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Background paper prepared for the 2016 Global Education Monitoring Report

Education for people and planet: Creating sustainable futures for all

Integrated financial planning and SDG readiness in the education sector

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By Development Finance International 2016

Executive Summary

This paper has been commissioned for the Education for All Global Monitoring Report 2016 from Development Finance International (DFI)[1]. The study aims to help build the evidence for how prepared for a more holistic and integrated approach to financial planning developing countries are, in light of the new SDG agenda. It is widely agreed that a holistic and more integrated approach to the different dimensions of the SDG agenda is vital. This will require integrating goals across sectors to make the SDGs more cost-effective and efficient. This study looks to build a baseline of how prepared 76 Low- and Middle-Income countries are. It bridges some of the evidence gaps, from the perspective of the commitments to education in the SDGs, with the objective of both helping to build a baseline on the extent to which developing country governments are using integrated approaches in their budgeting, and to begin to identify what can be done to improve 'SDG readiness' in future budgeting and planning processes.

The study looks at "integrated SDG-ready financial planning" in the education sector, and from the perspective of the ability to monitor the broader agenda, linked to education, according to three different dimensions:

1. The ability to analyse sector-specific - or intra-sector - integrated budgeting and planning within the education sector, in line with the SDG targets. This includes the ability to analyse the degree of equity built into financial planning in education in line with the commitment to focus on equity in the SDGs (the "leave no one behind" approach), and across the different levels of education.
2. The ability to identify by different levels of government through decentralised planning and spending
3. The ability to clearly identify cross-sector (or inter-sectoral) integration planning in light of the need for cross sector planning in the SDGs.

The study identified some key lessons and ways forward. Overall, the study concludes that for most countries in this sample there is far too little information available which enables an assessment of good financial integration. What is known is too little on which to draw full conclusions; however, country analysis shows the kinds of areas and potential for successful cross sector planning and spending to flourish. The importance of political will, backed by institutional systems that support it, is key for integrated planning. However, such institutional arrangements which are clearly set out, with systems to support them, continues to be the exception rather than the rule. Within education a large amount of different institutions is involved in delivering allocation to the education sector, however, there is some evidence that while this may denote aggregation of activities, this often does not appear to reflect good systems and process for education planning. A robust breakdown and programmes involved in education financial planning documents is an important stepping stone to identifying integrated financial planning within the sector. There is a need to improve systems for spending that specifically address equity; which must be a focus of "SDG-ready" integrated education planning. For good cross-sector planning to take place, it needs to be enabled by good systems and process for tracking programmes. A good balance of national vision in sector planning coupled with localised planning through decentralised systems can sometimes lead to the best integration.

[1] This paper was written by Jo Walker of Development Finance International, with support from DFI colleagues. The South Africa case study was prepared with inputs from Debbie Budlender. The Colombia case study was prepared by Karen Rodriguez.

Section 1: Background and methodology

This paper has been commissioned for the Education for All Global Monitoring Report 2016 from Development Finance International (DFI). Development Finance International (DFI) manages the Government Spending Watch (GSW) programme, which tracks spending in Low and Middle-Income countries across 7 sectors, namely: agriculture, education, environment, gender, health, social protection and WASH (Water, Sanitation and Hygiene).

Drawing on the evidence and expertise gained through this programme, this commission aims to identify how prepared countries are for financially planning and budgeting in an integrated way - as envisaged by the Open Working Group (OWG) for the SDGs – focusing on Sustainable Development Goal 4, and the 'Education 2030 Framework for Action'.

It is widely agreed that a holistic and more integrated approach to the different dimensions of the SDG agenda is vital. This will require integrating goals across sectors to make the SDGs more cost effective and efficient. It is also widely recognised that this is where the MDGs fell short: they identified sectoral goals – and targets under them – with little consideration of how efforts to attain a goal in one sector would affect (or be affected by) efforts in another sector. In the SDGs, many of the goals and targets have areas which overlap each other. To successfully achieve this vision of a more integrated approach, governments will need to plan, and implement those plans, in a more integrated way. Yet little is known about the extent to which such approaches are being used. It is assumed that budgetary planning in many countries remains far short of the sort of integrated planning envisaged by the SDGs; that is, "integrated SDG-ready financial planning" (see below for how this is being defined throughout this study). This potentially leaves it very difficult to evaluate and monitor the true extent that financial planning is able to support more integrated approaches to development. This also could lead to underreporting in certain areas, which may mean that the totality of budget allocations and expenditure for education - or other SDGs for that matter – is not captured. This will also require budgeting and financial planning which is able to reflect such an approach - as envisaged in the Post-2015 framework.

What do we mean by "integrated SDG-ready financial planning"?

This study aims to bridge some of the evidence gaps, for tracking financial commitments to education in the SDGs era. It therefore aims to build a baseline on the extent to which developing country governments are using integrated approaches in their budgeting, and to begin to identify what can be done to improve "integrated SDG-ready financial planning" in the future.

The study looks at "integrated SDG-ready financial planning" in education, and from the perspective of the ability to monitor the broader agenda set-out for education, according to three different dimensions:

1. The ability to analyse sector-specific - or intra-sector - integrated budgeting and planning within the education sector, in line with the SDG targets. This includes the ability to analyse the degree of equity built into financial planning in education in line with the commitment to focus on equity in the SDGs (the "leave no one behind" approach), and across the different levels of education.
2. The ability to identify, by different levels of government, decentralised spending allocations, namely multi-level vertical integration, in order to understand how easy it is to track spending on education at

different levels of government, and to understand allocations to education spending in its totality (this essentially measures both efficiency and totality of education spending).

3. The ability to clearly identify cross-sector (or inter-sectoral) integration – in light of the need for cross-sector planning in the SDGs – that is, areas which could be considered as education spending but which are located in other sectors or ministries not aligned with education.

Methodological approach to the study

This study looked at each of these three dimensions, and conceptualised how, using official government budgets and documents, it would be possible to measure current levels of integrated SDG-ready financial planning, build a baseline for future work, and identify recommendations for improving the ability to assess this in future. This section briefly outlines the overarching process followed to carry out that analysis, which is supplemented with more on the specifics for each of the different dimensions in the relevant sections.

The same broad methodological approach and data sources were used throughout. That is, an analysis of official government budget documents, coupled with an analysis of government sector/development plans. The starting point for this analysis was the use of publicly available annual budget documents, in order to both maximize the internal skills of DFI[i], and, to use this as a measure to ensure that policy level planning is fully implemented through to annual budgeting processes. This was seen as critical to assessing whether commitments at a policy making level are captured and delivered into concrete financial commitments and deliverables across government departments and different levels on an ongoing and annual basis. This meant the study worked 'backwards' to the policy planning cycle, as exemplified in Figure 1, from annual plans and implementation activities, to more strategic level policy planning. Specifically, this included analysis of the education sector plans,[ii] and in some cases the overall national development plans. It should be noted that only when a country has a clear budget line or financial allocation contained in a planning/budget document was this counted as data on budget/financial information.

For each of the three dimensions of integration outlined above, DFI assessed the official budget documents available for the latest, or last, budget year (i.e. 2014-15 or 2015-16 budget years[iii] for 76 countries.[iv] It also be should be noted that, using this approach, some countries, who do not publish all their budget processes and documents in full and transparently, required an examination of the sector or other planning documents, to assess whether there was evidence in other planning processes/documents to evaluate evidence of good practice in planning.

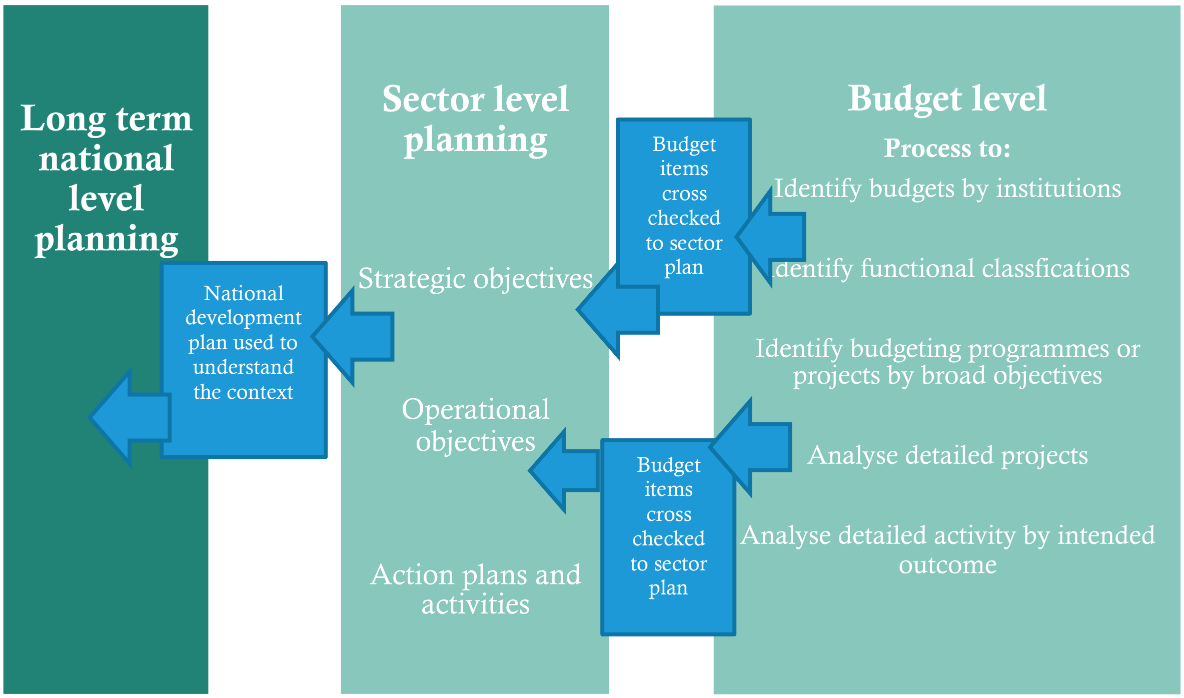
The 76 countries examined included 27 Low-Income Countries, 36 Lower-Middle Income Countries, and 13 Upper-Middle Income Countries.[v] This includes around 90% of all Low-Income Countries, and around 70% of Lower-Middle Income Countries, while a much lower sample of Upper-Middle Income Countries. This does gives a very good baseline for Low-Income Countries, and a fairly robust assessment of LIMCs. These countries were chosen as they are currently covered in the GSW database, drawing on expertise, and pre-existing knowledge of budgeting processes and document presentation for each country.

