THE UNICEF PUBLIC FINANCE TOOLKIT
A resource guide for selecting, adapting and applying public financial analysis tools
Acknowledgements

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<td>Commitment to Equality</td>
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<td>Child-Focused Public Expenditure Measurement</td>
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<td>cMYP</td>
<td>comprehensive multi-year plan (immunization)</td>
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<td>Convention on the Rights of the Child</td>
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<td>CSC</td>
<td>Community Score Card</td>
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<td>CSO</td>
<td>civil society organization</td>
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<td>Early Childhood Development Action Network</td>
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<td>FY</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>Global Analysis and Assessment of Sanitation and Drinking Water</td>
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<td>International Budget Partnership</td>
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<td>IFI</td>
<td>international financial institution</td>
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<td>International Labour Organization</td>
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<td>International Monetary Fund</td>
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<td>INGO</td>
<td>international non-governmental organization</td>
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<td>LDC</td>
<td>least developed country</td>
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<td>LMIC</td>
<td>lower-middle-income country</td>
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<td>LSMS</td>
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<td>non-governmental organization</td>
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<td>ODA</td>
<td>overseas development assistance</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>PBB</td>
<td>programme-based budgeting</td>
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<td>political economy analysis</td>
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<td>Public Expenditure and Financial Accountability</td>
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<td>PER</td>
<td>public expenditure review</td>
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<td>PFM</td>
<td>public financial management</td>
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<td>SDGs</td>
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<td>SHA</td>
<td>system of health accounts</td>
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<td>United Nations Development Programme</td>
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<td>WASH Accounts Production Tool</td>
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<td>water, sanitation and hygiene</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WIDE</td>
<td>World Inequality Database on Education</td>
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PART 1
USER GUIDE
1 How to use this guide

1.1 What is the UNICEF Public Finance Toolkit?
UNICEF’s Public Finance Toolkit brings together the most common public finance analysis tools that UNICEF uses in its work with governments and partners to strengthen spending for essential investments and services for children. These tools can provide valuable insights to identify, understand and address public financial management challenges which affect access or delivery of essential social services for children.

The Public Finance Toolkit will help UNICEF staff understand when and how they can use different analytical tools, how to select the most appropriate tool and how to adapt it for specific contexts and needs. It also highlights when and how these tools can be used to maximize influence and achieve better results for children. For example, to generate evidence for planning and policy development, programme design, resource allocation decisions and reforms, as well as identify areas, content and recommendations for technical assistance and capacity building initiatives. While the toolkit is aimed at UNICEF staff, it may also assist other practitioners and partners working on public finance to integrate a child rights lens in their financing work, including national and subnational governments.

1.2 What does it include?
UNICEF’s Public Finance Toolkit includes a compendium of 14 common public financial analysis tools that can be used to:

- Analyse the adequacy, efficiency, effectiveness and equity of planned or existing spending to support evidence-based advocacy and programming;
- Identify bottlenecks in public financial management (PFM) systems and processes that constrain social service delivery;
- Support community participation and engagement in planning and budgeting processes; and
- Strengthen transparency and accountability.

The different tools ask different questions, have different levels of technical complexity and may require different types of data, technical expertise, time and funding, as well as different levels of support or leadership from the government, and other partners and stakeholders.

The toolkit also has as section with a simple checklist of questions to consider when you select, design and implement public finance analytical tools in your local context, and summary tables to help you compare the different tools.

For each tool, there is a summary of essential elements and considerations to help you identify if a tool is appropriate for your specific needs and context, and to assist your planning and preparation. This includes information which will help to answer the questions:
1. How to use this guide

- What is it?
- What can it tell me?
- How can UNICEF use this tool?
- When should I use it?
- What does it require in terms of data, skills, time and resources?

The summary of each tool also includes information on how the tool has been applied in different sector and subnational contexts. Each tool includes a list of useful resources with guidance products and examples from UNICEF and other organizations to show how the tool has been used in different sectors, country contexts and levels of government.

In addition to the tool compendium, UNICEF’s Public Finance Toolkit also provides some information on UNICEF’s approach to public finance programming, and some principles to consider to identify how public finance engagement can help achieve better outcomes for children, reflect the needs of your local context and maximize the opportunities of working with partners.

1.3 What is NOT included?

The UNICEF Public Finance Toolkit:

- DOES NOT cover all public finance analytical tools, but it DOES provide an introduction to the tools most commonly used by UNICEF.
- DOES NOT provide complete instructions on how to implement each tool, but it DOES provide links to relevant guidelines, resources and examples that can help guide you once you have selected a tool.
- DOES NOT provide advice on how to apply each tool to every specific sector, but it DOES highlight key sector resources and principles to help you customize public financial analysis to the needs of a specific sector.
- DOES NOT provide guidance on developing public finance reforms or a public finance strategy, but it DOES provide advice and principles to consider to maximize the impact of your analysis and use public financial analysis tools to advance your programming goals.
- DOES NOT include tools that focus on non-public funds or revenue, but it does provide a link to other relevant resources (see Box 1).

Box 1: Looking beyond public finance expenditure

UNICEF’s Public Finance Toolkit brings together tools to support evidence generation and analysis to improve the quality and results of government spending. As a result, most of the tools focus primarily on public expenditure rather than non-government funds or revenue. This reflects the nature of UNICEF’s partnership with governments, and its focus on supporting governments to better resource and deliver on investments for the progressive realization of child rights.

For details on additional tools, the Public Expenditure and Financial Accountability (PEFA) program Institute Guide to PFM Diagnostic Tools includes several World Bank and International Monetary Fund (IMF) tools for analysis and engagement in revenue, debt and investment.
1.4 Getting started – how to use this guide

The Public Finance Toolkit provides practical information to help UNICEF staff plan and apply public finance diagnostic and analytical tools as part of UNICEF programming.

If you are new to public finance programming, you may wish to review the brief introduction on why UNICEF engages in public finance for children, and the short overview of identifying public finance priorities and planning public finance engagement.

For UNICEF staff with more experience, you may wish to start with the summary tables comparing the different tools and the checklist of steps to guide planning, tool selection and implementation.

Some specific examples of ways to use these resources are provided below.

I want to…

…find the best tool to respond to a public finance challenge that I have already identified

You can start with Table 1 which compares the different tools to help you identify which tool can respond to different questions. You can then review the more detailed information on the tool to confirm that it meets your technical needs, and that the resources required are feasible. You can also use the tool summary to look at examples and see the ways the tool has been applied in different sectors, countries and levels of government.

You can then use the checklist in Section 3.1 to confirm that you have considered the important questions to prepare for planning, scoping and implementation in your local context.

…learn what are the best tools and guidance for my specific sector

You can start with Table 3, which shows which of the tools have either sector specific guidance, or strong examples of sectoral application. The table covers the sectors of health, education, social protection, nutrition, water, sanitation and hygiene (WASH), child protection, and early childhood development (ECD). It also indicates where there are examples for other sectors or multisectoral approaches, such as gender, climate and disability.

You can then read about the tools you are interested in the compendium in Part 2, including the summary description of sector-specific applications, and the list of resources and sector examples.

If you are interested in how to identify public finance issues in your sector, you can review the material on the public finance programming results chain in Section 2.3.3 to help you identify where PFM bottlenecks or challenges are occurring in your sector, as well as the checklist in Section 3.1 for information about how to plan, customize and implement the tools.
1. How to use this guide

**…understand the benefits for UNICEF of partnering in a public finance analysis proposed by the government or other partners**

You can look up the summary information on the proposed tool in the compendium in **Part 2**. For each tool, there is a short explanation of how UNICEF can use the analysis and information to advance child rights, as well as guidance on the type of information the analysis will produce, how and when the tool is best used and examples of the types of reports and results that can be produced, including by other UNICEF offices. This will help you determine if there are specific ways you can use the analysis to address service delivery or access challenges for children, as well as highlight points which UNICEF may wish to raise as input to the scope or design of a tool.

You can also review the material on why UNICEF engages in public finance programming in **Section 2.1** for a broader overview of how public finance engagement can help achieve better results for children, as well as the information on planning public finance engagement in **Section 2.3**.

In addition, you can use **Table 1** to compare the suggested tool with others to ensure it is the best fit for the context and need.

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**…develop an office-wide or sector-specific Public Finance for Children (PF4C) strategy**

While the toolkit does not provide specific guidance on developing a strategy, you can review the information about how and why UNICEF engages in public finance programming in **Chapter 2** to assist your situational analysis or scoping, and plan the most useful timing and sequencing of PFM tools in relation to your strategic objectives. You can also use the Public Finance Programming Results Chain in **Section 2.3.3** and **Annex 3** to help you identify PFM bottlenecks or challenges in your context or sector and understand the types of information and insights that can be obtained from PFM analysis.
2.1 Why UNICEF engages in public finance

As part of its mandate to protect and enhance the rights and well-being of all children, UNICEF seeks to support the mobilization, allocation and utilization of domestic public financial resources to enhance social outcomes and reduce poverty and inequality.

UNICEF recognizes the crucial role of domestic resources in financing programmes for children. Domestic revenues far exceed overseas development assistance (ODA) even in most lower-income and fragile states. Supporting governments to improve the amount and quality of their spending on investments and services for children is a critical mechanism to improve outcomes for children. UNICEF focuses on not only the adequacy of spending, but also on the efficiency, effectiveness, equity and transparency, and works to identify and address the public financial management (PFM) challenges and opportunities that directly affect child outcomes across all its areas of programming.

