

# Mainstreaming the SDGs into National Budgets

UNDP Bangkok Regional Hub

# Key Messages - Opening

- Public budgets are amongst the most powerful instruments for governments to address the Agenda-2030.
- Mainstreaming SDGs into budgets cannot be effective if budget processes remain unaffected.
- Mainstreaming SDGs into budgets is not a single exercise by one actor but requires a concentrated effort of many actors implementing various initiatives over a period of time.
- No One Size Fits All!

# Designing the BSDG Model: UNDP Concept Note

*Min*

*Mid*

*Max*

## Question 1: WHY? (Who will be the primary users/beneficiaries of the BSDG?)

Limited number of users

All domestic stakeholders including parliaments, SAI, CSO and other stakeholders

All domestic stakeholders and international audience (cross-country comparable data)

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Selected SDG areas and SDG targets (as per government desire/choice)

Information on cross-cutting SDGs supplements the existing functional classification.

Full SDG coverage

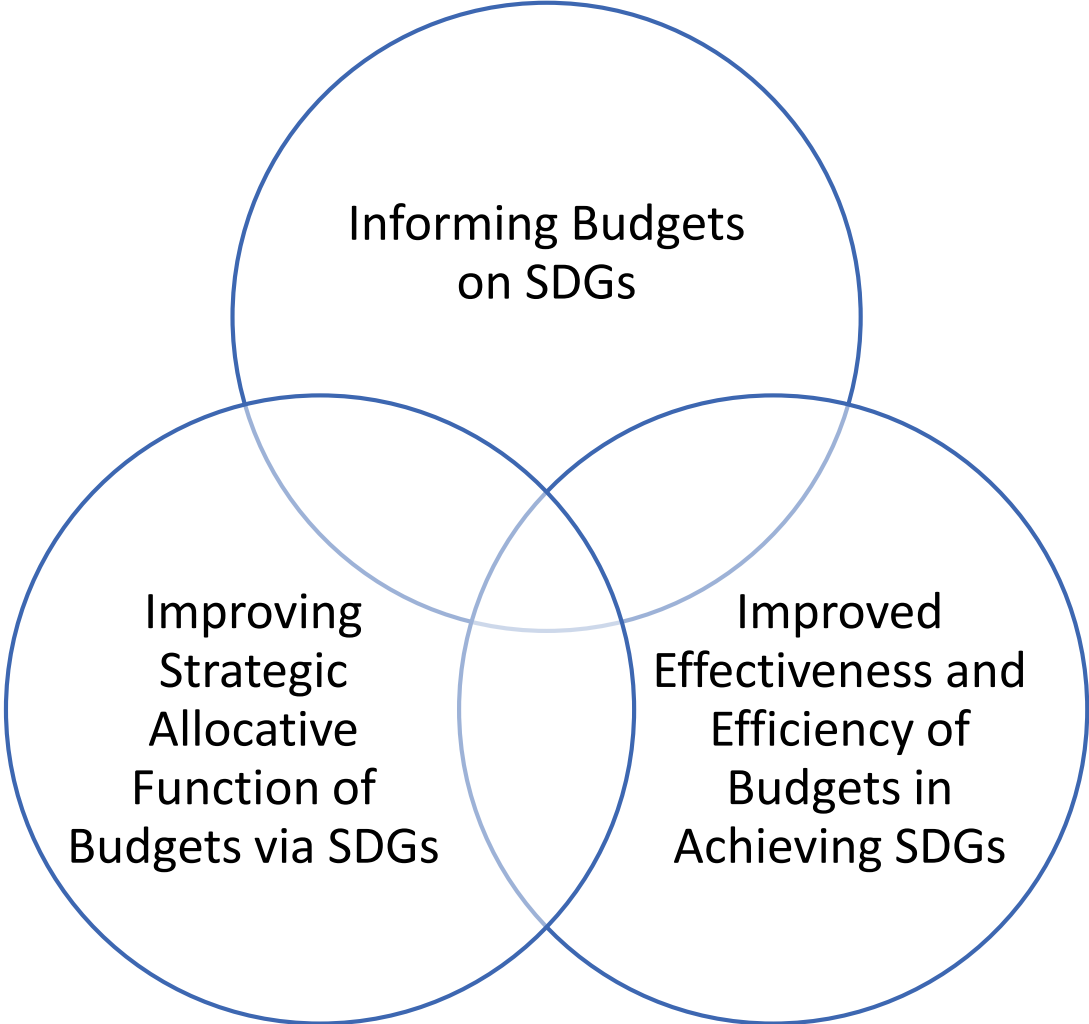
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Selected SDG areas and SDG targets (as per government desire/choice)	Information on cross-cutting SDGs supplements the existing functional classification.	Full SDG coverage
<b>Question 4: WHEN? (When in the budget cycle will SDG information will be used?)</b>		
At the end of budget formulation process – reflecting BSDG information in final budget documents (after the budget decisions are made)	During the budget formulation process: may have limited influence on budget decisions but still in the budget formulation process.	Before (or at the very beginning of) the budget formulation process (e.g. at strategic budget allocations stage, or in Medium-Term Budget Frameworks)