Only budget allocations – that is "planned spending" – data was utilised, as data is much more readily available than it is for "actual" expenditure.[vi] This means that budget data and analysis were drawn predominately from the most readily available budget documents, namely, the Enacted Budget documents.[vii] Such documents were supplemented by sector specific spending plans (for education and in some marginal case other sectors).

In order to categorise and assess the data availability for the different dimensions, the following process was carried out for each of the 76 countries:

1. **Step 1. Understanding and classifying the type of budget information available for each country.** The type of budget classification – i.e. is the budget structured according to administrative or functional breakdown – and degree of information available in order to get a picture or level and quality of budget information available in budget documents for each country. Each country was also classified according to whether there is a **decentralised structure and budgeting process**. In fiscally decentralised countries, the local budgets documents (to whatever the location/level of decentralisation) *where available*[viii] were examined also when tracking budgets.
2. **Step 2. Identification of education spending.** The different institutions/budget lines/programmes which make up the "education sector" according to the government structure and/or budget classifications.
3. **Step 3. Tracking and identifying individual spending on education.** A screening of expenditure was then applied to identify the items considered "education" sub-sector or programming. This was tracked through the budget to identify where this is administered (i.e. which ministries administrated part of the education sector budget) and how programmes are managed. Within education, data was also captured for each country to identify whether there is information according to different levels of education, as well as categories of special education or inclusive education, and attempts to address equity in budgeting.
4. **Step 4. Detailed disaggregated spending analysis to identify intra sectoral and cross sectoral spending.** A more disaggregated screening was carried out where this was possible in budgets documents to identify programme objectives, project and activity level, which was analysed according to whether or not there was evidence of intra-sectoral or "cross-sectoral" budgeting. This degree of analysis is only possible in a smaller sample of countries, and was easiest when there is programme level budgeting, as will be discussed in section 3. Therefore, only a very small sample of countries with budgets allowed a detailed enough breakdown by programmes or budget lines.
5. **Step 5. Cross referencing spending data to strategic documents and doing more detailed analysis.** Once countries with sufficient information for carrying out further analysis were identified, this budget data was cross-referenced with other strategic level documents for education and/or development plans and targets.

Figure 1: Overarching process to identify spending and links to plans/objectives for spending



The table and data from this is presented in Annex 3 across all these areas and is coded according to whether data could be found/analysed for each of these areas across the 76 countries, along with other critical information of areas assessed.

The remainder of this report is organised by analysing each of these dimensions individually, with each sub-section enabling further discussion of: the methodology and approach taken to measuring that particular dimension; a presentation and analysis of data gathered, and conclusions around the degree of financial integration which can currently be evaluated; and an evaluation of where further conceptual or analytical work is required to enable countries to be more SDG ready.

This is complemented by a third section which draws out more generic lessons on ways forward. Due to the complex and context-specific nature of the way each government does planning and budgeting, presenting data in a quantitative format proved difficult, the following therefore attempts to draw-out common lessons which can be aggregated upwards to lessons across a number of countries or common characteristics, while pulling out country examples to exemplify a point.

Section 2: Analysis of the different dimensions of integrated planning and current financial planning practices

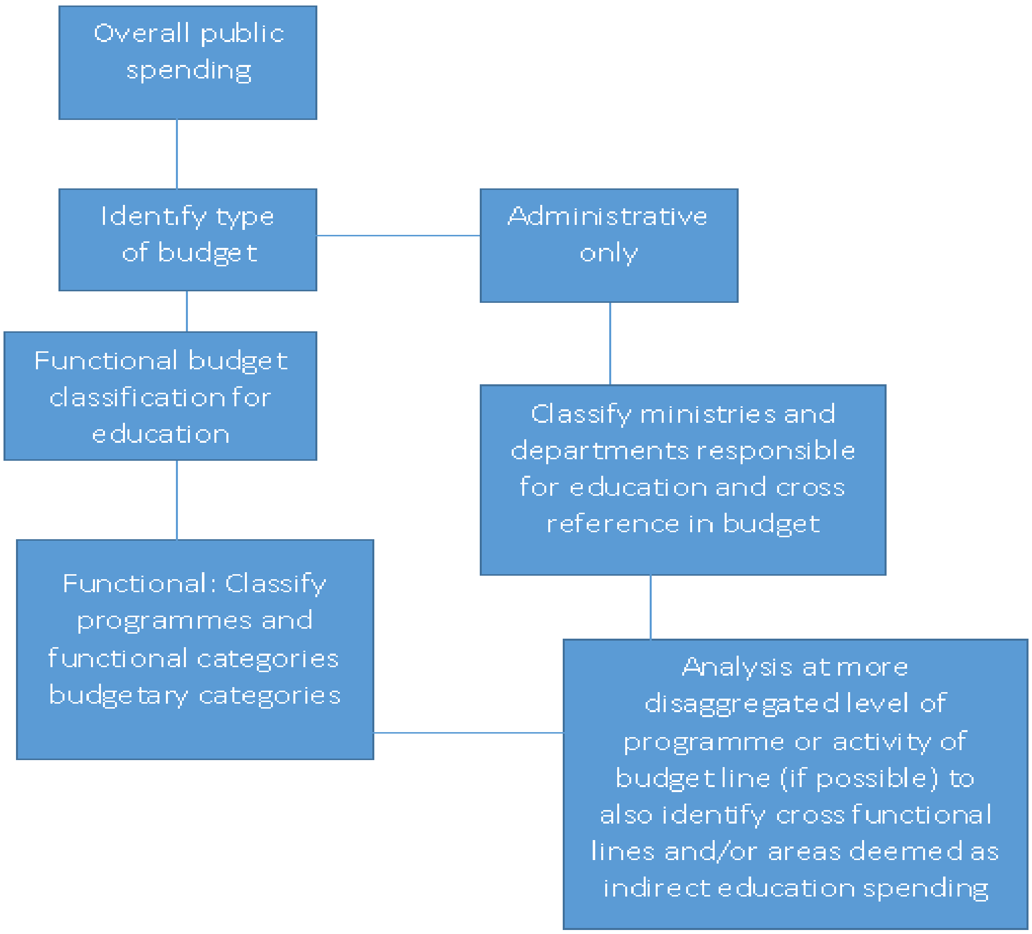
2.1 The breakdown within education financial planning documents is an important stepping stone to identifying integrated financial planning within the sector

The first category of integrated education planning the study looked into was the ability to analyse sector-specific integration within the education sector. In order to do so, as shown in the process above, it was first necessary to assess, evaluate and tag what is being spent within the overall education sector.

In order to do so, it is first necessary to classify "education spending". This can be identified either by a functional budget classification or an administrative one. That is, when the government codes cross Ministry and administrative spending as education and enables the budget to be analysed according to the 'function' of the spending (see box 3 later for an explanation). This allows an understanding of the different areas the country classifies for the education sector by their own definition of different institutions/budget lines/programmes. Some countries have a much broader set of institutions and programmes which make up their functional budget than others.

In the countries in this study, only 41 countries have some form of functional budgeting[ix] – see table in Annex 3 for this breakdown by country for a breakdown of budget structures.

Figure 2. Process of budget information and data identification and capture.



The other way to classify spending on the education sector, when there is no functional budget and/or a weak one is to identify the administrate units included in planning and delivering part of the education sector plan. That is using the administrative only budget classification to analyse the ministries and/or sub ministries/departments etc. responsible for different aspects of education, and to define the administrative breakdown for education – either solely through the scrutiny of the roles played by different administrative units when this is really clear (i.e. Ministry of Education). In this case it was also necessary to ensure some degree of uniformity to identifying spending which can be seen as "education" when this is not immediately apparent by the Ministries or departments involved. In some cases, this is a relatively easy task – i.e. Ministry of higher education, or department for TVET – but in other cases there are a number of different ways to look at what could be measured as spending on "education".

When this is less clear whether this is for education or another purpose (i.e. Ministry of Gender and Women contains spending on women's literacy programmes or second chance programmes for young women), it is necessary to decide what the *primary purpose* of a spend is and carry out a more detailed analysis of the projects/programmes intended objective - in some cases this is where the analysis of the Education Sector Plans, or other development plans is required to understand each countries sector and strategic objectives to plans and/or the administrative organisation which is responsible for delivering the plans. See Annex 2 which shows the process followed for this identification, and Figure 2 which shows the process for carrying out this classification.

There is a small cluster of countries for which the budget data allows no breakdown into any level of information for what is being spent in "education" (or within one of two ministries responsible for education). In fact, there is a sub-section of countries whose budget formulations allow *no* detail to be analysed within the total education budget, let alone more detailed analysis within budgets. These countries do not disaggregate sub-ministerial or sub-sectoral spending, thereby making it very difficult to identify spending on different programmes. In these cases, it is usually only possible to identify what is spent at the topline sector-level or Ministry level, sometimes split by economic classification (either recurrent or capital at a topline or common line items within that, such wages, building costs etc.). If there is no information which sits below this aggregate level, then, clearly no further analysis can take place. The countries it was not possible to carry out further analysis from their annually published budget documents[x] across one or more the five dimensions analysed for integrated spending are Burundi, Cambodia, CAR, Comoros, Ethiopia, Gambia[xi], Lesotho, Samoa, Togo, Vietnam, and Yemen.

For instance, in Gambia the only official document published only shows total spending on the Ministry of Education and the Ministry of Higher Education, along with a small handful of other Ministries, such as health. This means it is impossible to identify what is being planned for in public documents - and very worrying as the document which goes for discussion in the parliament for different ministries' leads, and with no other planning documents found to cross -reference this spending - suggesting that there is very little in the way of meaningful integrated planning taking place.

This means that a significant proportion of countries (close to a half) do not classify their budgets in a way which means different spending can be immediately identified as "education sector spending", without further analysis of the programmes. This can lead to spending which may be intended for education purposes sitting in other budgets not being captured – a fatal first error in the kinds of systems which can support intra-sector integrated planning.

2.2 A large amount of different institutions are involved in "education": this may denote aggregation rather than coherent integration.

