Keeping budget promises

How can we ensure country spending towards the SDGs is on track?

September 12, 2023
8:00 am – 9:15 am ET
Policies favoring development goals are prioritized

Enables the strategic allocation of resources

Funding of policies is stable

Improved fiscal and macroeconomic stability

Improved management of public revenue and expenditure

Public services efficiently contribute to development goals

Helps public services to be delivered efficiently

Public Financial Management Reforms

Sustainable Development Goals

PFM and SDGs
Budget Cycle & SDGs

Policy-based fiscal strategy and budgeting

Transparency of public finances

Predictability and control in budget execution

Budget reliability

External scrutiny and audit

Management of assets and liabilities

Accounting and reporting
775+ PEFA assessments in 155 countries

Global PFM Score ‘C’ i.e., Basic Level of Performance & Huge Scope for improvements

435 PEFA at a national level
330+ PEFA at a local level
SDG 16.6.1 Primary government expenditures as a percentage of original approved budget
Do government budgets really prioritize Health?

Data (67 countries – 23 LICs, 26 LMICs, and 18 UMICs)
Relationship between actual total government expenditure relative to the original approved budget and deviation in health and education spending
Illustrative new PFM Products that support SDGs

PEFA Gender supporting Gender Equality SDG 5

PEFA for Subnational Governments with Service Delivery Module supporting SDG 3 and SDG 4

PEFA Climate supporting Climate Action SDG 13

SDG indicator 16.6.1 speaks how budgets are affected by COVID-19 pandemic
*The UN SDG Extended Report 2022 - page 11*

Government budget credibility and the impact of COVID-19
*World bank/ World Development Indicators/Stories Site*
Learn more about PEFA

www.pefa.org

Send us an email: services@pefa.org
Key Findings: Examining Budget Credibility in a Sector

Godson Aloryito, International Budget Partnership
Research Approach

In 2023, IBP continued its collaboration with civil society partners in 13 countries to investigate why spending in social sectors deviates from the budget within specific SDG-related sectors.

Researchers focused on one sector per country (such as education, health, water and sanitation, agriculture, or environmental protection).

To better understand the trends, drivers, and impact of budget deviations on sector performance and efforts to achieve related SDGs.
# Findings: Sector deviation trends

<table>
<thead>
<tr>
<th>Sector</th>
<th>Country</th>
<th>Average Deviation Rates</th>
<th>SDG Status (2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture (SDG 2)</td>
<td>The Gambia</td>
<td>-25%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td></td>
<td>Ghana</td>
<td>-30%</td>
<td>Significant challenges remain</td>
</tr>
<tr>
<td></td>
<td>Zambia</td>
<td>217%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td>Health (SDG 3)</td>
<td>Mongolia</td>
<td>-4%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td></td>
<td>Nigeria</td>
<td>-35%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td></td>
<td>Nepal</td>
<td>-18%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td>Education (SDG 4)</td>
<td>Argentina</td>
<td>-29%</td>
<td>SDG achieved</td>
</tr>
<tr>
<td></td>
<td>Côte d’Ivoire</td>
<td>-14%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td></td>
<td>Romania</td>
<td>13%</td>
<td>Challenges remain</td>
</tr>
<tr>
<td>Water and Sanitation (SDG 6)</td>
<td>Indonesia</td>
<td>-17%</td>
<td>Significant challenges remain</td>
</tr>
<tr>
<td></td>
<td>Senegal</td>
<td>-48%</td>
<td>Major challenges remain</td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
<td>-8%</td>
<td>Significant challenges remain</td>
</tr>
<tr>
<td>Environmental Protection (SDGs 13, 14, 15)</td>
<td>Mexico</td>
<td>21%</td>
<td>Significant challenges remain</td>
</tr>
</tbody>
</table>
Findings: Sector deviation trends

7 out of 13 countries recorded deviations above 20 percent.

Underspending against the approved budget was more pronounced for capital expenditures.

Most governments do not clearly explain budget deviations in their annual performance reports.
How can we improve budget execution?

**Government**
- Ensure timely release of budgeted funds
- Governments revenue projections must be reliable to fund planned spending.
- Streamline bureaucratic processes resulting in procurement delays
- Improve budget credibility fiscal transparency practices
- Strengthening budget oversight mechanisms

**Civil society**
- Seek out reliable data, even if it is not publicly available
- Look beyond spending to better understand the root causes of poor budget credibility.
- Develop common criteria for assessing the justifications for poor budget credibility.
Thank you!