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<b>Question 5: HOW? (How the PFM business processes will adapt the BSDG?)</b>		
E.g. basic/manual checklist of SDG relevance for selected budget proposals to support budget decision making.	Ad hoc/manual mapping of budget lines with SDGs is done.	BSDG information is integrated into FMIS.

# Three Pillars of SDG-integrated Budgeting



Informing Budgets  
on SDGs

Improving  
Strategic  
Allocative  
Function of  
Budgets via SDGs

Improved  
Effectiveness and  
Efficiency of  
Budgets in  
Achieving SDGs



# BSDG COUNTY CASE 1:

## PRESENTING THE RANGE OF COUNTRY-SPECIFIC BSDG TOOLKIT

### POLICY-BUDGET BRIDGE IN LINE MINISTRIES/DEPARTMENTS

Integrating SDGs in  
planning documents  
(e.g. periodic plans)

SDG costing (selected  
SDGs) or  
Capacity building for  
SDG costing

research to inform on  
effectiveness and  
efficiency of budget  
interventions (specific  
budget lines) on  
selected SDGs

### SDG-INFORMED BUDGET ALLOCATIVE FUNCTION

Re-design of MTEF to  
explicitly host SDGs

Build-in SDG-based  
templates for strategic  
budget allocative  
function during the  
MTEF process

### SDG-INFORMED COMMUNICATION OF LMS/LDS WITH MOF/FD

Adjusting budget  
circulars to reflect on  
SDGs in budget  
proposals

Simple checklist of  
SDG (or SDG indicator)  
relevance during  
budget formulation  
stage

SDG budget coding

### SDG-INFORMED COMMUNICATION WITH PARLIAMENT

SDG advocacy to MPs

Mapping SDGs with  
the national/provincial  
development agenda  
and cross-check with  
budgets