To understand the degree of sector specific integration the study also sought to identify the different types of education programmes and/or different ministries involved in planning and delivering different parts of the overall education sector budget. 63 countries in the total sample countries had information which enabled the overall education budget to be further split down into a deeper level analysis.

The analysis of the different ministries involved in different countries showed a vast difference in the ways countries conceptualise, plan and administer their education budgets. In some cases, budgets are aggregated across various administrative levels and categories, in order to give a functional budget for the education sector. A vast amount of administrative units and areas are often classified across the country sample into the overall education sector.

A country-by-country breakdown of the amount of separate administrative units is contained in Annex 3, while Box 1 shows some of the common different entities which help to manage and plan for education spending.

In some cases, it is likely that this may also be done in order to slightly inflate government spending rather than be the case of a more coherent planning process and/or historical classification. For instance, a great deal of different sub functions are included in the budgets and plans for Malawi. This includes technology and science in the overall financial plans for the education "sector"/functional classification. On the other hand, there are cases of weak intra sectoral planning. In Malawi, there are clear signs of potential overlap in the analysis carried out. For the 'Education and Technology' sector it was not possible to ascertain the full set of institutions which accounted for the total in the 2015 budget. This is also not made clear in the sector plan. There is a major concern of duplication and overlap also in different ministries. For instance, the Ministry of Gender, Child and Community Development has a number of areas which were classified as "education spending" in this research, yet there is little evidence of this being planned in any kind of integrated way with the education sector plan – nor other documents, such the Gender Plan. The Malawi Growth and Development Strategy MGDS II (2011-2016) and the National Education Sector Plan, NESP (2007-2017) both set out a broad vision for education, and various programmes for targeting gender parity in education, including the readmission policy for teen mothers, bursaries for girls; introduction of supportive initiatives such as Mother Groups, provision of locally made sanitary pads for girls, improved sanitary facilities for girls, construction of girls' hostels; 50:50 allocation of places to community day secondary schools, targeted school meals programme (which includes the provision of take-home food rations for girls in some schools)etc. The Government also adopted a National Girls Education Strategy (2014 – 2018) aimed at fast-tracking progress to advance girl education. There are large amounts of spending in both Education Ministry and the Ministry of Gender, Child and Community Development, yet it is unclear who has primary (or secondary for that matter) management and accountability. It was also unclear how this was counted in the overall education sector budget. In the overall "education, science and technology" sector a number of areas classified as part of education, which are not necessarily connected to the scientific research, including nuclear power development, and yet count as part of the education budget.

One concern is, therefore, that a lack of coordination that there may be a lack of coordination across functions or programmes which misses crucial areas of "education" spending. Another concern is that, given the importance placed on reaching international spending targets in education, such as the Incheon Framework for Action's commitment of 15-20% of budget or 4-6% of GDP, that there may be a tendency in some cases to overinflate with areas not considered as "education" included in the budget totals.

This follows a tendency observed across the sample, and especially in sub-Saharan Africa, to classify large amounts of government spending into the education budget, with no clear links to the sector plans, possibly denoting a tendency towards inflating the "education sector" financing totals. This is often observed particularly in Francophone African countries, who have a vast amount of smaller units or Ministries administering many aspects of education. It is a real concern that they do not appear to then have good structures for coordination clarified in sector plans or in budgeting documents. In absence of such coordination specifications and spaces for collaboration, it is a real concern that there is a tendency towards aggregation of the "function" of education – possibly to meet stated financing goals – rather than coherent and efficient financial planning (i.e. the opposite outcome of effective an efficient integrated planning). For instance in Benin, the functional budget is comprised of a great array of ministries: Maternal and Primary Education (MEMP): Families and Social Affairs (MFASSNHPTA); Ministry of Secondary Schooling (MESFTPRIJ); tCulture, Literacy, Crafts and Tourism (MCAAT); the Department of Training for Crafts Professions, part of the budget from Ministry of Labour and Public Service. In terms of financial planning, this means the "Education Sector" has aspects of tourism, crafts etc. which are classified within it, yet these areas are not all addressed in the sector plan and/or it is unclear whether this is the primary purpose or this is a mechanism to aggregate some government activities within the overall education budgets.

Box 1. What kinds of Ministries are involved in planning for education spending?

Common ministries and departments involved in education include: sports activities; libraries; communication ministries, departments and activities; research into science and technology; and teachers' commissions. For instance:

- In Uganda and Dominican Republic education is comprised of an overarching Ministry of Education, Culture and Sports. In Afghanistan, Belize, Vietnam, Vanuatu, Zambia, Uganda, South Africa, the Ministry of Education is also the 'Ministry of Sport'.
- Functions for science and Technology, as well as mass communication are also often included, i.e. in Bangladesh, the Ministry of Education and Ministry of Science and Information and Communication Technology are included in the functional budget.
- In Afghanistan the functional classification for education includes: Ministry of Higher Education; Ministry of Education; Afghanistan Academy of Sciences: Olympic Committee; General Directorate of Radio Television Afghanistan; Football federation; Ministry of Information and Culture; Afghanistan Cricket Board.
- In Benin the sector is comprised of the Ministry of Culture, Literacy, Crafts and Tourism (MCAAT):
- In some, very few, countries there is a Ministry/Department related to literacy of adults, such as Togo where the functional budget is comprised of the Ministry of Women and literacy

2.3 Spending at different levels of education needs to enable good "SDG ready" integration in the education sector

Three-quarters of all countries in this study have budget information which allows education to be split into one or more of the different levels of education, and to be able to trace the total allocations to that sub-sector, usually by departments within ministries/agencies.

32 countries - Albania, Angola, Belize, Benin, Cameroon, Cape Verde, Colombia, Dominican Republic, El Salvador, Fiji, Ghana, Honduras, India,[xii] Jamaica, Jordan, Kenya, Mozambique, Nepal, Nicaragua, Pakistan, Rwanda, Solomon Islands, South Africa, South Sudan, Sri Lanka, Swaziland, Tanzania, Timor Leste, Tonga, Vanuatu, Zambia and Zimbabwe – can be judged according to the four main categories of formal education - pre-primary, primary, secondary, tertiary. This means that less than half of the sample breaks down their spending within the education sector which allows the four different levels of education to be assessed according to the amounts spent in a comparable way - which is almost certainly going to be required to track the SDG commitments to expanding quality education opportunities for all, and to measuring equity of spending commitments. There are 24 countries in this sample[xiii] – or around one third - for which it is impossible to tell what is being spent on primary education in the overall education budget. In some cases, this is due to the lines for primary education being administered with either secondary

and/or pre-primary. In Jordan, Congo and Belize, both pre-primary and primary education are administered by the same Ministry and cannot be broken down across the two subsectors.

51 countries' budgets have information on the amount being spent on secondary education, but only 10 of these can be broken into lower and upper secondary: Belize, Bolivia, Haiti, Jamaica, Ghana, Guatemala, Rwanda, Mozambique, Nepal and South Africa. This is an unacceptably low level of information, especially in countries with far to go in access terms, and for whom meeting SDG 4 will almost certainly require better evidence to support progressive expansion into lower and secondary education, and the ability to clearly plan and measure this.

48 countries have a breakdown of spending on tertiary education as a whole. This is often administered through separate Ministries to the rest of education, with very clearly separate budget lines, and sometimes administrative structure/plans. For instance, in Benin, The Gambia, Mali, and South Sudan, there are separate Ministries, lines and structures for planning and reporting. In Bangladesh, there are two very separate and stand-alone Ministries in structure, organisation, and sub-sector plans: 1. the 'Ministry of Primary and Mass Education (which has primary, some pre-primary, and non-formal adult education in it) has a standalone strategy: and, 2. The 'Education Ministry' (which has all secondary, and higher education in it) has a different strategy.[xiv] These three Ministries are – along with the Ministry of Communication – seen as together constituting the 'education sector'. A further analysis of the degree of separation from strategy through to the MTEF, and budget processes, suggests that these are planned for and administered in separate and distinct processes that may not meet in anything but the annual classification process. Similarly, for Afghanistan, the education budget is reported at two ministry levels – the Ministry of General Education (pre-primary, primary, secondary and Islamic education), and then the Ministry of Higher Education, with a strong focus on science and technology, and separate strategic plans. Meanwhile, Kosovo has a category for "Pre-University Education" and then "Higher Education" at central level. However, this is then possible at regional level to split between primary and secondary level – again these appear to be very different planning functions and processes. While this is just a handful of the examples in which countries plan and administer through different processes their higher education spending, it does appear that higher education is often treated as a quite separate sub-function in planning. Often primary education – and in some countries lower secondary certainly - is seen as "mass or general" education which is often defined as more of a social development function. While higher education provision is seen as serving more of an economic development function. For the overall sector to be well integrated as the SDG agenda becomes more prominent and less of a focus is on delivering education for all at lower levels, this kind of planning across the sector will need to be better integrated.

Finally, it is worth noting that for 19 countries not one of the four formal levels of education (i.e. pre-primary, primary, secondary and tertiary) can be analysed in their entiret. These are Bhutan[xv], Burundi, Cambodia, CAR, Comoros, Ethiopia, Guinea Bissau, Guyana, Kyrgyz Republic, Lesotho, Moldova, Mongolia, Nigeria, Samoa, Tajikistan, Togo, Vietnam, West Bank & Gaza and Yemen.[xvi]

2.4. Improving spending that specifically addresses equity must be a focus of "SDG-ready" integrated education planning

In order to assess how well budgets and spending are helping to address equity within education, and are thus supporting the ambition of ensuring equity contained in the SDG 4, the second area of sector specific integration analysed was the ability to analyse the degree of equity built into financial planning.