Partnering with governments on public financing for children is a core part of UNICEF’s mandate. It forms the mechanism through which UNICEF supports governments’ commitment to invest in child rights ‘to the maximum extent of available resources’, as set out in Article 4 of the Convention on the Rights of the Child (CRC) and the United Nations Committee on the Rights of the Child General Comment No. 19 on Public Budgeting for the Realization of Children’s Rights.

2.2 UNICEF’s Public Finance for Children Framework

As set out in UNICEF’s Public Finance for Children (PF4C) Programme Framework (see Box 2), UNICEF’s engagement in public finance is based on the strategic principles of:

Box 2: The UNICEF Public Finance for Children programme framework

The UNICEF PF4C Programme Framework sets out the goals and objectives of UNICEF’s engagement in PF4C and identifies the key principles and core actions to achieve them.

**Goal:** Realization of children’s rights through the best possible use of public budgets

**Outcome:** Sustained access to quality services and programmes

**Objectives:** Removing public financial barriers and bottlenecks, so that budgets are sufficient, efficient, effective, equitable, transparent and accountable

The PF4C Programme Framework provides further details, including how to operationalize the approach in country programming.

The PF4C Programme Framework is reflected in the new UNICEF Strategic Plan 2022-2025 as a key mechanism to achieve sustainable domestic financing for child-focused social services, a pillar of financing for development, and as an essential approach to achieve an inclusive recovery and lift children out of poverty. It will be measured in reporting on UNICEF programming under Goal Area 5, that every child, including adolescents, has access to inclusive social protection and lives free from poverty.
1. **Basing PF4C actions on how and when PFM decisions are made**

It is important to understand the budgeting cycle, budget decision-making process and macro-fiscal context, as well as the specific public finance challenges that impact on results for children in your context. Just as policy cannot be developed in isolation of local context, it is important to consider how policies and goals are translated into programmes and results through the public finance system. This understanding can then guide your engagement in public financial analysis, evidence generation, capacity building and technical support so that you can make a practical contribution to improve budget decisions, budget implementation and results of budgets for child-focused plans and programmes.

Further information is included in Section 2.3.1, and this approach is described in detail in UNICEF’s guidance on How to Engage in Budget Cycles and Processes to Leverage Government Budgets for Children.

2. **Adding value to PFM by focusing on links to the end results for children**

UNICEF’s focus on results for children highlights the importance of considering the entire public finance chain from national policies and plans and the budget cycle through to implementation and service delivery at facility or local level. This requires understanding the public finance roles and responsibilities of sector ministries and subnational governments, as well as central finance ministries, which is important to better identify public finance challenges or opportunities for impact on delivery of services or investments in children.

UNICEF has produced sector-specific public finance resources and guidance which reflect the specific financing challenges, opportunities and entry points in different sectors (see Box 3). Additional guidance and resources for different sectors are included in the resource section for each tool in the tool compendium in Part 2.

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**Box 3: Examples of UNICEF sector-specific public finance guidance**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Key Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Protection</td>
<td>• 2021: Technical Paper on the contribution Public Finance for Children can make to realizing child protection objectives</td>
</tr>
<tr>
<td></td>
<td>• 2021: Review of Public Finance for Children Engagement in Child Protection</td>
</tr>
<tr>
<td>Health</td>
<td>• 2022: Engaging with Public Financial Management Challenges in the Health Sector. (pending release 2022)</td>
</tr>
<tr>
<td>Nutrition</td>
<td>• 2021: Public Finance for Children–Nutrition (PF4C-N) in Asia Pacific, Led by UNICEF East Asia and the Pacific, and South Asia regions.</td>
</tr>
<tr>
<td>WASH</td>
<td>• 2017: Choosing Public Expenditure Analytical Tools for Use in the WASH Sector</td>
</tr>
</tbody>
</table>
3. Increasing attention to decentralized budgets, including funding flows to local levels

UNICEF’s focus on results for children highlights the importance of subnational governments and government resourcing. Local governments often play a critical role in delivering essential policies and services for children. Public finance analysis and engagement should also consider the processes local governments use to plan, budget and implement social services using either their own resources or funds received from national governments through inter-governmental grants.

This approach is described in further detail in UNICEF’s Local Governance Programme Framework. In addition, examples and practical lessons from UNICEF country office programming are presented in the 2021 Subnational Public Finance Programming Briefs, which cover topics such as subnational public finance performance, budget data, and budget transparency, as well as mechanisms to strengthen subnational public finance capacity. The Public Finance Toolkit also provides information on subnational application in the description of each tool in the tool compendium in Part 2.

Based on these three principles, UNICEF works to identify and address public financial barriers and opportunities to ensure that public expenditure on programmes and services for children is:

- **Sufficient** for implementation of child-related policies, programmes and plans;
- **Efficient**, to ensure available resources (inputs) are used to achieve the most desirable package of outputs, with timely disbursement and minimal wastage and leakage;
- **Effective**, prioritizing high-impact value for money interventions and coordinating multisectoral interventions across government agencies and levels of government;
- **Equitable**, considering the needs and distribution for disadvantaged areas and populations (see Box 4); and
- **Transparent and accountable**, including through citizen participation and monitoring.
Box 4: Equity matters

UNICEF has a universal mandate to protect and realize children’s rights. Within this mandate, UNICEF works to ensure that no child is left behind, with an emphasis on addressing the specific barriers and vulnerabilities of children living in poverty and exclusion.

Children can experience compounding vulnerabilities/deprivations due to factors such as discrimination (due to gender, disability, health status, religion, ethnicity, language or citizenship), geography (including rural areas with weaker services or highly disadvantaged urban environments) socio-economic conditions (including issues of monetary and multidimensional poverty), or greater exposure or vulnerability to shocks. These factors often intersect and can affect access to social services for children and their parents and communities.

“Spending equitably does not always mean spending the same amount on each child, but rather making spending decisions that lead to substantive equality among children.”

The importance of equity in public budgets is articulated in the Convention on the Rights of the Child (CRC) and the Committee on the Rights of the Child General Comment No. 19 on public budgeting for the realization of children’s rights. In addition, the SDG indicator 1.b.1 specifically calls on governments to ensure equitable and pro-poor public spending on health, education and social protection. UNICEF is the custodian of SDG 1.b.1 within the United Nations.

Equity should be considered as part of the design of all public financial analysis to ensure visibility and inclusion of marginalized groups. This can include considering access and affordability of services when costing new or expanded programmes, or ensuring visibility and consideration of marginalized or excluded children and families in financial data analysis, through the use of disaggregated data, consultation and participation of diverse stakeholders and representatives of marginalized groups, or using relevant normative frameworks and benchmarks (e.g. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Convention of the Rights of Persons with Disabilities (CRPD) and Convention on Elimination of all forms of Racial Discrimination (CEERD).

The Public Finance Toolkit include examples of budget analysis approaches that apply a gender or disability lens (under Tool 1 Budget Analysis). In addition, Tool 5 Fiscal Incidence Analysis provides a methodology to assess if taxes unfairly burden poorer parts of the population, or if public spending on health, education or other social services or subsidies is distributed equitably across different income groups in the population.

Beyond the toolkit, sector-specific guidance and analysis can be helpful to identify how to consider and promote issues of equity. For example, an analysis of data on social protection spending in 101 countries identified equity of social protection spending as a strong predictor of lower poverty and inequality. It also reaffirmed that capturing and reflecting data on equity is challenging. The 2021 UNICEF and World Health Organization (WHO) report, The Measurement and Monitoring of Water Supply, Sanitation and Hygiene (WASH) Affordability unpacks some of the complexities of defining and monitoring the affordability (or economic accessibility) of safe drinking water, sanitation and hygiene (WASH). While it is challenging to capture and monitor data on these issues, it is important to ultimately allow governments and the WASH sector to more effectively target support to make WASH services accessible to all.

Beyond analysis and evidence generation of the equity of resource allocation and resource use, UNICEF can look to incorporate equity in the processes of making financial decisions. For example, gender budgeting can be used as a tool to ensure gender impact is considered, assessed and reported on as part of policy formulation, budget allocation, implementation and review. Another example is to include accessibility standards in public procurement policies to ensure government buildings do not create barriers for access for children with disabilities.

1 Committee on the Rights of the Child General comment No. 19 (2016) on public budgeting for the realization of children’s rights (art. 4)
2 United Nations Sustainable Development Goal indicators website, SDG Indicator 1.b.1
3 UNICEF (2021) Fiscal Equity and Social Outcomes for Children
2.3 Identifying public finance priorities, and planning public finance engagement

Public finance analytical tools can be used to identify public finance challenges or ways to increase the impact, efficiency, effectiveness, equity and transparency of public spending. However, it is important not to let the tool drive the activity. Public finance tools should be selected and used to support your programming goals for children, based on an understanding of the PFM challenges in your context, the entry points and opportunities for PFM reform, and the type of evidence and analysis that will have the greatest impact.