SDG Citizen's Budget

SDG budget coding

### EXPENDITURE MONITORING AND REPORTING USING SDG TARGETS

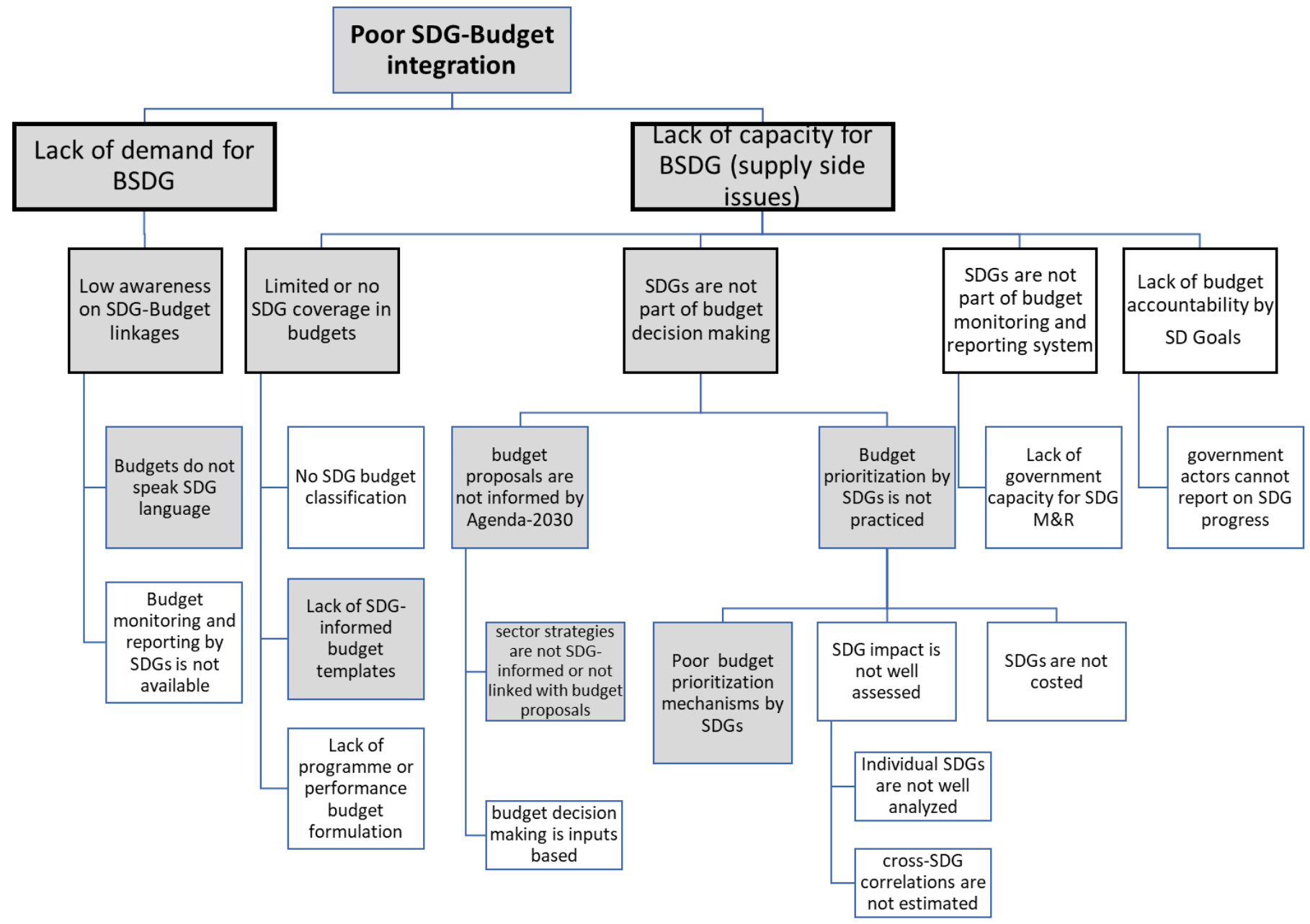
Selected SDG budget  
execution reporting

SDG budget coding

Support in SDG  
monitoring, reporting and  
statistics, including  
transparency and  
outreach of SDG data for  
research institutions,  
CSO, universities

# BSDG COUNTRY CASE 2: STEP 1

## PROBLEM TREE FOR BUDGETING FOR SDGS



# BSDG COUNTRY CASE 2: STEP 2

## STRATEGIC SEQUENCING OF THE REFORMS

Step 3:  
Piloting  
WE ARE HERE

### Tier 1: Piloting Budgeting for SDGs in Health Sector

- Mapping SDG3 indicators with SDV-2030, GAP and other health policy papers
- Informing the 2019 Budget on SDG 3 (Health)
- MOH Capacity Building
- Piloting SDG-driven budget formulation (new templates)