In order to do this, it was assessed how many countries have specific budget lines which clearly identify disadvantaged groups, and/or target special or inclusive education aimed at children with disabilities or other marginalised groups (i.e. ethnic minorities). This analysis was carried out by selecting countries who had clearly identified marginalised groups in their analysis (i.e. the plan identifies a group as marginalised in that country context or a geographical area in the country) and have specific budgets allocated to addressing this group's needs at a national level. While this is an imprecise measure of how well budgets help build equity into education systems for meeting SDG 4, and a more holistic approach would need to evaluate how equity is addressed through spending and budgeting inter-sectorally, spatially or by beneficiary within the overall system, it was not possible to carry this out within the current scope of this study. [xvii]

Using this approach, the following was identified:

- 31 countries have a specific budget allocation for children with disabilities or for special education – Angola, Bangladesh, Benin, Bhutan, Bolivia, Cape Verde, Colombia, El Salvador, Fiji, Ghana, Honduras, India, Kosovo, Liberia, Malawi, Mozambique, Nepal, Nicaragua, Pakistan, Peru, Rwanda, São Tomé and Príncipe, Sri Lanka, Solomon Islands, Tanzania, Timor Leste, Uganda, Zambia and Zimbabwe.
- Many countries put "special education" as a separate line in education, rather than the appropriate age or level of education, whereas others classify it into ministries other than this primarily targeted at education. In some cases, there is no clear plan for how this is integrated into the overall 'education sector', nor how there is a relationship to organisational structure to monitor and plan etc. At the very least this needs to be planned in the overall sector plan, and planned and budgeting for in a coordinated manner with the overall sector.
- Only 36% of all countries (that is 28 countries out of 76) have budget lines which identify specific marginalised groups (as outlined above this is identified within sector or financial plans as a specific group, which can then be clearly identified as having budget allocations to meeting their needs). Within that, the vast majority of initiatives are aimed at the primary education sector (over 60%). This needs addressing as efforts to tackle equity across the whole education system are put in place.
- Only 15 countries – Bangladesh, Benin, Ecuador, El Salvador, India, Jamaica, Kenya, Mozambique, Nepal, Nicaragua, Peru, Solomon Islands, South Africa, South Sudan, and Zambia – have a specific reference to equity-enhancing goals or activities that are necessary for the post-2015 education agenda in their budgets (again, this is identified by finding spending reference in programmes or strategy documents to plans to address equity and clear budgets allocated to this).

This suggests that all countries need to work towards developing ways to disaggregate according to spend on different beneficiaries, especially across different education levels, if they are to start working towards measuring the strong commitments towards equity which is contained in the SDG 4 goal. While there is need, as plans adapt to the new sustainable development goals agenda, to better articulate how equity will be addressed, including through financing measures such as tackling spatial inequality. Some countries are already doing this well, and both Kenyan and South African examples highlighted later in this report show how this can be achieved through financing equity formulas – both in terms of groups of beneficiaries and to address spatial inequality.

Ecuador also offers a very interesting example of how this might work in practice. The government of Ecuador has a long history of measuring and monitoring social spending. It began in the 1990s with the development of the Integrated System of Social Indicators (SIISE) to allow for routine monitoring of key social indicators. Social sector spending categories were also incorporated into the system, including for education, environment, health, housing, recreation and culture and social inclusion. Ecuador's Ministry of Finance developed a classification system that codes the budget according to different equity-based themes and policies, which are known as equity classifiers. The classifiers allow for disaggregation of expenditure according to a variety of categories, one of which is age specific and covers child populations. These inherently utilise aspects of cross-sector and cross-vertical integration. The equity classifiers build on Ecuador's national goals to reduce poverty and inequalities and reflect both equity-based themes and public policies. The system first classifies expenditure based on its contribution to five major equity themes of gender, ethnicity, age group, disability and human mobility. The system also classifies expenditure according to its contribution to equity policies. The Ecuadorian government approved a policy framework that addresses disparities in each of the five equity themes presented above. The classification system was thus designed to identify how public investment supports these different objectives. Classifiers are then decomposed into specific policy objectives and activities. Example activities under survival, for instance, include controlling the consumption of junk food in schools, training on healthy eating and providing micronutrients to malnourished children. Explanation notes further link each activity to specific articles in the National Constitution.[xviii] This both helps to address both equity and cross-sector vision to deliver the overall development plan objectives and vision.

2.5. It is difficult to use government systems to assess different stakeholders' financial commitments to education

One more notable feature of the current planning processes across the multiple country sample utilised is that it is impossible to currently tell how much multi-stakeholder integration of state and non-state is taking place in education spending (e.g. government, donors and non-state actors). Even in countries which rely heavily on non-government sources to deliver their education and have clear targets for this in their sector plans, it is very hard to find spending estimates for the whole sector. For example, Zambia has very clear targets for delivery of education by religious institutions and churches in their sector plans (who deliver a lot of the overall education system) and clear finance targets for donors and government and yet nothing in terms of financing contributions and/or sector budgeting which accounts for these institutions' contributions. Given the heavy focus on alternative sources of finance and cross-stakeholder action, this needs serious readdressing in order to meet the vision for financing and planning the SDGs. In this study we attempted to analyse more about such transfers. However, it was seen as very hard to do so. In some countries, higher institutions, which are part public funded, especially in Latin American countries, i.e. El Salvador, Peru, the grants to these institutions can be traced. It should be noted that often PPP financing structures are not captured on budget – this would likely have less impact on education than some other sectors (i.e. infrastructure) but could be some of these large higher education institutions.

Breaking down spending by government and donor spending in education is possible in a significant proportion of the sample: 60% of all countries breakdown spending by governments or donors in their education budgets and a number of those are MICs where donor financing is less prominent. In some countries there are also still separate budgets for recurrent and development. In most cases this is easy to piece together. But in some it can make assessing integration harder.

2.6. It is not always possible to clearly identify the total recurrent or development/ capital costs even within education

One final areas worth noting within the analysis of budgets is that countries still continue to present their recurrent and development/capital spending in different parts of their planning documents. This is often a legacy of public financial management which classified these separately, and is a broader issue than something which is a concern for education. However, given the very strong reliance on recurrent spending in education, especially for wages for teachers, this is something which could lead to problems in terms of planning if this is not addressed fully at the planning level.

It should also be noted that this administration by a separate unit – i.e. teachers commission/unit – may be highly problematic when it comes to ensuring good integration *within the* recurrent budget (i.e. sometimes this is separate to other recurrent spending, in spite of this being a large amount of all spending).

2.7 Inter-sector integration: common areas of cross-sector planning with education and lessons to be learnt

An analysis of the cross-sector planning and financial allocations through inter-sector horizontal integration in spending across different sectors (e.g. education and health) was only possible in some countries in the sample[xix]. For most countries, single sector/Ministry planning seems to be the main formula for financial planning, often according to the main thrust of the MDGs in key social sectors, including education – which appears to be highly 'siloed' with little interaction in cross-sector planning on common goals.

However, there was some more common areas where "cross-sector budgeting" (i.e. budgets which have some degree of linkages able to be drawn). These include TVET across many ministries, ECCE, and various social welfare/spending. These are briefly analysed below, as well as the broader lessons learnt from this exercise.

One of the most common area of cross-sector planning and budgeting identified was training or vocational education affiliated with a specific sector, notably medical schools and agricultural training. Spending intended on TVET is most often split across multiple ministries/sub ministries. 44 countries, over half of the sample, have some form of budget lines evaluated as addressing TVET programmes. In some cases, these are brought together into lines and administrative units for managing them – i.e. there is a sub-division of TVET and/or higher education in the organisational structure – in other cases these are affiliated with the relevant sector. Training is often captured in the relevant sector plans/objectives and not captured in the education sector. It was rare indeed for these to be classified in the education budgets/sectors. So much so that individual cases can be listed, as follows: in Angola, one of the 8 ministries[xx] involved in administering the education functional classification - as well as the regions – is the Ministries of Fisheries for whom the training budget is captured in the overall education budget;in Honduras, medical schools and other vocationally associated schools are "recharged" back to the education functional budget; in El Salvador, Nicaragua and Peru, there are budgets allocated supporting the outreach affiliated institutions, and management of the semi-autonomous training and vocational higher education.

Whether or not TVT can be assessed in its totality and then assessed for levels of integrated planning, at present appears to be based on largely whether there is a department which enables this level of budgeting rather than a more across the board push to capturing this. In many countries, even when there is a TVET budget line(s) identified, programmes which could also be counted as TVET are spread across lots of budget lines/ministries/sub ministries etc. areas, often affiliated with other government/development goals. For instance, agricultural training colleges are usually in agriculture budgets, military training in defence, etc. At present, most budgets appear to show a high degree of silo ministry/functional planning, rather than a clearly cross ministerial and sectoral planning function for TVET. Clearly this is an area where cross-sector integration can be fostered in light of overarching goals for TVET. Moreover, there is real concern this may hide the real amount being allocated to such programmes. For instance, in Bangladesh, according to the Education Sector Plan, a total of 11 Government Ministries administer accredited TVET programmes, but the budget is not structured in a way which would allow all of these to be identified, and thus aggregated upwards.[xxi] And while the sector plan suggests there is some degree of integrated planning happening, the evidence across ministries' spending plans in Bangladesh and the budget structure suggests this might not be the case.

Box 2. South Africa's Integrated Planning Approach

South Africa has a complex system of intergovernmental relations and the question of integration should be located within that. Briefly, South Africa consists of a national, provincial and local sphere of government, with the latter consisting of metropolitan municipalities (metros), district and local municipalities.

In order to address historical disadvantage, there is an advanced equity financing/resource formula used in South Africa which aims to address historical spatial inequalities. Constitutionally, municipalities are also entitled to an equitable share of nationally raised revenue (the local equitable share or LES). In the last few years, a number of failing programmes have been reinstated centrally, or have been given powers of oversight from central ministries, for instance the school infrastructure backlogs programme has been allocated a central budget for the replacement of over 500 unsafe or poorly constructed schools and some adult education/TVET has been placed in central budget.

Within this system there are some areas of clear cross-sectoral planning. For instance, they have committed to ensuring that ECD is linked to other development-based programmes, particularly within the context of the Comprehensive Rural Development Programme (CRDP), and integrates other services that flow from different departments and relevant stakeholders. The Department of Social Development (DSD) coordinates the activities of the three departments - social development, health and basic education – to meet the sub-sector plan. The integrated plan includes the development of national early learning standards, the training of ECD practitioners which is part of the government's employment creating Expanded Public Works Programme – and the development of national norms and standards for funding. While the National School Nutrition Programme is integrated into coherent social protection programme and the Integrated School Health Programme is well integrated across health, social development, health and basic education.