The best way to prioritize your public finance engagement is to focus on the change you want to see in the size, quality and results of public investment in children. For example, incorporating public finance into your programming theory of change would require you to identify the public finance issues that are constraining the achievement of core results for children, and consider what additional information or evidence is needed to understand and respond to these bottlenecks. Given the importance of collaborative reform in public finance, this process should consider reforms and actions undertaken by others, as well as opportunities for partnership with government and other stakeholders in areas of shared interest. On this basis, you can then identify the tool that will support your programming goals, and decide how to customize it to generate the evidence or detail you need for policy, programming, advocacy and influence.

Chapter 3 of the toolkit includes a simple checklist of steps for planning, selecting and implementing public finance programming tools.

If you are just starting to engage in public finance, the following sections provide some further information to help you consider public finance in your programming:

1. Understanding the local public finance context
2. Working with partners on public finance issues
3. Identifying where and how public finance engagement can help achieve better outcomes for children.

2.3.1 Understanding the local public finance context

If you are just starting to engage in public finance, are exploring public finance issues in a new sector, or are looking to develop a broader public finance strategy, it is useful to start your planning with an assessment of the local public finance context and environment. This includes the laws and regulatory frameworks, institutions, processes, systems and practices that the government uses to plan, allocate, execute, monitor and report on spending, as well as information on the actual public finance resources that are available or sought.

The most useful starting point is to assess the government budget, the key process by which the government translates its political priorities and policies into programmes and services.
Initial scoping of the budget process should cover:

1. The different stages and functions of the budget cycle, including the core processes and stages of budget planning and preparation, approval, execution and oversight;

2. The roles of different actors and stakeholders in each stage of the budget, including ministries of finance and planning, sector ministries, government decision-making bodies and government, as well as the processes and integration between national and subnational governments;

3. The timing for key processes and decision points; and

4. The type of information, data and evidence used at different decision points, and the implications for planning timing of interventions and influence.

This scoping is important to help identify opportunities and plan engagement, including identifying the entry points, key stakeholders, the timing of decisions, and the type of information that will be most influential at different stages of the budget cycle. For example, it is critical to understand the process and timing of the budget cycle, such as knowing when sector ministries develop their funding proposals, in order to identify opportunities for influence and ensure that analysis and evidence generation is prepared in time to inform or influence government decisions. Some budget parameters such as the envelope of funds available to each sector ministry each year may be set eight months before the beginning of a budget year, so good planning is required to avoid missing these opportunities.

The annual budget process is managed by ministries of finance and treasury, which are, therefore, the key source of information and expertise. Ministries of planning also typically play a critical role in integrating the planning and budgeting process, and in some contexts have responsibility for coordinating parts of the budget preparation. Sector and subnational government partners can also provide information on the process and timing, as well as insights on their practical experience. Detailed reviews of budget cycle and budget transparency may be available if there has been a recent public expenditure and financial accountability (PEFA) assessment or an Open Budget Survey (OBS) which assesses the level of budget transparency. Both these tools are included in the compendium in Chapter 5 as examples of tools led by partners which offer useful insights to UNICEF programming.

Annex 1 includes further background on the budget cycle, resources on understanding and engaging in the budget process, and sector-specific and subnational budget engagement guidance. Further details on different partners and stakeholders is included in Section 2.3.2 below.

It is also important to identify and review available financial information for your sector or context, such as:

1. Current and historical funding allocations and spending for your sector(s), level of government or programme(s) of interest;

2. Estimates of funding need, such as sector financing strategies, or costings; and

3. The fiscal context – to understand the fiscal environment that shapes a government’s financing options, and the resources it has available to allocate.

2. Evidence-based advocacy for greater and better spending on children
Information on budget allocations, expenditure and outputs can be found in government documents such as budget books, laws, speeches, execution reports, audits or annual reports, either in hard copy or online, as well as global and regional databases\(^1\). However, these sources may not be available or accessible, may not include more recent data, or may not provide the level of detail needed to identify specific programmes, or multisectoral issues relevant to children in areas such as early childhood development or child protection.

This information will be easier to find if there are been previous public financial analyses (budget briefs, public expenditure reviews, public expenditure tracking surveys, costed sector plans, etc.). Such analysis may have already highlighted relevant challenges and made useful recommendations.

Information on the fiscal context can usually be found in government financial documents (treasury reports, budget macro-economic statements), or in international monitoring such as International Monetary Fund (IMF) World Economic Outlook, Regional Economic Outlook reports, or country surveillance reports.

In contexts where there has been less previous analysis, or where data are not available, it may be necessary to start your PFM engagement by addressing critical information gaps. You may wish to start by scoping the public finance context and undertaking some basic financial analysis. For example, mapping the budget process or PFM stakeholders, or undertaking a simple budget analysis of the overall size or composition of spending on issues of interest. If there are challenges in accessing the necessary data, it may be useful to include activities to strengthen transparency or availability of financial data in your public finance programming.

In any PFM scoping, it is important to continually link the financing information and context to your overall goals for children. The UNICEF Situational Analysis (SitAn) Toolkit (available as part of the UNICEF Regulatory Framework) provides thematic guidance on incorporating PFM in the SitAn process, including a list of key guiding questions on where PFM analysis should be used in each part of the SitAn as well as different data sources. UNICEF staff undertaking a PFM scoping should find that their SitAn and country programme documents already set out the most relevant PFM issues and stakeholders if they were prepared using this process.

\(^1\) For example the World Bank BOOST open budget portal, the International Monetary Fund Government Finance Statistics, online databases of budgets, such as the Collaborative Africa Budget Reform Initiative (CABRI) Budget database or sector-specific databases such as United Nations Educational, Scientific and Cultural Organization Education Statistics, World Health Organization Global Health Expenditure, International Labour Organization World Social Protection Database. Primary data may sometimes be available online at ministry of finance websites.
2.3.2 Working with partners on public finance issues

Partnering with government in public finance programming

UNICEF works closely with partner governments in the planning and implementing PFM analysis, as well as on activities to apply the evidence to policies, programming, financial decisions and reforms (see Box 5).

Government engagement is essential to build support and ownership for public finance recommendations or reforms. Public financial processes, decisions and data are central to government strategy, public policy and management. It is important to work closely with government partners to be able to understand and influence these critical and sensitive decisions and processes. Strong ownership or champions within government will increase the likelihood that PFM analysis will respond to the government’s priority questions, and successfully influence government programmes and decisions. Strengthening central government processes or public finance capacity, or embedding reforms into government processes is also important for sustainability. In addition, at a practical level, government engagement helps to obtain recent or detailed data, for example current budget execution, unit costing, or financial data that can identify spending at the level of region, programme, facility or beneficiary.

It is important to identify the PFM actors and stakeholders in government and the legislature in your context, which can include:

- Ministries of planning, finance and treasury;
- Social sector ministries (both policy and programme departments; and departments responsible for planning, budgeting, spending and monitoring);
- Government decision-making bodies such as cabinet, council of ministries or budget review committees;
- Government strategy or policy thinktanks, often associated with the executive or legislative bodies;
- Local and subnational governments (including subnational financial agencies and sector agencies);
- Ministries of state administration or decentralization;
- Parliament and parliamentary committees responsible for approving and monitoring budgets, spending, service delivery results and audit reports; and
- Audit and accountability institutions such as Inspector Generals, Auditor Generals, or Audit Courts;

Annex 2 includes some additional information on the roles of different government stakeholders in the budget cycle, including opportunities for UNICEF engagement.
Box 5: Public Finance for Children – supply-side and demand-side approaches to strengthen Public Financial Management

Working in partnership with the government can be considered supply side support for PFM – including activities such as analysis, evidence generation, technical assistance or capacity building for the best possible use of public budgets to realize child rights.

Another approach is to strengthen demand for better budgets through partnerships outside government.

This includes working with the legislature to strengthen parliamentary scrutiny and review of the budget and budget execution.

It also includes engaging with communities, civil society, non-governmental organizations (NGOs), the private sector or the media to build awareness and capacity in monitoring and engaging in the government budget process, or to participate in social accountability mechanisms.

The choice of approach will depend on the country context – and many UNICEF offices use both methods.

Other partnership opportunities in public finance programming

UNICEF also works with many other institutions and stakeholders on public finance programming. Such collaborations can offer access to data and stakeholders, additional technical expertise or avenues of influence. Given public finance is relevant to many parts of programming and policy, it is good practice to coordinate and harmonize on public finance engagement across partners where possible, both to reduce the coordination burden for government and to better leverage and maximize the impact of public financial analysis.

INTERNATIONAL FINANCIAL INSTITUTIONS

International financial institutions (IFI) are priority partners for public finance engagement. This includes global organizations such as the International Monetary Fund (IMF) and the World Bank, and regional and multi-lateral development banks such as the Asian Development Bank, African Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development and the Inter-American Development Bank. These institutions have specific technical expertise in public finance and typically have strong relationships with ministries of finance. In some contexts where IFIs have resident offices, they may play a convening role on issues of public finance, including as the lead partner to government on PFM reform programmes, or coordinating across multiple partners on public finance issues, including consultation and dissemination of public financial analysis.