### Tier 2: SDG-informed Budget Presentation

- Mapping of all SDG indicators with SDGs, SDV2030, GAP
- Alignment of PBB annex with all SDG indicators for the 2020 Budget
- Presentation of SDG related information in the General Guidelines for Social Economic Development
- Presentation of SDG related information in the Citizen's Budget

### Tier 3: SDG-based Budgeting

- Adapting the Budget Circular to host SDG target related processes
- MTF/GGSED/Budget Submissions for all relevant SDGs incorporate policy (and SDG)-based budget justification
- Budget scrutiny by SDGs
- Budget negotiations stage is adapted to host discussions with line ministries on bottom-up SDG-based justifications for additional funding vs. top-down SDG policy goals and ceilings

# BSDG COUNTRY CASE 2: Step 4

## Building on the Pilot – MOF Decisions for Next Steps

Min (requires less complicated system)	Mid	Max (requires advanced systems)
<b>Question 1: WHY? (Who will be the primary users/beneficiaries of the BSDG?)</b>		
Limited number of users (the Cabinet, Finance Ministry and/or SDG relevant working group)	All domestic stakeholders including parliaments, SAI, CSO and other stakeholders take part in either budget formulation and/or budget reporting and accountability for SDGs	All domestic stakeholders and international audience (cross-country comparable data)
<b>Question 2: WHO? (Who will be mainly responsible for implementation of the BSDG process?)</b>		
Centralized central unit responsible for Financing for SDGs (e.g. finance/planning ministry)	Centralized plus line ministries relevant to selected SDGs	Decentralized (deconcentrated): all line ministries and other stakeholders drive SDG budgeting
<b>Question 3: WHAT? (What is covered by the BSDG?)</b>		
Selected SDG areas and SDG targets (as per government desire/choice)	Information on cross-cutting SDGs (e.g. poverty, climate change, biodiversity, gender equality) supplements the existing functional classification. As a result, complete SDGs information is available either via existing classification or supplemental SDG budget coding. (if these systems are not in the same FMIS, then accuracy and timeliness of information is compromised.	Full SDG coverage: All SDG indicators and targets are explicitly reflected in budgets as part of the same budget information system
<b>Question 4: WHEN? (When in the budget cycle will SDG information will be used?)</b>		
At the end of budget formulation process – reflecting BSDG information in final budget documents (after the budget decisions are made); thus, BSDG is used solely for information purposes (is not driving budget decisions)	During the budget formulation process: may have limited influence on budget decisions but still in the budget formulation process.	Before (or at the very beginning of) the budget formulation process (e.g. at strategic budget allocations stage, or in Medium-Term Budget Frameworks: as a result, strategic budget allocations are fully SDG-informed) and then throughout the rest of the budget cycle
<b>Question 5: HOW? (How the PFM business processes will adapt the BSDG?)</b>		
Basic/manual checklist of SDG relevance for selected budget proposals to support the case at budget decision making. The depth of analysis may be too basic as the budgets lines are not mapped with SDGs, but this option is very easy to implement in any country.	Mapping of budget lines with SDGs is done. BSDG information is used at both budget formulation and budget reporting stages but process is manual/ad hoc, so risks of quality and timeliness of information exist.	BSDG information is integrated into FMIS, so the information on SDG linkage is supplied to budget decision makers before the budget decisions are made (any time needed) and for the rest of the budget cycle. Also, reporting is done on automatic basis, as part of the FMIS produced report.