Sources: 2014-2015 Budget and plans published by the Government of the Republic of South Africa

Another area with strong cross-sector overlap in the way planning and budgeting takes place is ECCE (early Childhood, Care and Education). Less than half of all countries have budget lines which can be clearly marked as spending intended for ECCE, much of this tends to be highly fragmented and hard to assess the total spend on and/or how integrated the planning and budgeting is. ECCE is often classified across a number of other areas or Ministries. Very often this relates to areas which support marginalised children and is difficult to assess when this overlaps with broader definitions of early childhood care and development and has grey areas of overlap between whether the primary purpose for spending is education or other development interventions. It sometimes is very small in quantity and is targeted at small project type interventions, rather than aimed at a broad target population: this appears to be linked largely to a history of NGO programming in this area, and a lack of public vision for delivering ECCE (especially in many LICs).

Scaling up budgets in this area is going to entail better budgeting across the board. Interestingly, a number of countries, e.g. South Africa and Kenya as noted below, have specifically devolved ECCE as a function to be to be delivered at local level with cross-sector linkages. This suggests that countries perceive this to be an area which lends itself to both local level and sector integration.

As with TVET (Technical, Vocational, Education and Training), in cases where this is easiest to track and then also look at linkages across to other sectors and within the education sectors, it is often when there is a specific budget area or administrative unit. This appears to be the foundation stone on which to build reach-out to other initiatives outwards and/or a clear vision for how this would be strategically managed and linked across sectors.

Social protection is another area with strong overlap in terms of planning and spending. The term 'social protection' is obviously broad. At one end of the scale this could include the (often very significant) provisions across budgets for teachers to support them via contributory insurance scheme etc. In the case of El Salvador, there is a very large amount of the health sector budget which is allocated to supporting teachers (and other public sector workers) with standalone specific health insurance services; there is also large contributory pension and illness schemes. This is an interesting case in point, as El Salvador is seen as having good integrated planning, however, the standalone elements of the contributory services for public sector workers have traditionally operated to create silos and have inadvertently added to inequity in access to services and outcomes, and very low allocations to services targeted to non-public sector workers.[xxii]

This is clearly a specific individual case, driven by individual country peculiarities; however, it is part of a broarder trend towards having budgets for services, pensions etc. as separate in lines and/or administrative functions. It will be interesting to see whether such services would be counted as 'social protection' or 'education' moving forward into the SDGs, with greater emphasis on the need for governments to build 'universal social protection floors' (target 1.3).

The other area of strong overlap and clear cross-sector collaboration that was noted is in social protection spending focused on supporting the poorest to go to school, notably with conditional cash transfers. These are regularly found either in different Ministries and/or in budget areas, but appear to be planned in a largely integrated way in development/sector plans, with an aim of targeting the poorest and/or addressing equity in education. This is usually found in Latin American countries at any level of scale, where there is usually already pre-existing structure for cross-sector collaboration and planning. For instance, in Colombia this was detailed and outlined in various plans and budgets as 'education spending', yet it is operationalized through the National Social Welfare System and regional budgets. In the Dominican Republic there is a division which administers the Incentivo a la Asistencia Escolar (ILAE) programme intended to incentivise and support children to go to and stay in school through a package of health, education, nutrition and other cross-sector initiatives. Because this is seen as both highly strategic and cross-sectoral, it sits in a standalone structure which manages a similar incentive for higher education.

It is clear that some programmes, such as TVET and ECCE, will inherently lend themselves to more cross-sector planning. At country level, different Ministries must work together to identify and pilot approaches within these areas to begin to understand the different dynamics and ways of working together in a more integrated way. While different international institutions and global actors (i.e. UN agencies with different sectoral mandates) will also need to begin to look at how such programmes can serve to increase collaboration, and bring down silos in planning at global/regional level.

2.8 Cross -sector planning is enabled by good systems and process for tracking programmes

Some of the countries with the most detailed and complex systems for inter-sector planning have systems for clear intra-ministry transfers, for instance, Honduras, Colombia, Guatemala, South Africa and El Salvador.

This allows for an item to be tagged as a 'function' - say "education" - and then charged back to that sector, but administered by another sector. For instance, in Guatemala it is possible to analyse all the cross-sector budget codes in the annual budget by different inter-ministry charges through a dedicated online function on the website. While in El Salvador, it is possible to identify where specific programmes are included in the functional education budget but inter-ministerial transfers are made for the coordination or management of programmes, which offer a clear indication of cross-sectoral financial planning (i.e. there is a transfer to the social welfare budget for educational institutes for children with learning disabilities). In the case of Honduras, the health sector administers the budget from the education sector intended for medical schools (and the same is the case across agriculture etc.).

In Colombia, such a system exists and it is part of a broader budget structure which has specific 'cross-sector' - "inter-subsectoral" as they are tagged and defined as in the budget - codes, which can be identified for each function and then the code tracked through the plan. This is coupled with strong mechanisms for both planning and administrating that plan. Honduras has a strong system for integrated planning to budgeting. In the case of education, the sector plan establishes ties of cooperation for implementation of the Plan 2014-2018 and the Ministry of Education has specifically defined the responsibility at all levels, through the "Fundamental Education Act" and its corresponding regulations. It has also identified the contribution of other actors who have an impact on the sector. This is then planned and budgeted for in a cross-sectoral integrated way, down to the detail of cross financing through the above system of budget coding. However, even in such a mature and intricate system, it has been acknowledged that not enough is known about some of the more complex areas such as Early Childhood Development (ECD). In light of this, in 2011 the Ministry of Finance and Social Development have institutionalised measures for identifying and measuring spending in key policy areas such as the National Early Childhood Development (ECD) Policy and the Social Protection policy.[xxiii] This suggests, as our cross-country budget scoping also seems to indicate, that some areas are much more difficult to plan for and then track in an integrated way, and these appear to be ECCE and social protection measures.

However, such institutional arrangements which are clearly set out cross sector linkages, with systems to support them, continue to the exception rather than the rule.

2.9 Decentralised planning can enable good integrated planning – but can make effective monitoring difficult

35 countries in this sample had a breakdown of education into some degree of regional budgets, but only half of these (17) could then be broken down into any level of further detail for analysis. Hence only one quarter of the total sample could effectively be assessed for the ability to identify decentralised spending allocations, namely multi-level vertical integration. However, this is also where some of the greatest difficulty in identifying spending is encountered.

In some instances, such as South Sudan, Togo, Timor Leste, Georgia, Bhutan, Kyrgyz Republic, Mozambique, Nicaragua, Paraguay and Pakistan, there are overall budget lines for regions for the education sector, but often there is not a uniform way identified to report or plan for these. In such cases it often denotes a problem with effective reporting and transparency rather than a lack of effective planning, with evidence suggesting this may be a case of a lack of transparency rather than a lack of coherent planning.

However, there are certainly some cases where highly decentralised systems suggest a lack of integrated planning as a whole. In some instances, decentralised approaches mean that it is impossible to piece together the total amount spent on the whole education sector, or for what areas. For instance, Nigeria has a detailed – although not necessarily 'readable' – breakdown of the education spending for the Federal Ministry of Education. It does not, however, allow an assessment of the full amount of spending on education across the 36 states due to a lack of decentralised state transparency. This is due to a high degree of decentralisation in the Federal system. So while it is possible to analyse the allocation to the Federal Ministry of Education and the Universal Basic Education Commission and *some* state contributions, it is impossible to know whether this makes up spending in totality, and cross-reference with spending across different states. This reflects a strong tendency towards state level decentralisation. However, this is not coupled with a broader vision or systems to ensure coherence across countries. This matters for the very first aspect of analysing levels of integration: if we can't measure across all aspects of education and build a coherent picture across a country then it is hard to analyse or draw conclusions on the degree of intra-sectoral integration. In the case of Nigeria, it suggests a highly fragmented degree of decentralised spending in the Nigerian Federal system which is not being planned in an integrated or coherent way, and almost certainly not with a view to be able to identify, track and assess inefficiencies in the system in order to deliver on the SDGs.

In India, there is a similar, although much less troubling concern of a large amount of fiscal decentralisation and different state level planning processes. However, unlike in Nigeria, due to national level education strategic direction and design, as well as planning and budgeting, it is possible to piece together plans for different subsectors from a range of documents, especially for prominent programmes such as SSA (Universal basic education programme). This means that there is an overarching strategy which guides spending, even though there is strong fiscal decentralisation planning, from the centre.

However, moving forward, even in such cases, more robust accounting processes will be necessary to piece together an overarching strategy for education, and monitor this in a way which means countries' progress on the complex SDGs can be tracked – even when codes can't always read across different budgets etc. – in these more complex systems to track the SDGs. This speaks to a larger problem with many countries, and indeed something which broader cross-country GSW scoping projects have previously identified, many countries (especially MICs who have decentralised functions) have a complexity of multiple plans and budgets, with decentralised agencies adopting different budget formats or classification of items, making it necessary to add up confusing numbers from sometimes hundreds of spending units. This can make piecing together a complex country with highly decentralised structures a gargantuan task, and one in which it is easy to lose sight of the overall intention of spending in the process as part of a larger and national strategy, especially to evaluate whether policies are addressing specific aspects of an agenda. And it certainly does not make doing so something which would easily allow SDG tracking.[xxiv] This is usually a major problem in the more complex federal systems. They often have too much data available and therefore we cannot include it in GSW because it is impossible to piece together in a way which shows totals in MDG sectors. Large parts of their spending is decentralised across multiple government agencies. While a few aggregate this into a national picture, and therefore fall into categories 3-5, some only aggregate 1 or 2 levels of government, and many produce no aggregated numbers, and often allow decentralised agencies to adopt different budget formats, making it necessary to add up confusing numbers from 100+ spending units.

2.10 Localised planning can lead to good integration

Spending for "education" or overall social spending is often transferred as a block grant to be prioritised at local level in decentralised processes. The process for this varies greatly according to each country and how this is managed and/or to the degree of fiscal decentralised/degree of local autonomy. In Tanzania a block grant to Local Government Agencies is given for "grant-aided sectors" such as agriculture, livestock, health, roads, water and education. Only education specifies what this should look like through per capita grants to primary and school meals which has been credited with ensuring greater enactment and clarity for planning the education budget over other areas.[xxv] In Mongolia a new "local development grant" may be spent on education, but is left to the discretion of each locality to plan local development priorities.[xxvi] In Pakistan this varies slightly, as the grant is transferred to the different municipalities, to then allocate to the district level, where much of the local spending is defined. In Kosovo there are different categories for levels of education at national and regional levels, with the Central Government putting all "Pre-University Education" into one category and then allowing a split at regional level between primary and secondary.