Partnering with IFIs enables UNICEF to link its sector-focused financing and service delivery insights with IFI expertise and insights in the macro-fiscal context and central PFM structures and systems. For example, UNICEF’s collaboration with the IMF is increasing in areas of common interest such as prioritizing essential social spending and supporting improved efficiency and effectiveness of social spending, as set out in the IMF 2019 Strategy for Engagement in Social Spending, and Guidance Note on social spending safeguards.
UNICEF and the World Bank already partner closely across many countries, regions, sectors as well as on cross-cutting issues such as poverty, gender and human capital at both global and country level. The World Bank is also developing a more integrated view on financing of social sectors under its Human Capital Approach. There are many opportunities to collaborate – including on specific pieces of financial analysis within a country, sector or issue, or on broader analysis, building sector capacity in PFM, or PFM system strengthening. There is strong existing collaboration in design and implementation of public financial analysis, particularly for tools such as public expenditure review (PER), a tool developed by the World Bank.

INTERNATIONAL ORGANIZATIONS AND AGENCIES WITH A PFM FOCUS OR EXPERTISE

There are also several international organizations that engage in public financial management issues as part of their broader mandate or focus.

Many United Nations (UN) institutions and agencies measure and analyse government financing in their areas of mandate. UN agencies, together with other international partners, are supporting countries to identify and mobilize finance for the SDGs, including public and private, domestic and international finance, and to develop Integrated National Financing Frameworks (INFFs). The work of different agencies is coordinated through global mechanisms, such as the Initiative on Financing for Development in the Era of COVID-19 and Beyond (FfDI), launched by the Secretary General in 2020.

UNICEF’s approach to engaging in public finance for better results for children is aligned with these mechanisms, offering opportunities for additional leverage and coordination in countries actively engaged with SDG financing and INFFs. UNICEF is working closely with other United Nations agencies both at country level (e.g. UNICEF partners with multiple UN agencies in joint programmes under the SDG Fund) and at global level (e.g. UNICEF chairs the FfDI sub-group on the Alignment of National Planning, Spending and Implementation within the cluster addressing sustainability and climate action). Under this initiative, UNICEF and partners are developing an approach to integrate climate and social goals through the stages of the budget cycle.

There are also many national and international sector-focused development agencies that are interested in sector financing in their areas of interest, for example, sector-focused agencies such as the World Health Organization (WHO), or the International Labour Organization (ILO – social protection) have expertise on financing challenges and tools in their areas of interest. The World Bank is also a strong partner in several sectors, particularly health, education, nutrition and social protection. Examples of resources and guidance produced by sector-specific agencies is included in the reference section for each tool in Chapter 4.
There are also bilateral partners, foundations and international organizations that work on public finance issues in specific countries or regions. For example, UNICEF works closely with the International Budget Partnership on issues of budget transparency and budget credibility at multiple levels – global, regional and country. Partners such as the European Union (EU), USAID and the Bill & Melinda Gates Foundation (BMGF) promote good governance and public finance systems as part of their approach to development, and have prepared technical resources and guidance that can be applied and adapted to many contexts. Regionally focused international organizations such as the Collaborative Africa Budget Reform Initiative (CABRI) also offer technical resources, guidance and data. At both national level and regional level, there are often academic institutions and think tanks that may monitor or analyse government spending and fiscal performance.

At national and subnational level there are a range of stakeholder groups that play important roles in the final link between the government and service delivery results. This includes community groups, civil society, the private sector, the financial sector, trade unions and the media. These stakeholders can play an important role in the scoping, design, implementation, utilization or leverage of PFM analysis. Non-government stakeholders are essential partners for initiatives that promote demand-side focused PFM reforms such as social accountability (as discussed in Box 5). They also offer important insights and perspectives on issues relating to the adequacy, efficiency, effectiveness, equity, transparency and accountability of resources, which can strengthen financial analysis and costing.

Partnership opportunities are very context specific, so mapping the relevant PFM actors and stakeholders in a country, sector or subnational context is an important early step. For UNICEF staff, this may have been done as part of UNICEF’s SitAn process, or it may be important to update existing stakeholder maps to strengthen the public finance and budget linkages. At country level, it is common to have working groups or coordination groups on PFM, which can be a useful mechanism to identify potential partners and strengthen engagement and coordination on public finance. When considering specific tools in the tool compendium in Part 2, you should consider opportunities to partner with other organizations to leverage their different strengths, perspectives and influence.

2.3.3 Identifying where public finance engagement can help achieve better results for children

The Public Finance Programming Results Chain (Figure 1 below) can help to visualize some of the different entry points to address PFM barriers which are constraining the delivery of results for children in your country context or programme area.

Public finance issues should not be looked at in isolation, but as part of the public finance systems, processes and local context that transform policies into results for children. The results chain presents the key processes of the budget cycle that translate social policies and plans into sector programmes and results, and illustrates how these processes occur within the context of a country’s fiscal space, and are subject to the political economy of the budget process. The results chain can help to illustrate the importance of considering public finance at all stages in the policy and budget cycle, as well as illustrate where financing barriers can potentially occur. While this presentation of the results chain aims to highlight the focus on end results, in actual implementation the process should be considered as a cycle. Results and ongoing monitoring of implementation should inform the development of policies and plans, as further explained in Annex 1.
You can use the results chain to guide your initial scoping to identify where financing barriers may be occurring. For example, if the government has a clear policy or plan to address a particular child need, but is not achieving the desired outcomes, you can look to see if funds to meet the government’s commitment are included in the budget. If not, where in the budget development and prioritization process (see Section 2.3.1) is the problem occurring? Is this an issue where having better data to make a stronger economic case will assist, or are there underlying issues of fiscal space, or political budget decisions that need to be considered as part of the response? Alternatively, if adequate funds are included in the budget, are there issues in the efficiency, effectiveness or equity of these funds? Are funds allocated to the highest priority, highest impact programmes? Are there barriers to execution impacting results? For example, the public finance systems to transfer funds, pay salaries, undertake procurement and purchases must be efficient, timely and transparent to enable frontline services to function.

Identifying a specific public finance challenge and where it occurs in the PFM and budget cycle in this way will help to identify where engagement will have the most impact, and the type of evidence, data and partnerships that are needed. This will help to select the most relevant and useful public finance tools to that can help you to address barriers to achieving programming results.

Annex 3 provides further detail on useful information sources to scope each of these areas, as well as suggestions of public finance tools to consider if more information is required.

It is important to remember that funding is not the only barrier to final results and that increasing budget allocations will not always translate into better outcomes. Issues related to human resources, public administration, or specific issues in the local context may continue to cause constraints even if financing issues are fully resolved. Engaging in public finance is often an iterative and longer-term process. Considering financing issues in the broader programming context can help you to select areas where public finance evidence is most likely to have an impact in understanding and addressing challenges to results for children.
2.4 Going further – UNICEF engagement in public financial reforms

The Public Finance Toolkit provides a compendium of public financial analytical tools that can be used to identify and analyse financing opportunities, constraints and barriers to results for children. UNICEF has successfully used these analytical tools to identify issues and develop evidence-based solutions, including targeted advocacy messages and proposals for greater or better resourcing for critical services for children.\(^2\) To achieve impact, analysis should be leveraged and applied to inform policy, programming and decision making to make spending on services and actions to support child rights more adequate, efficient, effective, equitable, transparent and accountable.

The tools included here can also be used to identify broader issues with PFM or budget systems, processes or capacity. UNICEF country offices have successfully used these tools to support PFM reforms, with PFM analytical tools used to identify bottlenecks and opportunities, and design responses. This includes responses to delays or bottlenecks in delivery of key resources to service delivery level, support to greater engagement and participation of communities in financial processes, design of capacity building initiatives for government staff and partners, and providing technical support to cross-cutting public financial management reforms such as programme or performance-based budgets, medium term expenditure frameworks, reforms of intergovernmental fiscal transfer formulas, charts of accounts and integrated financial management information systems. Some examples of recent PFM reforms supported by UNICEF are included in Box 6.

Some of the public finance tools in Part 2 are particularly suited to identify and plan PFM reforms. For example, the tool compendium includes tools managed by partners which assess public finance systems, processes and institutions (such as PEFA) or budget transparency (such as the OBS), and are designed to identify and recommend reforms. Financial analyses of fiscal space or expenditure may also identify financing challenges with cross-cutting implications. For example, a fiscal space analysis or sector financial analysis may identify opportunities to advance broader whole-of-government reforms that can expand available resources for essential social spending such as debt management reforms or new domestic revenue mobilization strategies. Public financial analysis, including analysis conducted at sector or subnational level, can also identify bottlenecks or challenges with systemic or cross-cutting implications. For example, a sector analysis may identify an opportunity to strengthen the use of evidence in annual budget deliberations, with a proposed response to strengthen the annual budget process that can offer benefits to a wide range of social sector investments. Such reforms can range from simple interventions to revise budget templates to clarify budget proposals links to plans, results, or evidence base, to longer-term reforms such as programme or performance-based budgeting (see Box 6). Sector and subnational financial analyses may identify issues with formulas or mechanisms for intergovernmental transfers, where reforms can benefit multiple sectors or subnational territories.

The toolkit does not provide guidance on specific public finance reforms, which should be customized to the particular context and finance challenge. Where UNICEF staff have identified opportunities for public finance reform with government partners, they are encouraged to seek additional support from UNICEF public finance specialists from Social Policy teams at country, regional and global levels.

\(^2\) Recent examples are included in UNICEF’s 2020 Global Annual Results Report (Goal Area 5) which provides some highlights of global results from UNICEF’s work on public finance for children.
Box 6: Examples of recent Public Financial Management reforms supported by UNICEF

Reform of budgeting approach (e.g. from input to programme-based budgeting)

Objectives: To strengthen how resources are distributed across several functions by deciding on whether to allocate resources based on results, performance targets, available resources, inputs, political interests, and or programme goals.

