SDGs, the International Budget Partnership[14] coordinated country research which revealed key data gaps and ways in which budget credibility could be strengthened to support the achievement of development goals.[15]

In Colombia, information from the equity for women budget tracker, available since 2019, has been used by Congress and independent observers to monitor budget allocations to this priority area. The Budget and Public Accounts Committee of the Chamber of Deputies in Mexico has developed technical tools to guide policymakers in the analysis, examination, discussion and approval of the budget from a sustainability perspective towards the allocation of public resources for the achievement of the SDGs. The National Strategy for the Implementation of Agenda 2030 in Mexico[16] states that the Executive Secretary of the National Council on the 2030 Agenda for Sustainable Development is to report every two years on the progress of the Strategy, including on the budget allocated to the SDGs.

Academia can also make valuable contributions. For instance, the public policy programme of the Alan Turing Institute uses a survey to estimate, through predictive statistical models, how the trajectory of achievement of the SDGs will be directly impacted by existing allocations on specific policy instruments.[17]

Current limitations

These and other examples provide encouraging signs that a growing body of information is available at different levels of government and on different key areas. This information can be leveraged by civil society and other stakeholders. International platforms such as the GIFT network provide critical spaces to promote the exchange of experiences and peer learning. Despite these developments and opportunities, significant gaps remain.

As seen in the United Nations *Sustainable Development Goals Report 2022*,[18] few countries have internationally comparable data on most of the SDGs. When information is available, it often fails to meet quality considerations: the information is generally too aggregated to be useful, and there is often a risk of double counting in the case of intragovernmental transfers; SDG washing often occurs, with tagging only being done on positive contributions, while negative implications are ignored; not all public resources, including those reserved for contingencies or debt financing, can be incorporated into an SDG tagging methodology; the quality of information varies between levels of government and ministries, often depending on the officials in charge of record management; publicly available data may differ between official sources; and the information generated by budget tagging is mostly used to compile reports rather than in decision-making processes at other stages of the budget cycle.

Multiple methods can be used for budget tagging,[19] and the consequent lack of uniformity makes it difficult to objectively evaluate data emanating from these systems and to produce internationally comparable data. Key stakeholders such as supreme audit institutions (SAIs) are also often left out of the process. In addition, while budget tagging provides a diagnosis, it cannot accelerate the closing of development gaps. Finally, the balance between the administrative burden budget tagging imposes and its value added is not always clear.

Overcoming limitations

Several actions could help address these shortcomings. Governments should integrate development goals/SDGs in all stages of the budget cycle in a sufficiently disaggregated manner. It is necessary to have open, structured data on the administrative, economic, functional and programmatic classifications, which are the pillars for SDG budget tagging. SDG mapping should consider not only positive links but also negative links and spillovers.

Governments should provide the evidence-based rationale for the prioritization method used, disclosing the methodology applied. A systematic link between PFM decisions and development outcomes should enable the identification of

budget implications for specific groups and policy agendas and how they are affected by trade-offs. Governments can better manage public interest trade-offs if democratic checks and balances are in place.

An automated method is essential for expanding the use of tagging and bringing it into common practice. International financial institutions could assist Governments in doing this by developing a simple internationally accepted budget tagging and prioritization model that could be freely used to link budgets and spending with development results. They could provide technical assistance to Governments in integrating a goal-oriented approach across the fiscal policy cycle.

All key stakeholders should be engaged. They can help government reformers understand which policy choices are more likely to have wide backing if they have quality information and space to provide their inputs. The production of information is fundamental, and transparency is a big step forward, but ultimately actions need to be taken by different stakeholders. Civil society needs to form coalitions to bring additional power to the budget table, embracing the opportunity to serve important global movements, including those focused on gender, climate, and other key areas. For instance, the climate change movement is powerful, but advocates generally lack knowledge on budget implications. CSOs could assist them in bringing informed arguments to the table, supporting and empowering those movements with the budget evidence and information they need to advocate for necessary PFM adaptations.

The whole accountability ecosystem—including legislators, SAIs, the media, independent fiscal institutions, and academia—should be leveraged to move this process forward. Legislators play key roles in approving and overseeing budgets. Auditors should consider adopting an SDG focus in their audits, and independent evaluations should also take SDG indicators into account. Further research into the PFM value added of adopting this approach may prove valuable in documenting benefits, potentially showing the net benefit of implementing it across the fiscal policy cycle and consequently affirming its value to various stakeholders.