In some of these cases this is more about administering funds, while in others this is also about planning and direction. But some of the clearest and most detailed SDG aligned financial/budget integration are found in devolved planning structures with a strong national strategic direction outlined - Rwanda, South Africa, Ethiopia, Peru, Nicaragua, and Colombia, for instance. Where this is done well, it can bring down the barriers often constructed by centralised Ministry planning which can inherently lead to silos (even if the intension is to overcome these, function often follows form).

Countries who are already doing this well can help paint a picture of how this might happen and lessons to be learnt. For instance, South Africa (see box 2) has a detailed and complex system of working within and across different regions and different functions.

Good central planning which gives standards and oversight while allowing room for local adaptation appears to be key. In Colombia, for example, once consensus is reached on a plan, it is sent down to the 32 governors and 12,000 municipalities. These local levels are then required to report on how they are complying with the plan in terms of policies they are implementing. With respect to national development plans, in the last five years there have been important changes in institutional aspects and implementation mechanisms for planning and budgeting laws, which facilitate the results-based orientation. Several bodies of law explicitly state the intention to "manage for results" or "plan and/or budget for results." For these purposes, institutional coordination initiatives have been designed, and methodologies have been used to link programs with targets.

In Ethiopia, there are complex and mature processes of decentralised planning which have led to well integrated planning taking place at regional and Woreda level. There is strong evidence, from previous work carried out by both DFI and in country interviews[xxvii], of relatively mature and robust planning and budgeting processes, as well as Education Sector Plans which suggest a lot of areas of good integration, and financial planning underpinning medium-term expenditure allocations. The Central Federal Ministry of Education is responsible for overall sector planning and coordination. The Federal Education Ministry (and other sector/ministries) has a respective line bureau at regional level and Offices at district/town levels. Furthermore, it identifies cross-cutting programmes, with financial architecture and institutional arrangements for managing these, and both the national development plan and the national Education Sector Plan provide clear overall strategic direction, and medium-term spending plans (including medium-term costed plans). However, the regional/Woreda level takes a lead in planning spending annually and in the shorter term. The Education Sector Plan which runs from to 2011-12 to 2014-15 has costed a framework attached to it which gives a breakdown of spending according to different priority areas, levels of education, including details of regional transfers and institutional arrangements in accordance with the decentralisation policy framework. While the regional Education Ministries are responsible for further oversight, and some spending (i.e. teachers), even greater decentralisation occurs at Woreda level (where the vast majority of budget is allocated) where each area locality plans according to certain criteria for integrated planning across different sectors (i.e. health clinics/centres must meet criteria for planning with schools etc.). While this is an excellent example of good integration taking place at local levels, and from centre to local, it should be noted that this still comes with some issues of reporting back up to Ministry lines rather than in this fully integrated approach. In a recent study on financial absorption in the WASH sector by DFI in Ethiopia, it was difficult to assess the extent budgets were being spent on such activities, due to multiple reporting, unclear roles and responsibilities, and unclear budget lines using different definitions. [xxviii] Ethiopia's 2010 Education Sector Plan suggests similar problems are encountered in education, as the report notes: "The Woreda education offices report more to the Woreda councils (from where their budget comes) than to the [education] regional bureaus. Because of the lack of communication, the regional bureaus cannot easily monitor the performance of Woredas and give support to those in need".

However, it should be noted that while decentralised planning can lead to examples of well-integrated planning, where there is not a clear strategic direction from the centre, or planning/reporting does not take place on coherent lines, it is potentially very difficult to aggregate this upwards and track progress, therefore this also needs addressing. Improving decentralised financial planning and budgeting must be addressed, while also enabling the kinds of development vision contained in the SDGs to be planned at national level and then monitored and evaluated through budget processes to local level (and back up). In terms of addressing spatial equity, this will also prove important.

Finally, it should also be noted that decentralised functions in some countries are still a "work in progress"; given low and varied capacities in local levels, and often need to take place at a measured pace. It can also be hugely influenced by ongoing or traditional/historical factors. For instance, in Sierra Leone the sector plan notes that the role of District Budget Oversight Committees (DBOCs), who report to the Budget Bureau in MoFED, is crucial to improving the accountability and financial monitoring of Local Councils, but DBOCs' capacities, activities and effectiveness are highly variable across districts. While the relationship between Local Councils and chiefdoms in receiving and managing local revenues, and their willingness to allocate revenue funds to education, is inconsistent across districts.

Section 3: Identifying good practice, policy recommendations and ways forward

3.1 The importance of political will, backed by institutional systems that support it, is key for integrated planning

The assessment carried out of sector plans, alongside the annual budget documents, pointed to some key lessons around good planning, and how this can support effective budgeting and financial planning for the SDGs.

One key conclusion which was drawn from assessing country budgets and Education Sector Plans together was that where it is possible to identify good financially integrated planning, it is often in countries who combine both strategic level direction to guide integration across many government areas/institutions, backed by the institutional mechanisms which can support this.

Good financial planning often starts with strong overarching planning processes, which outlines the vision, the key institutions involved in delivery, and then follows this through to planning and reporting systems.

This must allow clear lines of purpose to be traced from development plans, to sector plans, to budget plans - identifying how budget lines/activities are adding up to a sector vision, and enabling actual expenditures to be accounted for later.

Crucially, one of the key messages which needs heeding in terms of current practices, is that there is far too little information and processes which enables this at present. Most countries have clear gaps between sector planning and financial planning systems. In some countries, there is a lack of information or systems which enable mapping plans to budgets – too big to fill and draw conclusions from – and is hampering the ability to track from strategy to implementation a clear thread of integrated planning. Only a handful of countries have information which could be considered robust enough to be analysed 'upwards' (as outlined in diagram 1 in section 1 of this report) from budget allocation to sector plans.

A good sector plan, with a clear medium-term expenditure framework aligned to this, grounded in an overarching development vision, is the first and most prominent place to begin. One lesson which needs heeding is that holistic planning is necessary as the pre-cursor to effective integrated financial planning. On its own it is not enough, but without it, it has been hard to find examples of countries who seem to be doing effective integrated budgeting. Good practice in this area, follows a similar trajectory outlined in figure 3. But too many sector plans are far too wide and long-term in their scope, so that even when budgets are detailed it is hard to understand how much is driven by strategy or project type planning – and there is a large gap from 'vision' to 'activity'. This shows the role that good short to medium term plans, coupled with clearly mapped out medium-term education expenditure frameworks, can play.

It is also strongly suggested that where an education sector plan has clear strategies and targets it is grounded in an overall theory of the role of education in a national development plan. This has clear implications for SDG planning – and some countries are showing the way. The case of Colombia (see box 4) is a particularly prominent and advanced case of SDG integrated planning so far, with this development vision setting the highest level of strategy, with planning and budgeting systems which support this.

While Rwanda also shows clear progress which has been made in terms of linking planning to spending. Rwanda has an overarching vision for education, which is embedded in their "Vision 2030" long-term development plan, and is further elaborated in the medium-term development plan (the EDPR), which is then linked to strong sector planning – it has now been updated to meet various SDGs and a number of sub-plans, as well as district plans. This sets clear direction to plans which are then well articulated through their PBB process.

Nepal's current planning trajectory also suggests they too are a likely forerunner in SDG planning which can clearly support focused and integrated planning. They have recently held consultations on the draft SDG Nepal's agenda, which has set out clear targets built on 2014 baselines. Contained in the emerging 'Vision 2030' agenda, baselines and indicators are being developed to measure and department and ministries need to plan to meet these. The country plans to utilise a planning and budgeting framework for ministers developed during the MDGs – which identifies a three-year rolling plan that gives importance to themes, not projects, so that it contributes the MTEF (Medium-Term Expenditure Framework) to link the project level outputs and outcomes with development objectives.

Figure 3 Diagram of planning hierarchy

National 2030 Development Vision	• Sets long-term vision and objectives, represents overarching government framework • Situates education within development vision
Medium term development plan	• Defines medium-term objectives • Sets priorities for national and sector level
District development plans (if decentralised)	• Makes links between local and national plans and strategies
Sector plans (& district plan)	• Sector planning takes place (using integrated planning)
Medium Term Expenditure Framework	• Links plans and budgets through (iterative) processes & sets sector ceilings annually
Annual plans, budgets M&E, audit etc	• Annual plans adapted, reviewed etc.

Kenya is another case in point which shows clear linkages and integration, across multiple levels, including decentralised integrated planning, cross-sectoral, targets for meeting marginalised groups, and plans to address spatial inequality. The case of Kenya offers some strong lessons for current planning to budgeting practices in this area, with very clear and strong inter-sectoral linkages in medium-term education framework 2015-17 and some attempts to begin classifying the programmes in the budgets to these areas.

While still in its infancy, Kenya has been going through a process of devolution and decentralisation, at the same time as enacting a number of budgeting reforms (such as PBB (Programme Based Budgeting)) and planning processes. Moreover, the current education vision starts from the national development plan "Vision 2030", and then is fully articulated through the current medium-term education sector expenditure 2015-17 document, which sets out very clear strategic trajectory from plans through to budget allocations. The plan has clear sections dedicated to cross-sector planning and each ministry is expected to highlight-linkages in their plans to education plans. This is also taking place against a backdrop of increasing devolution and decentralisation, which sets out to start to address equity through better vertical planning and budgeting by allocating 15% of national revenue to county governments, and 5% to the "equalization fund" which aims to overcome inequality through an equity formula. Only certain functions are fully devolved currently to the 47 county governments - health care, pre-primary education, and maintenance of local roads – although there are plans for this process to continue to greater devolution. [xxix]

3.2 Programme budgeting, linked to good international functional classifications is also vital

The case of Kenya is also enhanced by transparent and open budgeting/planning practices. But it is not only a question of whether governments publish detailed budget documents, but also the level and degree of information, and how readily accessible and readable this is in order to track commitments across different sectors (and in the future across SDG areas). The example of Kenya, and ability to "read" and measure plans and programmes is also clearly influenced by having strong international standards followed in Programme Based Budgeting practices.