Programme or performance-based budgeting (PBB) aims to strengthen the alignment, flexibility and accountability of the budget by refocusing resource allocation to the achievement of results rather than management of inputs and government structures.

In PBB, resource allocation is guided by clearly defined programme goals and structure for a set of activities. Its purpose is to align spending with programme and development objectives.

Scope: PBB should be nationally applied. However, it is common for PBB reforms to be piloted in social sectors such as education and health.

UNICEF example: Since 2019, UNICEF Mozambique has been supporting the implementation of PBB in social sectors.

In 2021, UNICEF Botswana provided technical assistance to the Government to implement Zero-Based Budgeting (ZBB) in response to fiscal constraints triggered by COVID-19.

UNICEF Myanmar provided technical assistance to the Ministry of Social Welfare, Relief and Resettlement to strengthen links between budget development and operational/strategic planning. This included strengthening budget submissions to better link inputs to results vis-à-vis coverage and evidence-based impact.

Reform of intergovernmental fiscal transfer system

Objectives: To redesign laws, institutions, formulae, and processes for allocating resources from the national/federal government to local government structures and services to improve efficiency and equity in resource distribution and accountability in public service provision.

Scope: Usually national, covering all subnational authorities. In some cases, reforms can focus on specific sectors most notably education and health.

UNICEF example: Between 2018 and 2020, UNICEF Malawi supported reform of intergovernmental transfer formulae for allocating health, education, and social welfare resources from the national government to local authorities.
Box 6: Examples of recent Public Financial Management reforms supported by UNICEF (continued)

### Reform of the budget classification system and chart of accounts

**Objectives:** To enhance the structure/categorization, recording, presentation and reporting of government expenditures to improve comprehensiveness, transparency and identifiability of certain programmes and services especially those relating to the well-being of children

**Scope:** Mostly national and broad based

**UNICEF example:** Between 2017 and 2021, UNICEF Kenya provided technical assistance to the Government in the redesign of national chart of accounts. UNICEF collaborated with the IMF in this endeavour.

### Strengthening procurement laws and systems

**Objectives:** To strengthen the legal and policy framework, institutions, and procedures for making buying decisions to acquire goods and services from an external source. Enhancing the procurement function is an important tool to improve efficiency of spending, with stock-outs or high costs of essential goods often identified as a public finance bottleneck to service delivery.

Procurement policies can also be reformed to enhance equity, for example including accessibility standards in public procurement policies to ensure government buildings do not create barriers for access for children with disabilities

**Scope:** Mostly national although some sectors (e.g. health) often require a unique set of procedures.

**UNICEF example:** Following a 2018 health budget absorption capacity study, UNICEF Lesotho is supporting the Government to streamline procurement functions to address issues of transparency and efficiency.

Following a 2021 review of health procurement and PFM, UNICEF Namibia is providing technical support to an intergovernmental reference group for health procurement to ensure a consensus approach to implementing identified technical reforms

### Reform of PFM laws

**Objectives:** To strengthen the overarching legal and policy framework for the management of public resources

**Scope:** National and broad-based

**UNICEF example:** In 2021 UNICEF Zimbabwe contributed to the amendment of the PFM Act to align it with the National Constitution and to strengthen the financial oversight role of the Parliament.
Planning for tool selection and implementation

3.1 Checklist: simple steps to guide planning, tool selection and implementation

The following steps can be used as a checklist of questions and points to consider when you select, design and implement public finance analytical tools in your local context.

1. Define the objectives

Identify the core PFM problem you want to investigate. What are the public financing challenges that prevent you from achieving outcomes for children in your programme or context? What are the underlying PFM issues? What financing information do you already have, and what additional information do you need to understand the constraints, identify bottlenecks and make concrete recommendations? What information and evidence will be most useful to better understand the issues, or generate the evidence and information needed to advocate for change? What immediate progress do you want to achieve, and what is the longer-term goal you are working towards?

You can also refer to the information on identifying public finance priorities, and planning public finance engagement in Section 2.3 to guide this process, as well as the Public Finance Programming Results Chain in Section 2.3.3. It is recommended that social policy and sector specialists work together to define the objectives, to bring together an understanding of both sector specific programming challenges and goals, and the broader country financing context.

2. Identify reform opportunities that will shape scope, timing or final products

Is there a time limited process underway that you are seeking to influence, such as the development or approval of a new law or sector strategy? Has there been a change in the fiscal, political or operating environment that offers new opportunities, or requires changes to the funding, prioritization or delivery of core programmes? If you are seeking to influence domestic resourcing decisions, do you have the information on the key deadlines and deliverables of the different stages of the budget process? Understanding the country’s public finance systems and processes is important to plan timing, scope and final products – such as understanding the key dates and deadlines in the budget calendar, the decision points and decision makers, and the type and format of evidence or financial data that is included in the process.

You can also refer to the information on understanding your PFM context, including the information on mapping the budget cycle in Section 2.3.1 and Annex 1.
3. Engage key government counterparts and experts to build ownership, strengthen the quality of the analysis and create champions to help take reforms forward

Identify the key government partners and the type of information that is most relevant to them. Consider how this analysis will help advance government objectives or improve the efficiency of government processes. If the analysis will be used to inform policy or reform, what are the most important strategic drivers, decision-making processes and who are the key decision makers? What level of detail or data points will be most useful? Are there any government reform or decision-making processes underway which the process can support or inform? Will this affect the timing or nature of final products?

Engagement with government counterparts should include officials from ministries of finance as well as sector ministries. For multisectoral or cross-sectoral programmes or issues such as ECD or child protection, it may be necessary to engage with many ministries and sometimes different levels of government. Within sector ministries, it is important to consider staff engaged in sector PFM processes (for example ministry of health, education and social protection staff working on planning, budget, procurement or financial reporting), as well as policy and programme staff. Engagement of government staff in policy, programme and financing roles can improve coordination and communication between staff within and between government ministries which can offer long-term benefits. It is also important to consider the roles and responsibilities of different levels of government from central to front-line service delivery, to ensure that the most relevant levels of government are involved.

You can also refer to the information on working with government in Section 2.3.2 and Annex 2.

4. Consult with other key stakeholders, building on UNICEF networks and relationships, and including organizations with a financing focus, such as international financing institutions and relevant civil society organizations

Identify opportunities for partnerships to leverage technical expertise, access data or interest groups, improve coordination, or help disseminate advocacy messages, support implementation of recommendations and achieve greater impact. This should include stakeholders and partners working in specific sectors, as well as stakeholders working on broader PFM issues, such as the World Bank and the IMF. Existing donor coordination groups may offer a useful mechanism for consultation and feedback, particularly public finance working groups which will have insights on previous or planned public finance analysis. If there is no existing group, you may wish to establish a reference group or coordination mechanism, depending on government preference and if this will reduce the burden of donor coordination for the government.

You can also refer to the information on working with other partners in Section 2.3.2, including additional resources on working with the IMF.
5. Review existing country analysis in the sector or topic.

An essential step in scoping and design is to review recent existing analytical work. Given that there are seldom quick wins in PFM reform, many issues and recommendations identified in previous analyses may still be relevant. At a practical level, previous reviews will also highlight data challenges, or specific methodology which may be recommended to respond to known challenges, or to ensure comparability. Relevant analytical work includes sector-focused analysis such as PERs or programme evaluations, PFM system and process reviews such as PEFAs, Open Budget Survey (OBS) or fiscal risk assessments, and information on the economic context and fiscal environment, such as current budget documents, economic statistics, or IMF Article 4 surveillance reports. Comparing different sectors, or looking at both sector-focused and PFM system reviews can highlight issues with a common cause, such as where identified PFM system or process issues may impact service delivery, or where identified sector issues may have a PFM root cause.

You can also refer to the information on identifying public finance priorities, and planning public finance engagement in Section 2.3, as well as the additional information on sources and tools in Annexes 1-3.

6. Review availability of data and resources, including skills and time

Consider the availability of data, resources, skilled technical support and time, and how this will affect the desired scope of research. Consider your budget and the capacity in your office to undertake, participate in or manage the process. Consider if there are specific partnerships that can assist with data access, resources or required skills for the analysis, including through access to networks of technical experts, or through quality assurance or review. Consider any time-sensitive reform opportunities and what scope can be achieved in such timeframes. This may require a staged approach to ensure that you will have insights available at a time when you have the greatest capacity for influence.

The information on each tool in the compendium in Part 2 includes a summary of data, skill, time and resource requirements, as well as potential partners. Remember that the estimate of time and cost for each public finance tool in the tool compendium refers to the cost of the analysis only and that further investment will be required for advocacy, communication strategies and capacity building to leverage and apply the analysis.

7. Choose PFM analysis tool and finalize scope, including with government and other partners (if applicable)

In addition to clearly stating final products, the scope should also clearly set out how any analytical products will be used, including plans for dissemination and advocacy, support to respond to recommendations, or any expected further analysis and next steps. The scope should also set out opportunities to use the technical analysis to raise awareness and build capacity in the use of PFM tools, such as providing seminars on methodologies, tools or products to relevant stakeholders, or ensuring that user manuals or guidelines for public finance tools such as costings are included in project outputs.