Conclusion

While budget tagging shows good results and strengths across various countries in which it has been implemented, significant gaps remain. Lessons learned from these experiences point to actions that could be taken by Governments, international institutions and other stakeholders to overcome relevant challenges and fully realize the potential benefits of linking budgets to sustainable development goals.

Endnotes

1   Raquel Ferreira is Senior Technical Advisor with the Global Initiative for Fiscal Transparency (GIFT), Aura Martínez is the GIFT Coordinator for Knowledge and Technical Collaboration, and Juan Pablo Guerrero is the GIFT Network Director.

2   Budget credibility is determined based on the difference between the budget and actual revenue and expenditure; among other things, it provides an idea of whether fiscal targets set out in budgets are realistic.

3   For more information on the GIFT network, see https://fiscaltransparency.net/.

4   For more information on the Budget Transparency Portal, see https://www.transparenciapresupuestaria.gob.mx/.

5   For more information on the Dataquest and Rally experiences, see Global Initiative for Fiscal Transparency, "Note on GIFT's flagship user-engagement initiatives: Public Infrastructure #DataOnTheStreets Rallies and #BetterBudget Dataquests for Sustainable Development", available at https://fiscaltransparency.net/wp-content/uploads/2023/02/Rally-Dataquests-ConceptNote-2023.pdf.

6   For more information on the Ministry of Economy's Open Budget website and activities, see https://www.presupuestoabierto.gob.ar/sici/analisis-transversales-home.

7   See Joint SDG Fund, INFF Colombia and United Nations Development Programme, *SDG Alignment and Budget Tagging: Towards an SDG Taxonomy—Analysis for Colombia* (UNDP, 2022), available at https://www.undp.org/sites/g/files/zskgke326/files/migration/co/UNDP_Co_POB_Publicacion_SDG_Aligment_and_Budget_Tagging_Methodology_May23_2022.pdf.

8   For more information on this national SDG reporting platform, see https://sustainabledevelopment-ghana.github.io/.

9   For more information on the Framework, see https://www.knbs.or.ke/download/kenya-statistical-quality-assessment-framework-kesqaf/.

10 For more information on the Joint Programme on INFF Philippines and the ongoing development of the country's Integrated National Financing Framework, see https://medium.com/@jp.inff.ph.

11 For more information on the Center for Economic and Budgetary Research (CIEP), see https://ciep.mx/.

12 For more information on ICEFI, see https://intranet.eulacfoundation.org/en/mapeo/instituto-centroamericano-de-estudios-fiscales-icefi.

13 For more information on the mapping exercise, see Centro de Investigación Económica y Presupuestaria, A.C., "Evaluación del financiamiento para el Desarrollo: mapa de recursos", available at https://ciep.mx/wp-content/uploads/2022/11/Evaluacion-del-Financiamiento-para-el-Desarrollo.pdf. Information on the UNDP Development Financing Assessment is available on the Sustainable Finance Hub at https://sdgfinance.undp.org/sdg-tools/development-finance-assessment-dfa-guidebook. Information on integrated national financing frameworks is available on the INFF Knowledge Platform at https://inff.org/.

14 For more information on the International Budget Partnership, see https://internationalbudget.org/.

15 Sally Torbert, "Connecting budget credibility and the Sustainable Development Goals: results from 13 country investigations", synthesis paper (Bill and Melinda Gates Foundation and International Budget Partnership, October 2022), available at https://internationalbudget.org/wp-content/uploads/Connecting-Budget-Credibility-and-the-Sustainable-Development-Goals-Results-from-13-Country-Investigations2.pdf.

16 See Mexico, Presidencia de la República, *Estrategia nacional para la implementación de Agenda 2030 en México* (2019), available at https://www.gob.mx/cms/uploads/attachment/file/514075/EN-A2030Mx_VF.pdf.

17 For information on the work being carried out by the public policy programme of the Alan Turing Institute, see https://www.turing.ac.uk/research/research-programmes/public-policy; specific information on automatic SDG alignment and budget tagging is available at https://www.turing.ac.uk/research/research-projects/automatic-sdg-alignment.

18 United Nations, *The Sustainable Development Goals Report 2022* (Sales No. E.22.I.2), available at https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf.

19 See, for example, Organisation for Economic Co-operation and Development, *Green Budget Tagging: Introductory Guidance and Principles* (Paris, OECD Publishing, 2021), available at https://www.oecd-ilibrary.org/governance/green-budget-tagging_fe7bfcc4-en.