This outlines a clear area where systems can be best utilised to support the kind of integrated planning which will be necessary for the SDGs. Unlike many other countries, the level of planning and the degree of detailed Programme Based Budgeting carried out that allows both detailed national level and county level analysis of budgets for specific projects. Programmes and function can be clearly identified up and down the line with links from strategy to spending – allowing a medium-term expenditure education framework to set the broad direction, and detailed programme based budgeting to indicate how this is allocated.

There are clearly discernible lessons to be drawn from different countries in this sample and the kind of budget formats used. Strong and robust international standards of Programme Based Budgeting formats, coupled with excellent functional or detailed economic classifications, is key. In cases where clear programmes and programme objectives are outlined against budgets it is far easier to assess integration. It is also important to ensure that good functional budgets which capture 'education' as a core 'function' of government (alongside areas such as or 'health', 'defence' or 'transport'), as some of the above examples showed in the cross sectoral mechanisms, given there is also a clear need to aggregate as well as disaggregate to the level of detail required.

In this sense, disaggregation is necessary for budgeting processes to address SDG needs, so it enables more efficient working to support equity or integrated planning. But aggregation and the ability to also report on standalone targets will be important, to trace and monitor sectors or subsector programmes. Improving data and documents on spending by making reporting gradually more disaggregated and moving towards programme budgets, while publishing regionally-disaggregated spending and publishing "budgets by beneficiary" will all be key for countries moving forward.

A number of countries in this sample - Nicaragua, Peru, South Africa, Ecuador, El Salvador and Colombia, do point to ways in which a clear breakdown of both different programmes into detailed activities and the aggregation into a functional budget can work to help support good integration. For instance, both Nicaragua and El Salvador point to ways in which a clear breakdown of both different programmes into detailed activities and the aggregation into a functional budget can work to help identify good integration.

Very few countries give the kind of breakdown which both allows the level of detail and analysis of post-2015 ambitions for integrated planning, while also allowing a clear aggregation of the overall intention of projects to a particular development goal or function.

Box 3. Types of budget classifications and the importance for effective financial planning

Budget classification is one of the fundamental building blocks of a sound budget management system, as it determines the manner in which the budget is recorded, presented and reported, and as such has a direct impact on the transparency and coherence of the budget.

A budget classification system provides a normative framework for both policy decision making and accountability. Classifying expenditures correctly is important for policy formulation and performance analysis, allocating resources efficiently among sectors, and ensuring compliance with the budgetary resources approved by the legislature.

An administrative classification identifies the entity that is responsible for managing the public funds concerned, such as the ministry of education or, at a lower level, departments of primary education, and even lower schools.

A “functional” classification organises government activities according to the purposes and broad objectives for which they are intended (e.g., education). It is independent of the government’s administrative or organisational structure. Such a classification is especially useful in analysing the allocation of resources among sectors.

An economic classification identifies the type of expenditure incurred, for example, salaries, goods and services, transfers and interest payments, or capital spending.

All three classifications are essential for users of budget information.

Programme Based Budgeting (PBB) is seen by some as a better way to classify spending). PBB requires the budget to be organised around a set of programmes, and usually sub-programmes, with clear policy objectives and it focused on outcomes and outputs. It does not eliminate information about inputs, as above, but it shifts the focus of budget presentation to outputs.

Adapted from: Budget Classification, IMF Fiscal Affairs Department https://www.imf.org/external/pubs/ft/tnm/2009/tnm0906.pdf

3.3. Middle-Income Countries have the most sophisticated processes for integrated planning

Some of the best cases of “SDG-ready integrated financial planning” are drawn from the - smaller in coverage as a percentage of total - sample of Upper-Middle-Income Countries who have undergone substantial Public Financial Management (PFM) reform over many years. This reflects the often more mature and robust public finance management systems in place in these countries, as well as, in some but not all, a greater propensity towards more open and transparent publishing of budget documents.

It is interesting to note several cases that were identified as having stronger cross-sector planning and budgeting and have proactively taken steps to address this and strengthened in a coordinated way with the office in charge of public finance, and introduced results-based management/budgeting, coupled with strong institutional frameworks outlining responsible institutions, goals, accountability mechanisms or consequences for the failure to meet goals). Alongside this, there are also often multiannual investment plans or budgets tied to goals. This includes Colombia, Dominican Republic, Ecuador and South Africa in this sample. For instance, Colombia has a System for Monitoring the Government's Goals (SISMEG), which is tied to the National Performance Evaluation System (SINERGIA), and is coupled with strong performance-based budgeting.

It is also worth noting that countries are at different stages, and some have far to go. Some of the countries which have the least 'advanced' budgeting and financial systems are countries from the lowest income and/or are fragile and conflict affected states, with very weak Public Finance Management (PFM).[xxx] Any attempt to implement more integrated planning thus needs to also start from 'where a country is now' and plot out the incremental stages required on pathways to introduce these more complex systems. Many of the countries with further to go in terms of public financial reforms and governance will need to move incrementally towards this. Therefore, some "quick wins", tailored to country circumstances, to increase accountability and results, need to be better identified. Based on DFI's previous experience this could include: publishing regionally disaggregated data; putting in place programme or beneficiary budgets; better tagging of budgets lines for equity etc. Clearly, the space being offered up around the planning for SDGs also provides fertile ground for improving integrated planning at the baseline and foundation – development and sector plan – of good practice.

Box 4. Colombia: moving into SDG planning

Colombia is one of the countries which inspired the proposal to focus on integrated financial planning to make the SDGs more cost-effective and efficient, reduce the risk that SDG actions will undermine one another, and ensure sustainable resource use. A proposed "Integrating Approach" by the Government of Colombia has helped catalyse the discussion. The National Development Plan 2014 – 2018 identifies education as one of its three pillars, along with equality and peace. To achieve the objectives of the Plan, five cross-cutting strategies are proposed: 1) competitiveness and strategic infrastructure; 2) social mobility; 3) transformation of the countryside; 4) security, justice and democracy for peace building and 5) good governance, framed in a green growth strategy.

Implementing the principle of planning for government action, each sector or planning 'group' must submit a proposal for meeting the Development Plan for 2014 – 2018. Once consensus is reached on a plan, it is sent down to the 32 governors and 12,000 municipalities. These local levels are then required to report on how they are complying with the plan in terms of policies they are implementing.

Meanwhile, the Planning Commission has been tasked with including and implementing the new SDG agenda into all policies, plans, actions and programmes with a forward planning approach and the monitoring, follow-up and review of these goals and their targets. This includes coordinating the institutions in charge of national implementation of the SDGs, formulating national policy and interventions for their implementation, recommending financing measures, and identifying key non-state actors to work jointly with the Commission are therefore all important functions of this newly created entity. One of the challenges posed by an agenda such as the SDGs, and by many of the objectives set out in Colombia's National Development Plan for that matter, is that they are interlinked (for example, dealing with peace and security issues also requires addressing social mobility and inequalities). This requires strong inter-agency coordination. The institutional make-up of the Commission established to follow up SDG implementation has been designed with the coordination of different institutions and cross-sectoral work in mind.

Within this, the Ministry of Education has brought together different units around substantive discussions in a way that had not happened before (including through 20 ministries and Presidential Councils coming together) in a series of sessions to test the "Integrating Approach. In the 2015 budget there are clear linkages from this planning process into annual budgets, and clear lessons can be drawn for other countries looking to adopt this

3.4 Recommendations

The strong conclusion drawn is that for most countries in this sample there is far too little information available which enables an assessment of good financial integration. What is known is too little on which to draw full conclusions. However, certain country analysis shows the kinds of areas and potential for successful cross-sector planning and spending to flourish.

The following recommendations are proposed:

- Building a fuller picture of the most effective way to build "integrated SDG-ready financial planning" would require further work in conceptualising what is meant by this approach. Ideally this is something which would require work not only in education but across other dimensions of the goals – in order to understand what this means other sectors/areas, which are included in the SDGs, such as health (SDG goal 3) social protection (contained as a target for SDG 1), or WASH (SDG 6). But also for the agenda related to "sustainability" (i.e. how financing demands will be met by existing supplies without degrading the resource base and underlying ecosystems).
- What is not transparent and clear cannot be planned in an integrated manner. At present, information is too sparse to effectively track the level of integration for the SDGs. Countries must work much

harder to be able to clearly identify where clear cross-sector linkages linked to the SDGs are likely to arise. But they are also going to need to work harder to then both disaggregate spending so programmes can be tracked, at the same time as aggregate this upwards to be able to estimate total spend in these areas for development/sector goals tracking – and both need pursuing at the same time. This will take better budget classifications – by Programme Based Budget practices and functional budgets.

- The links from long term development vision, sector planning, and financial planning/budgeting need to be well established in order to put in place a coherent strategy for more integrated financial planning. The current process of "domesticating" SDG agendas at national level offers an opportunity to explore this for many countries.
- These reforms take time and are the "ideal planning chain" for countries to aspire towards. It is hard to envisage planning in an integrated way, nor tracking that well if budgets are not structured in a way which enables SDG targets to be identified and then linkages sought. Some countries are already close to such a model and some are very far – an approach to this must take account of where different countries are. Many countries are at different stages, and some have far to go. Therefore, some low-cost "quick wins", tailored to country circumstances, should be identified.
- Integrated planning for decentralised budgets appears to offer the most robust way to tackle "multiple integrations". There is a significant and real tension between the ability to aggregate up and give a national picture and the ability to decentralise down and give local autonomy. How this tension is to be resolved needs real grappling with in the post-2015 budgeting agenda.
- One final note: in evaluating budgets and sector /development planning for this study, alongside work currently being carried out on country planning for SDGs by DFI, it is clear that education – alongside health – is given a hugely important and pivotal role in governments' planning and processes – which is why more education spending can be tracked than any other area. This gives the sector huge priority and "institutional clout" in the way in which many governments plan their budgets.