The scope and terms of reference should be confirmed with government partners, as well as other partners if applicable. The scope should include roles and responsibilities for UNICEF and government (e.g. access to data, follow-up and awareness raising of recommendations, response to recommendations). Where the work is to be completed through partnerships or collaborations with other development partners and stakeholders, the scope should provide clear information on roles, responsibilities and mechanisms of coordination for the analysis and subsequent application of results.
8. Implement PFM analysis using the chosen tool

Analysis may be done in-house by UNICEF social policy and sector specialists, through recruitment and management of technical assistance, or in collaboration with external partners. The chosen approach will depend on the complexity of the analysis and available technical capacity in the office, but for each approach, it is important that UNICEF staff actively support government engagement in the process. This is important both for government ownership, and to reinforce UNICEF partnerships with government counterparts on financing issues. Given public finance reform is typically a longer-term and iterative process, it is also important for UNICEF staff to have a clear understanding of the method and process, so that products such as costings or investment cases can be updated or adjusted.

9. Reflect on your original objectives and reform goals to ensure your final products identify clear policy recommendations and actionable reforms and set out potential next steps

It is important to dedicate sufficient time and resources for effective dissemination and follow-up. As part of selecting a public finance tool, you should have already planned and resourced a strategy for how to use the evidence and insights for advocacy, policy or programme reforms, communication strategies or capacity building.

Clarify results and follow up actions with government partners, and seek to identify clear ownership or responsibility to take different activities forward. Reflect on your original scope, and ensure that your final products include clear messages, recommendations and specific asks to meet your defined needs for dissemination and advocacy. Key messages may be more effective if they are targeted to specific stakeholders, partners and audiences. Where possible, you can also consider how to use the analysis to strengthen awareness and capacity on the issue in-country through wide dissemination or targeted training, as well as dissemination within UNICEF.
### 3.2 Summary tables: Comparing the different public finance tools and when to apply them

This table provides a summary of the different tools, what they can be used for, and the likely resources required.

**Table 1: Overview of public finance tools – what they do, and what inputs they need**

<table>
<thead>
<tr>
<th>Tool</th>
<th>What does it do?</th>
<th>What can it be used for?</th>
<th>What resources are required?</th>
<th>Comment</th>
</tr>
</thead>
</table>
| 1. Budget Analysis                             | Analyze size, composition, equity, allocative efficiency and transparency of spending, highlighting specific sectors or programmes of interest | • Rapid review of draft budget to highlight issues and influence budget decisions.  
• Highlight resourcing trends, including funding gaps, inequities or issues with budget performance or execution.  
• Generate evidence to make recommendations to improve quality or quantity of spending on sectors or programmes relevant to children. | 2 weeks to 3 months  
$10,000-$30,000  
Current and historical budget allocation and execution data at sector, programme or project level | May be undertaken internally led by UNICEF Social Policy in some UNICEF offices |
| 2. Public Expenditure Review                   | Assess quantity and quality of public spending over time against policy goals and performance indicators | • Inform a country strategy/sector strategy.  
• Highlight issues with resourcing trends, efficiency and effectiveness of budget allocations, performance and impact against policy goals. | 2-6 months for one sector  
1-2 years for a comprehensive national PER  
$50,000-$200,000  
Current and historical budget allocation and execution data at sector, programme or project level | A World Bank developed tool.  
The World Bank is a frequent partner.  
Economic and social policy data  
Sector policies, plans and performance data |
| 3. Public Expenditure Tracking Survey          | Track the flow of resources through each level of government, from approval to service facility level, and identify bottlenecks, delays and leakage.  
A Public Expenditure Tracking Survey (PETS) can be combined with a Quantitative Service Delivery Survey (QSDS) for additional insights on the quality of spending. | • Identify bottlenecks, leakage and delays in program resource flows.  
• Identify improvements to PFM processes.  
• Improve transparency of frontline budget entitlements as an entry point for social accountability. | 10–12 months each, PETS or QSDS.  
PETS: $75,000–$600,000.  
QSDS: $60,000–$100,000.  
National, sector and facility plans, budgets and administrative data on public funding and outputs at ministerial, regional, local and service-provider level.  
Primary data collection through interviews with officials and service providers. | Requires strong government ownership and commitment to translate PETS findings into sector reform.  
Data availability and access are often a constraint. |
| 4. Child-focused Public Expenditure Measurement | Child-focused Public Expenditure Measurement (C-PEM) identifies direct and indirect allocations and spending on child-policy objectives across all sectors of the budget over time | • Improve visibility and transparency of investments in children.  
• Analyse if budgets are aligned with government policies for children.  
• Review spending on children across child rights themes, agencies, life-cycle or outcome areas.  
• Support country reporting on spending on child rights in relation to Article 4 of the Convention on the Rights of the Child (CRC). | Up to 1 year for the first identification of child-relevant policy (faster with repeated application).  
2-4 months for financial analysis.  
$15,000 for identification and $40,000 for financial analysis.  
Convening and government consultation are not reflected in costs. | Not comparable between countries due to country-specific definition of child relevant policies  
C-PEM elements can be added to other tools to highlight child-focused spending.  
Additional UNICEF guidance is being developed to support country reporting on Article 4 as part of State Party and alternative reports to the CRC. |
## 3. Planning for tool selection and implementation