DECISION AREA	MIN	MID	MAX
<b>Number of pilot ministries for BSDG</b>	One (Ministry of Health)	Adding 2-3 more ministries (SDG priority ministries)	Rolling-out of new approaches to all ministries
<b>BSDG Horizontal Reforms</b>	No rolling-out to other line ministries of any BSDG reforms	Limited approach – use SDG targets in 2020 Budget Annex 1 solely for information purposes but no bridging with budget appropriations	Rolling-out of SDG templates for Additional Budget Requests to other ministries (few or even all)
<b>BSDG Vertical Reforms</b>	No change to 2019 budget process (limited use of BSDG templates driven by Development Partners)	MOH internal process adjustments to fully own the process of development of SDG-based justification of MTF, GGSED and 2020 budget proposal for Additional Budget Requests	Expand the application of BSDG templates to all sectors during the MTF and budget formulation processes.
<b>Adjusting 2020 Budget Calendar to host SDG related processes</b>	No change to 2020 Budget Calendar	No formal/legal changes to the 2020 Budget Calendar but MOH adjust its internal timelines to host health sector SDG-based negotiations on SDG policies, targets and budget ceilings. This process adjustment is reflected in the Budget Instructions to inform the MOH.	Budget Calendar is adjusted bringing budget negotiations earlier in the process and allocating more time for SDG-based negotiations prior to budget ceilings development
<b>Budget Instructions to host SDG related requirements</b>	No changes to 2020 budget instructions are made	2020 Budget instructions have additional requirements for MOH pilot only	2020 Budget instructions have additional requirements for MOH pilot and general requirement for other ministries for SDG-friendly 2020 Budget (Annex 1)
<b>Adjustments to the General Guidelines for Social Economic Development</b>	GGSED reflects on SDG targets for the health sector (for information only)	GGSED reflects on SDG targets for all sectors	GGSED development process adjusted to host SDG-based priority setting and development of guidelines
<b>Adjustments to the MTF development</b>	No changes to MTF process in 2019	SDG-based budget negotiations are brought forward into the MTF formulation stage. MTF chapter on health sector contains decisions on additional funding using SDG policies and targets	MTF contains SDG policies and targets-driven budget decisions for all sectors
<b>Budget Proposals are SDG-based</b>	Budget proposal for MOH presents SDG-based justification for Additional Budget Requests only	Budget proposal for MOH presents SDG-based justification the whole MOH 2020 budget package	Budget proposals for other ministries present SDG-based justification
<b>Citizen's Budget</b>	No change in Citizen's Budget coverage	Citizen's Budget integrates SDG policies and targets summary for health sector	Citizen's Budget integrates SDG policies and targets summary for all relevant SDG sectors
<b>Role of the NDA</b>	No specific role on SDGs for NDA during MTF/budget formulation	NDA provides necessary inputs (assessments) to the MOF on SDG policies and targets for the health sector in the GGSED	NDA provides inputs on SDG policies/targets for all sectors; contributes with analyses for gradual bridging of the GGSED with MTF process
<b>Role of the Parliament</b>	No additional role for parliament on SDG budgeting for 2020 process	Explanatory meetings and workshops on Budget Annex 1, SDG policies and targets in the budget, new SDG budgeting concepts and templates	Parliament engages on 2020 budget scrutiny using SDG policies and targets
<b>Role of CSOs</b>	No specific role for CSOs on SDG Budgeting for 2020 budget cycle	CSOs are invited to monitor and evaluate SDG-based budget performance using PFM analytical tools for selected pilot areas	MOF and line ministries engage CSOs in both budget formulation and monitoring & evaluation of SDG-based budget performance using PFM analytical tools
<b>SDG Budgeting organizational and functional adjustments introduced at MOF</b>	No new organizational structure introduced at MOF	MOF health sector experts (and others) participate in SDG budgeting workshops and apply new approaches for the 2020 budget process	MOF introduces new specific organizational responsibility/functions directly responsible for SDG budgeting
<b>SDG Budgeting functions enhanced at line ministries</b>	No changes to current practices in line ministries	MOH internally engages sector policy units early in the budgeting process so SDG policies and targets form the grounds for MTF and budget proposal development	MOF centrally facilitates SDG-based MTF and budget formulation process in all line ministries via Budget Instructions and other formal channels
<b>Introducing new budget classification on SDGs</b>	No SDG classification is introduced for 2020 budget process	MOF gradually introduces SDG policy-budget mapping table (manual process)	FMIS integrates SDG budget classification and makes the process automated (with or without changes in the chart of accounts)

# Key Messages - Concluding

- Public budgets are amongst the most powerful instruments for governments to address the Agenda-2030.
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THANK YOU!