ANNEX 1: Countries' budget and sector plans used in the study

Afghanistan	Guatemala	Paraguay
Albania	Guinea-Bissau	Peru
Angola*	Guyana	Rwanda
Bangladesh	Haiti	Samoa
Belize	Honduras	São Tomé and Príncipe
Benin	India	Senegal
Bhutan	Jamaica	Sierra Leone
Bolivia	Jordan	Solomon Islands
Burkina Faso	Kenya	South Africa
Burundi	Kiribati	South Sudan
Cambodia	Kosovo	Sri Lanka
Cameroon	Kyrgyz Republic	Swaziland
Cape Verde	Lesotho	Tajikistan
Central African Republic	Liberia	Tanzania
Colombia	Madagascar	Timor-Leste
Comoros	Malawi	Togo
Congo, Dem. Rep.	Mali	Tonga
Congo, Rep.	Moldova	Uganda
Côte d'Ivoire	Mongolia	Vanuatu
Dominican Republic	Mozambique	Vietnam
Ecuador	Nepal	West Bank & Gaza
El Salvador	Nicaragua	Yemen, Rep.
Ethiopia	Niger	Zambia
Fiji	Nigeria	Zimbabwe
Gambia, The	Pakistan	
Georgia	Papua New Guinea	
Ghana		

ANNEX 2. Methodology used to measure and classify inter-sectoral spending

Using the database classification for level of detail available in the budget documents, the countries which enable a good and robust level of detail and analysis were identified. It was judged that get into the detail needed and analysis this required going beyond that analysis to look specifically within each budget document for spending which was either.

When a functional budgeting system is used it is possible to assess what is in the functional budget classification and seek the budget codes/lines for this. Using this, it was then possible to tag and track across the budget where areas are administered. This produced some analysis of where spending is taking place in different ministries, as well as at different levels.

However, in the case of an administrative only classification– and where there may be education spending within other ministries not classified as education - the screening questions were:

- ☐ Does the type of spending use one of the key words (i.e. school' 'education') which can be looked for? While a crude method, this question alone can help find a huge amount of information on which to cross- reference the remaining questions.
- ☐ Are there Ministries with likely clear and/or unclear education mandates but are likely to include some education? Assess them.
- ☐ Is there sufficient information available on the objective(s) of an expenditure? If so, does the spending have a link to a programme or vote etc. which is in the plan or has a list of strategic education related objectives in sector or other plans.
- ☐ If the answer to the above point was "yes" then these more specific areas/programmes etc were analysed in more detail. Specifically, this was also classified as expenditure with a primary or significant objective of contributing to education? (classify and count it).

Type of spending

Direct education expenditure: education is the primary, direct objective	Education is the clear primary aim and/or classified functionally
Indirect education expenditure: benefits or clear contribution education inputs or outcomes	Education is judged to be at least a secondary or significant aim (i.e. there is an education component but this is not in the education ministry and/or functional classification).

Notes and References

[i] This is in light of the fact that DFI uses official government budget documents to build the cross-country evidence base used for the Government Spending Watch database. For more information see: http://www.governmentspendingwatch.org/spending-data

[ii] It was not originally envisaged to use Education Sector Plans but after an initial scoping, the research team agreed that this was required to keep a fuller and more robust picture for the assessment.

[iii] Note, the years covered either 2014-15 or 2015-16 (full list of budget years available upon request).

[iv] In most cases this is publicly available and published official government budget documents, available on websites or through public offices. In some cases, this was supplemented with semi-publicly available documents gathered through the process of GSW database compilation and/or assumptions have been assessed. In either case the level of transparency by a government and the degree of published budget documents/information is crucial to the level and degree of analysis possible. This clearly has serious implications for the overall conclusions which could be made in some countries, e.g. as discussed in the main body of the report, in Ethiopia, Vietnam or Cambodia.

[v] See table in Annex 1 for the full list of current countries analysed. It should be noted, this includes all Low-Income Countries, expect for a small handful of (the most fragile, war-torn and secretive) LICs - Chad, Somalia, Eritrea, Guinea and North Korea. Hence this analysis gives a very good assessment of LICS, and a very reasonable assessment of LIMCs (70% of LIMCs are covered)

[vi] "Actual" expenditure is far more difficult to capture from official government documents as this is often not published by many lower income countries, or is published with less information, or less traceable information by intention. For more information, see page 52 of the 2015 Annual GSW report, available here: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/rr-financing-sustainable-development-goals-110615-en.pdf

[vii] In some cases, the Executive's Budget proposal is used, which outlines the government's revenue and expenditure plans. However, because the Enacted Budget is by far more likely to be readily available (this document is the most published of all documents) and has also been the result of legislative consideration of the executive's proposal, this is used when available.

[viii] In a number of countries this was not possible. See the accompanying information table in Annex 3 for more information on this

[ix] Note in some cases these do not adhere to international standards.

[x] Do note this is a broad point but did impact on the overall study – when budgets are not transparently available this excludes analysis.

[xi] For the last two years only a budget speech available. While this does state the overall spend intended on education, if estimated using the administrative breakdown of totals for "Ministry of Higher Education" and "Ministry of Basic and Secondary Education" and gives an estimate of primary education, GSW does not use budget speeches for our published estimates of sector spending, given these are often highly politicised documents.

[xii] It should be noted that India is very difficult to add up the overall totals and split this down into different levels through annual budget documents, however, it was included due to the ability to breakdown spending by the education sector, and other planning documents, and state level/other documents.

[xiii] Afghanistan, Bhutan, Burundi, Cambodia, CAR, Comoros, DRC, Ethiopia, Guinea Bissau, The Gambia, Guyana, Kyrgyz Republic, Lesotho, Mali, Moldova, Mongolia, Nigeria, Papua New Guinea, Samoa, Tajikistan, Togo, Vietnam, West Bank & Gaza, and Yemen

[xiv] It should be noted there is a great deal of further budget information available for Bangladesh on the Ministry of Mass Education's website and within sector/ budgets and report, however.

[xv] Bhutan does allow some breakdown but it is project based – i.e. mentions a EECC project but not specifically splits down into this way deliberately.

[xvi] Note there is an overlap with the above countries although not an exact one as some countries may break down their spending into, say decentralised spending levels but cannot breakdown spending into levels –

[xvii] For a more thorough discussion of measuring equity in systems, see Chapter 4, DFI & Oxfam (2015), Financing the Sustainable Development Goals: Lessons from Government Spending on the MDGs. Development Finance International and Oxfam, London and Oxfam

[xviii] UNICEF and Ministry of Finance in Ecuador. Consejo Nacional para la Igualdad Intergeneracional (2014) "Institucionalidad y Estrategias para el Seguimiento del Gasto Público en la Niñez en Ecuador," presentation from the "Seminario Internacional: Inversión en la Infancia: Una apuesta por la equidad a 25 años de la CDN" held in Lima, Peru on 2-3 October. Ministry of Finance (2014a) Clasificador de Orientación de Gasto en Políticas de Igualdad en Infancia, Niñez y Adolescencia, Quito: Ministerio de Finanzas. Ministry of Finance (2014b) "Nota de Descripción de los Clasificadores de Orientación de Gasto en Políticas de Igualdad en Infancia, Niñez y Adolescencia," Quito: Ministerio de Finanzas.

[xix] About 20% of all countries had no detail that would allow this.

[xx] Presidencia da Republica, MinFin - Ensino Tecnico ProfissionalL Ministerio de Administracao do Territorio - Pre-school, Primary & Professional Technical: Ministério Da Admin. Púb.Trabalho E Segurança Social - Professional Technical: Ministerio das Pescas (Fisheries) - Professional Technical: Ministerio da Industria - Subsidy and Professional Technical: Ministerio dos Transportes - Professional Technical Ed and Pos-graduation: Ministerio da Saude - Professional Technical Ed: Ministerio da Educacao - Primary, Secondary, Professional-technical and Special Education: Secretariado Do Conselho De Ministros - Professional Technical Ed AND All Provincial Governments.

[xxi] Taken from the education sector plan. Technical schools and colleges run by the Ministry of Education (MoE), form the vast majority of the entire system. But other Technical Training Centres are financed and managed by the Ministry of Labour and Manpower; the Ministry of Local Government; the Ministry of Agriculture (MoA); the Ministry of Forestry; the Ministry of Textiles; and the Ministry of Defence. Additionally, a number of ministries offer training through non-accredited courses, such as the basic training in livestock provided by the Ministry of Youth and Sports to those less than 30 years of age.

[xxii] See Box 2, page 58 GSW 2015 Annual Report: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/rr-financing-sustainable-development-goals-110615-en.pdf in GSW 2015 report.

[xxiii] Ministry of Finance (2014) "La Experiencia de Honduras en la Medición de la Inversión Pública en la Niñez y Adolescencia," presentation from the "Seminario Internacional: Inversión en la Infancia: Una apuesta por la equidad a 25 años de la CDN" held in Lima, Peru on 2-3 October. Ministry of Finance and UNICEF Honduras (2014) La Inversión Pública Dirigida a la Niñez y la Adolescencia en el Año 2013, Tegucigalpa: Secretaría de Estado en el Despacho de Finanzas and UNICEF Honduras

[xxiv] For a more thorough discussion of measuring equity in systems, see Chapter 4, DFI & Oxfam (2015), Financing the Sustainable Development Goals: Lessons from Government Spending on

the MDGs. Development Finance International and Oxfam, London and Oxfam

[xxv] Based on interview carried out with Tanzania EFA network.

[xxvi] However, this is less than 2% of the total budget at present, so less of an issue than in some countries.

[xxvii] This is based on interviews with CSOs and Ministry of Education

[xxviii] WaterAid country commissioned studies from DFI. Ethiopia study available here: http://www.governmentspendingwatch.org/images/News/Ethiopia_financial_absorption_case_study.pdf

[xxix] Government Spending Watch 2015 Annual Report: Government of Kenya Vision 2030 strategy: Kenya Education Sector Plan.

[xxx] It is widely accepted that budgeting and budget processes tend to be least developed in countries of lower incomes and/or conflict affected or fragile states (or those emerging from such a situation). This assumption is supported by recent studies such as this World Bank Policy Research Working Paper "Strengthening Public Financial Management Exploring Drivers and Effects". Overall, the paper finds that about 50% of the variation in the status of PFM systems can be explained by country conditions such as income level, current political stability, population size, and the degree of natural resources dependency. Income level matters most for PFM performance, but countries at comparable levels of development still have wide differences in the quality of their PFM systems. Available on http://wwwwds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/11/04/000158349_20141104092115/Rendered/PDF/WPS7084.pdf