<table>
<thead>
<tr>
<th>Tool</th>
<th>What does it do?</th>
<th>What can it be used for?</th>
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</tr>
</thead>
<tbody>
<tr>
<td>5.1 Tax Incidence Analysis</td>
<td>Measure the incidence of taxation across income distribution to analyse equity considerations.</td>
<td>• Show the effects of existing or planned taxes and subsidies on different welfare groups. &lt;br&gt;• Highlight issues of equity in financing and use of public services. &lt;br&gt;• Provide clear evidence on equity to inform policy discussions and policy reform.</td>
<td>2–12 months, depending on availability of data and complexity of tax models.</td>
<td>• Household survey of income, income-expenditure, expenditure, employment, living standards measurement study. &lt;br&gt;• Information on tax/subsidy and their changes, including specific items to be taxed/subsidized.</td>
</tr>
<tr>
<td>5.2 Benefit Incidence Analysis</td>
<td>Shows who is benefiting from public spending on social services, by describing the impact of government spending on different groups of people.</td>
<td>• Identify how much government spending reaches specific population groups. &lt;br&gt;• Highlight issues of equity in financing and use of public services. &lt;br&gt;• Provide clear evidence on equity to inform policy discussions and policy reform.</td>
<td>1–2 months (for simple sectors using global databases). 6–12 months for more complex sectors or initiatives.</td>
<td>• Expenditure data &lt;br&gt;• Disaggregated population data &lt;br&gt;• Household survey data. &lt;br&gt;• Information and policy/programmes</td>
</tr>
<tr>
<td>6. National Accounts</td>
<td>Produce National Accounts of total sector financing for national benchmarking, cross-country comparisons and to provide an evidence base to better plan, finance, manage and monitor services and systems.</td>
<td>• Inform development of sector financing strategies and guide funding allocations. &lt;br&gt;• Benchmark spending against other sectors and countries.</td>
<td>6-9 months</td>
<td>Total sector funding, including public (national/subnational), NGO, donor and household funding. May require additional data collection (surveys) or estimates generated by assumptions.</td>
</tr>
<tr>
<td>7. Costing</td>
<td>Identify the financial resource requirements of a new programme, or a change in scale or design of an existing programme</td>
<td>• Inform planning and budgeting processes. &lt;br&gt;• Consider trade-offs and support prioritization and design decisions. &lt;br&gt;• Identify funding needs &lt;br&gt;• Develop realistic, costed implementation plans.</td>
<td>Varies greatly based on scope, programme or sector focus, and on whether specific costing tools exist or must be created</td>
<td>• Survey data on inputs and costs. &lt;br&gt;• Expenditure data (government, business, facility). &lt;br&gt;• Price lists. &lt;br&gt;• Empirical and normative costing protocols. &lt;br&gt;• Access to survey or household data to estimate expected population coverage or demand.</td>
</tr>
<tr>
<td>Tool</td>
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<td>What can it be used for?</td>
<td>What resources are required?</td>
<td>Comment</td>
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</table>
| **8. Cost-Effectiveness Analysis** | Show the relationship between the costs of a programme and its outcome or impact. | • Identify the costs to achieve a certain result or impact.  
• Compare different programmes with the same objective to see which offers greater value for money/allocative efficiency.  
• Provide evidence for an investment case.  
• Increase focus on long term benefits and results.  
• To evaluate effectiveness of an intervention after a programme was delivered. | Varies greatly depending on the specific sector, scope of the analysis, requirements for modelling or surveys and availability of data. | Programme cost data and data on outcomes/impacts from impact evaluations or household surveys from comparable contexts. Interpretation requires careful consideration of how costs and effects were measured, as well as the implications of different contexts. |
| **Cost-Benefit Analysis** | Compare the total benefits of a programme with its costs, after converting all benefits to a monetary scale. | • Compare different programmes and initiatives to see which offers the greatest benefits for the investment.  
• Highlight long term returns to investment, particularly where these are not well known.  
• Support government resource allocation decisions and prioritization.  
• Provide evidence for an investment case.  
• To evaluate the benefit of an intervention after a programme was delivered. | Varies greatly depending on the specific sector, scope of the analysis, requirements for modelling or surveys and availability of data. | As per Cost Effectiveness Analysis (CEA). As per CEA, in addition, Cost Benefit Analysis requires estimating long-term indirect and secondary benefits in cost-benefit analysis using national longitudinal data. If this is not available, CEA may be more appropriate to avoid relying on assumptions or incompatible data from other countries, which will limit the applicability. |
| **9. Fiscal Space Analysis** | Assesses challenges and opportunities for the government to create budgetary room for a desired programme without compromising macro-economic stability or fiscal sustainability. | • Identify a government’s capacity to expand spending or finance a new programme.  
• Provide realistic advice on investments that considers government capacity to increase its budget.  
• Inform UNICEF’s PFM programming strategy, for example focus on efficiency where there is limited fiscal space to increase spending.  
• Complement spending proposals with information on available fiscal space. | 7 months. $30,000 – $50,000. | Data on revenue, ODA, public debt, federal budget and the broader macro-economic context. An understanding of fiscal space is important to provide realistic advice and recommendations for government investment and is a valuable complement to any advocacy to increase domestic spending. |
| **10. Political Economy Analysis of the Budget Process** | Understand how decisions are made in the budget process (policy, planning, budget approval and implementation) and identifying the steps, decision makers, relationships and mechanisms for influence | • Plan a stakeholder engagement strategy.  
• Map entry points and decision makers for advocacy.  
• Inform a country programme document or situation analysis. | 2 – 6 months. $20,000 – $50,000. | Qualitative data (key person interviews) and legislative and process document review. A political economy analysis of the budget provides very strategic insights. It can help guide a country public finance strategy or inform the development of a country programme document. |
<table>
<thead>
<tr>
<th>Tool</th>
<th>What does it do?</th>
<th>What can it be used for?</th>
<th>What resources are required?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Citizens’ Budget</td>
<td>Presents key information about the budget in a simple and accessible way, to allow greater understanding, participation and engagement.</td>
<td>• Strengthen accountability between government and communities. • Support complementary programming to increase citizen participation in budgeting. • Support government transparency initiatives, including the OBS.</td>
<td>Varies greatly depending on chosen format, audience and complexity of budget documents. Information on the budget, such as: • Economic assumptions • Revenue collection • Spending allocations • Significant policy initiatives</td>
<td>Communicating information on the budget is a government role, so production of a citizens’ budget should always be led by the government, although UNICEF can support and encourage the process.</td>
</tr>
<tr>
<td>12. Community Score Cards</td>
<td>A community-based monitoring tool that provides a feedback mechanism between service providers and service users to improve accountability and responsiveness.</td>
<td>• Track inputs or expenditure. • Monitor service quality. • Compare performance across facilities of districts. • Provide service-delivery agencies with feedback and suggestions from citizens about the quality of services. • Bring together service users and providers. • Strengthen accountability.</td>
<td>3-6 months, based on a model with a participatory quantitative survey and focus group discussions at community level. $30,000-$40,000. • Supply-side data on inputs to be tracked. • Financial records or audits of projects. • Budgets and allocations of different projects. • Social mapping and basic demographic data to create focus groups.</td>
<td>CSCs are one of the recommended tools in UNICEF Local Governance Approach to Programming as a mechanism to support civil society organizations and communities in their monitoring and oversight of local service delivery.</td>
</tr>
<tr>
<td>13. Public Expenditure and Financial Accountability (PEFA) Framework</td>
<td>Reports on the strengths and weaknesses of a country’s PFM system, ranking performance against measures of international good practice.</td>
<td>• Provide a summary of a country’s PFM system and arrangements, current PFM reform strategy and specific PFM issues and challenges. • Provide data on specific PFM challenges, such as budget transparency or issues with budget planning or execution.</td>
<td>This tool is managed by the PEFA Secretariat. It has been included in the Public Finance Toolkit to highlight the relevance of the data as a resource for UNICEF programming and to increase awareness of the opportunities to engage in its use.</td>
<td>The PEFA Secretariat provides advice to the use of the PEFA Framework, as well as quality assurance of concept notes and PEFA reports. <a href="http://www.pefa.org">www.pefa.org</a>.</td>
</tr>
<tr>
<td>14. International Budget Partnership – Open Budget Survey</td>
<td>An independent assessment of the three pillars of budget accountability: transparency, oversight and public participation, conducted every two years and covering around 117 countries</td>
<td>• Track changes in transparency over time. • Compare transparency between countries. • Identify specific activities a government can take to strengthen budget transparency.</td>
<td>This tool is managed by the International Budget Partnership. It has been included in the Public Finance Toolkit to highlight the relevance of the data as a resource for UNICEF programming, and to increase awareness of the opportunities to work more closely with the International Budget Partnership and engage in its use.</td>
<td>The International Budget Partnership provides a range of resources on the Open Budget Survey: <a href="https://www.internationalbudget.org/open-budget-survey">https://www.internationalbudget.org/open-budget-survey</a></td>
</tr>
</tbody>
</table>
Table 2: Mapping Public Financial Management tools against the objectives and challenges in the UNICEF Public Finance for Children Programme Framework for children

This table provides a summary of which Public Finance tools are most relevant for addressing challenges relating to adequacy, efficiency, effectiveness, equity and transparency as set out in the PF4C Framework, and which tools can be used for sector-specific or subnational application.

<table>
<thead>
<tr>
<th>Tool</th>
<th>PF4C Objectives/Challenges</th>
<th>Sector-specific applications</th>
<th>Subnational applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budget Analysis*</td>
<td>🌟Efficiency🌟</td>
<td>Can be used for sector-specific/multisectoral analysis</td>
<td>✓</td>
</tr>
<tr>
<td>2. Public Expenditure Review</td>
<td>🌟Efficiency🌟</td>
<td>Can be used for sector-specific/multisectoral analysis</td>
<td>✓</td>
</tr>
<tr>
<td>3. Public Expenditure Tracking Survey</td>
<td>🌟Efficiency🌟</td>
<td>Typically used within a single sector. Commonly used in health, education, WASH and ECD.</td>
<td>✓</td>
</tr>
<tr>
<td>4. Child-focused Public Expenditure Management</td>
<td>🌟Efficiency🌟</td>
<td>Typically used within a single sector. Commonly used in health, education, WASH, and ECD.</td>
<td>✓</td>
</tr>
<tr>
<td>5.1 Tax Incidence Analysis</td>
<td>🌟Efficiency🌟</td>
<td>Typically covers all or multiple sectors, based on country priorities.</td>
<td>✓</td>
</tr>
<tr>
<td>5.2 Benefit Incidence Analysis</td>
<td>🌟Efficiency🌟</td>
<td>Most commonly used for social protection.</td>
<td>✓</td>
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</table>

* Advocacy product: Budget briefs
<table>
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<th>PF4C Objectives/Challenges</th>
<th>Sector-specific applications</th>
<th>Subnational applications</th>
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<tbody>
<tr>
<td></td>
<td>Adequacy</td>
<td>Efficiency</td>
<td>Effectiveness</td>
</tr>
<tr>
<td>7. Costing</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>8. Cost-Effectiveness Analysis and Cost-Benefit Analysis**</td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>9. Fiscal Space Analysis</td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>11. Citizens’ Budget</td>
<td></td>
<td></td>
<td>✔</td>
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<tr>
<td>12. Community Score Card</td>
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** Tools led by external partners: **

<table>
<thead>
<tr>
<th>Tool</th>
<th>PF4C Objectives/Challenges</th>
<th>Sector-specific applications</th>
<th>Subnational applications</th>
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<tr>
<td></td>
<td>Adequacy</td>
<td>Efficiency</td>
<td>Effectiveness</td>
</tr>
<tr>
<td>13. Public Expenditure and Financial Accountability (PEFA) Framework</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

** Advocacy products: Investment cases, Cost of inaction reports, and Value for Money assessments**
Table 3: Sector-specific guidance and examples for public finance tools

This table provides a summary of some of the sector specific guidance or applications available for each public finance tool.

<table>
<thead>
<tr>
<th>Tool</th>
<th>Health</th>
<th>Education</th>
<th>Social Protection</th>
<th>Nutrition</th>
<th>Water, Sanitation and Hygiene (WASH)</th>
<th>Child Protection</th>
<th>Early Childhood Development</th>
<th>Multisector issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Public Expenditure Tracking Survey</td>
<td>Sector examples</td>
<td>Sector examples</td>
<td>Sector examples</td>
<td>Sector examples</td>
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<td></td>
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<tr>
<td>4. Child-focused Public Expenditure Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Covers child focused expenditure across all sectors</td>
<td></td>
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</tr>
<tr>
<td>5. Fiscal Incidence Analysis – Tax/Benefit</td>
<td>Sector-specific guidance</td>
<td>Sector-specific guidance</td>
<td>Sector-specific guidance</td>
<td></td>
<td></td>
<td></td>
<td>Gender</td>
<td></td>
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<tr>
<td>6. National Accounts</td>
<td>Sector-specific methodology and guidance</td>
<td>Sector-specific methodology and guidance</td>
<td>Sector-specific methodology and guidance</td>
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* Advocacy product: Budget briefs
## Tool Selection and Implementation

<table>
<thead>
<tr>
<th>Tool</th>
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<tbody>
<tr>
<td>7. Costing</td>
<td>Health</td>
</tr>
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<td></td>
<td>Early Childhood Development</td>
</tr>
<tr>
<td></td>
<td>Multisector issues</td>
</tr>
<tr>
<td>Multiple sector-specific costings tools Sub-sector (community health, immunization)</td>
<td>Sector-specific guidance</td>
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<td>11. Citizens’ Budget</td>
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<td>Can be used to present government budget information on any sector. Less commonly used to present multisectoral initiatives</td>
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** Advocacy product: Investment case
Advocacy product: Cost of inaction
Tool 1
Budget Analysis

What is it?
Budget analysis is the most common first step when analysing public expenditures. This entails examination of budget documents in order to measure the size, composition, equity, allocative efficiency and transparency of spending. At a practical level, it involves tabulating data from the annual national budget across different dimensions, for example economic, functional, administrative or programme classifications, and comparing expenditure over time, or in relation to benchmarks or spending targets.