For more information:
Examining Budget Credibility in South Africa’s Water and Sanitation Sector

Keeping Budget Promises: IBP Launch Webinar
12 September 2023

www.psam.org.za

@PSAM_Africa
Methodology

- First brief - used simple framework to calculate deviations and compare with SDG progress.
- SA had relatively low deviations across sectors, but also slow progress.
- Second brief - required deeper interrogation of various documents to uncover trends.
- Water and Sanitation sector source of increasing concern related to security and quality of supply.
- Complexity of the budget (transfers, regulatory frameworks)
- Looking at budget credibility, rather than allocations only, helped to diagnose some systemic challenges in the sector that we hope can be addressed to improve quality of water supply.
Key findings

- Significant deviations (underspending) apparent at this scale, mostly in compensation of employees (-7%), payments for capital assets (-35%).
- Underspending attributed to vacancies, many of which in key oversight or technical roles as well as administration (i.e., HR - recruitment).
- Only 2% deviation for Transfers and subsidies, but on further interrogation R1-2 billion each year underspent on key infrastructure grants to municipalities (procurement/SCM).
- In one muni (Makana) grants underspent by as much as 80% each year (despite ongoing water challenges).
- Poor planning and execution across spheres of government, inadequate oversight and technical assistance, persistent challenges.
Recommendations

- Improve reporting to enable better citizen monitoring.
- Improve coordination across departments.
- Establish better financial controls and oversight mechanisms to monitor in-year spending.
- Conduct further research to unpack budget credibility across national, regional and local structures.
- Engage DWS and Parliament to examine and address persistent challenges identified in this study.
Thank you

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Public Service Accountability Monitor
Credibilidad presupuestaria en Educación:

El caso de los jardines infantiles en Argentina
Metodología

Enfoque de método mixto

Revisiones de documentos presupuestarios

Solicitudes de información pública

Solicitud de entrevista con funcionarios/as de la Dirección General de Infraestructura del Ministerio de Educación

Denegadas por existencia de reclamo pendiente de resolución relativa al programa

Ejecución Financiera

Datos del Presupuesto Nacional (etiquetados como “NNA” – Niñas, Niños y Adolescentes)

Análisis de ejecución y reasignación

Ejecución Física

Programación y Ejecución Física

Explicaciones sistemáticas sobre desviaciones
Principales hallazgos

Fortalecimiento Edilicio de Jardines Infantiles 2018-2022

Objeto: ampliación de la cobertura de las Escuelas de Nivel Inicial

Reasignación Presupuestaria*

-52% 38% -3% -31% 6%

Ejecución Presupuestaria

71% 85% 57% 74% 66%

Fuente: Elaboración Propia con base en datos del Ministerio de Economía

* Diferencia entre presupuesto vigente y presupuesto original
Principales hallazgos

Programa de Fortalecimiento Edilicio de Jardines Infantiles

*Metas físicas* - Incumplimiento de las metas proyectadas.
Entre 2018 y 2022 se había propuesto la construcción de

- 7,537 nuevas aulas
- 896,267 metros cuadrados

de las cuales se realizaron

- 19%
- 38%

Se ejecutó el 72% del presupuesto vigente durante este periodo
¡muchas gracias!
Budget Credibility & Sanitation in Senegal

Sokhna Assiatou Diop
Program Officer, IBP Senegal
Impact of sanitation services gaps on Communities

• In 2009, nearly 6 million people living in informal settlements were affected by floods with reconstruction and recovery costs estimated at XOF 62 billion.

• In 2020, all regions of Senegal were impacted with 12,475 households flooded, 77,260 people affected and 3,285 individuals displaced.

• To this day, with each rain season, the issues related to mobility, water stagnation in houses and streets, overflooding, loss of materials, stress and indebtedness persist and intensify.
The lack of Sanitation infrastructure in public facilities

- In informal settlement residence, toilets in schools, markets, health facilities are in medium to poor condition.
- In average, there is one toilet for 122 children in informal settlement public schools.
- In most public facilities, there is an absence of sewered sanitation services, schools dispose of liquid waste in the toilets.
- Toilets are not adapted to menstrual management, nor are they accessible to the disabled.
Building trust w/gov’t and communities is key to accessing data

What are we leveraging?

• Early collaboration with the Ministry of Water and Sanitation
• Sectoral alliance with the Ministry of Finance, and the National Procurement Agency
• Building common understanding of budget credibility narrative and underlying causes
• Communities' pressure for better services and Gov’t will to be more performant
• Partnership w/communities to access granular and actionable data on services
Underspending compromises WASH sector performance

- In 2021, the PAGEP program registered an overall budget underspending rate of 22 percent for the construction of sanitation infrastructures.
- In 2021, the target for the construction of public toilets under the PAGEP program has an achievement rate of 30%.
- In 2022 the rainwater management program had an underspending rate of 33 percent after ten years of implementation (2012-2022).
- Between 2012-2022, the budget allocated to "Urban Restructuring and Rehousing of Populations" was underspent by 88 percent.
Responsiveness of Senegalese Government

- Engagement with the Sanitation and Finance ministries in improving transparency and BC reporting
- Engagement with Sanitation Directorate in overcoming coordination challenges through Management Dialogues
- Engagement with Procurement Agency, Sanitation and Finance ministries to improve delays in budget releases and procurement through Multi-sectoral collaboration
Sector Breakout Group Discussions

EDUCATION: Argentina, Romania, Cote d'Ivoire

AGRICULTURE: Ghana, The Gambia, Zambia

HEALTH: Mongolia, Nepal, Nigeria

WASH: Indonesia, South Africa, Senegal