Budget analysis can be undertaken at national, Subnational, sectoral and thematic levels. The depth of the analysis will depend on the level of detail in the budget documentation and the data that are available. For example, if a country presents budget information by region it may be possible to analyse the equity of allocations on a territorial basis (subnational level). Where data is available, budget analyses can also comment on the links between plans, budgets and past service delivery results, not just on expenditure.
What can it tell me?

Budget analysis usually includes:

- Budget allocations and expenditure for different government agencies, by programme, type of expenditure (recurrent spending, capital projects), or economic classification.
- Total spending (nominal and real) in a sector and/or sub-sector, including trends and comparisons to plans, the total budget or spending targets.
- A comparison of approved budget, the amount of resources released and actual spending.
- The geographical equity of spending (if territorial data are available).
- The extent to which budgets support gender equality or inclusion of marginalized groups, such as persons with disabilities.
- Sources of funding (tax and non-tax revenue).
- Interpretation of spending against the policy goals, including sector plans or reforms, and past sector results.

How can UNICEF use this tool?

UNICEF uses budget analysis to identify spending that is relevant for child rights in the budget and, if data are available, how that spending has changed over time in terms of quantity, distribution and composition. UNICEF can use budget analysis to comment on proposed budget allocations and make recommendations to shift spending toward more effective programmes, underfunded sectors or more vulnerable populations. Budget analysis can strengthen UNICEF advocacy, including by identifying funding gaps, underfunded policy priorities or inefficient spending (as measured by poor budget execution).

When should I use it?

Budget analysis can be done at different stages in the budget cycle, for different purposes. For example, a rapid budget analysis can be prepared when the draft budget is released in order to make recommendations to budget decision makers on ways to improve allocations before the budget is approved. A more detailed budget analysis can be undertaken on the approved budget and used to raise awareness, advocate for improved targeting and execution, or seek improvements in the next budget, budgetary frameworks or future policies.
What does it require?

| Data | Current and historic budget allocation and execution data; sector-level budget breakdown may require government access. Non-budgetary data such as programme and policy documents are also required to interpret the financial figures. |
| Skills | Country systems, PFM, national accounts knowledge, country and institutional context, survey skills, quantitative data analysis, working with government; sector-level briefs will require knowledge of sector structure and policy. |
| Time | Two weeks for a rapid budget analysis and up to three months for more detailed analysis. |
| Financial cost | In UNICEF country offices with strong social policy teams, this work can be done internally. External technical assistance can cost from $10,000 to $30,000. A rapid budget analysis can cost less as it is done in only a few days. |
| Partners | UNICEF usually conducts budget analysis in partnership with government and civil society organizations. There may be benefits of also working with other development partners, particularly for sector budget analysis. Where budget briefs with recommendations are produced, partners for the advocacy strategy should be identified and engaged early in the process. |

The time required will depend on the availability of public financial data and the complexity of the budget structure and documents. Where budget analysis is undertaken internally by UNICEF country offices, support is available through the UNICEF budget brief guidelines, an online library of country office examples and additional technical assistance from UNICEF regional offices or headquarters, if required.

When working with specific groups, such as children with disabilities, it is important that parents groups and organizations of persons with disabilities’ are engaged and supported to provide context to data but also develop skills and ownership over results so that they can use them effectively for their advocacy.
ADVOCACY PRODUCT: Budget briefs

Budget briefs summarize budget analysis into short easy-to-read documents for reporting or advocacy. They are a way of packaging budget analysis to support monitoring of budget allocations to sectors that are important for children, or to support advocacy for policy reform or changes in financing. As an additional benefit, budget briefs can increase internal staff knowledge about how budget issues are linked to sector results.

Budget briefs usually present the size and composition of budget allocations as well as the implications for achieving policy goals. Based on the evidence, recommendations are developed on how to improve the composition of spending, strengthen budget credibility and execution, increase or better target spending to rural or deprived regions or groups, and improve data collection and monitoring.

The focus and scope of the analysis can be determined based on particular interests of UNICEF and its government partners as well as availability of data. As a result, budget briefs may not have comparable information between countries or sectors, as different budget briefs may include different levels of information on trend analysis, equity of allocations, or issues with budget credibility and budget execution. Depending on the timing and the depth of the analysis, there are two types of budget brief formats:

• **'Rapid response' budget briefs** are prepared when the draft budget is released in order to influence budget decision makers. This requires a quick analysis of draft budget documents to present evidence-based recommendations to ministers, cabinet or parliamentary committees.

• More **detailed budget briefs** are prepared after the budget is formally approved. These briefs use budget analysis to raise awareness of key budget policies and funding issues, advocate for improved targeting and execution to maximize the impact of current funds, and seek improvements for the development of future policy and budget frameworks. Given that the budget is an annual document, budget briefs should be made available soon after the budget is approved to maximize influence and relevance, as budget preparation for the next annual cycle begins early in the new budget year. Budget briefs can also be used to support advocacy with non-government funders, including international financial institutions (IFIs), bilateral donors and the private sector.

A budget brief impact action plan should be put together as soon as the key recommendations become clear and before the document is finalized, as the information will only remain valid for a brief period of time. Ideally the action plan will define (i) key asks; (ii) expected results; (iii) target audience; (iv) partners; (v) actions; and (vi) progress of the advocacy effort. A separate impact action plan should be created for each brief, if there are subnational or sector briefs prepared. Links to guidelines for budget briefs and impact action plans are provided in the useful resources, below.

A budget brief can be prepared for any sector as well as multi-sector or issue specific approaches. The UNICEF Eastern and Southern Africa Regional Office (ESARO) has prepared guidance to develop budget briefs for education, health, social protection, water, sanitation and hygiene (WASH), nutrition and child protection. These customized budget brief guidelines highlight relevant data sources, target indicators and policy issues and challenges for budget analysis in each sector. There are also examples of budget briefs for early childhood development (ECD) (specific guidance under development) and multisectoral issues such as disability (see resources below).
Budget analysis typically follows a similar process when activities and resources are managed by a single government agency. Budget analysis is more complex when activities and resources are distributed across multiple sectors. For this reason, UNICEF ESARO has developed specific guidance for undertaking budget analysis and preparing budget briefs for multi-sector programming in WASH, child protection and nutrition. This is in addition to the guidance for sectors typically managed by a single government agency such as education and health. UNICEF ESARO is also developing specific guidance for ECD, building on examples such as the ECD budget analysis undertaken by UNICEF Malawi (see resources below).

There are also some other tools to identify and track multisectoral budget expenditure. This includes the Child-Focused Public Expenditure Measurement (C-PEM) approach, which is described separately in Tool 4.

Other multisectoral approaches include Budget Analysis for Nutrition, developed through the Scaling Up Nutrition (SUN) Movement. To date, more than 50 countries have applied this methodology, with results reported in the annual Global Nutrition Report and on the SUN Movement investment database.

For the child protection sector, UNICEF developed the Financial Benchmark for Child Protection to help countries quantify the resources dedicated to formal child protection systems in a way that is comparable across countries. To date, the methodology has been piloted in four countries: Afghanistan, Indonesia, Côte d’Ivoire – as part of the piloting of the benchmark approach – and, more recently, Nigeria (2018). The benchmark toolkit includes a matrix of risks/harms and types of services, which is used to determine inclusions and exclusions when capturing expenditures on child protection.

An emerging area is the field of climate expenditure analysis, with the adaptation of tools for public expenditure analysis, tagging and tracking to the multisectoral needs of government climate mitigation and adaptation activities. Where available, guidance has been included in the resources section.

In addition to sector-specific approaches, budget briefs can be used to highlight equity issues or efforts needed to foster inclusion of marginalized groups, such as children with disabilities (see UNICEF Malawi Disability Budget Brief 2018/2019). Budget analysis can be conducted to assess the efforts of government to promote gender equality or gender objectives in fiscal policies and administration.

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Subnational application

Budget analysis can be conducted at subnational level, with a similar approach and structure to that employed at national level, as long as data are available. Subnational budget analysis provides an excellent opportunity to understand how local governments are investing their own resources in addition to central government transfers, and how this investment influences access to services, quality and equity.

Subnational sectoral budget analysis is emerging as an important area. In the case of nutrition, the 2018 Global Nutrition Report\(^5\) provided an overview of subnational financing in 35 SUN countries, showing that subnational governments fund from 0.4 per cent to 75 per cent of total government spending in this sector. The SUN Movement has produced guidance for assessing the role of subnational governments in financing nutrition (included in the resources section, below).

In the case of child protection, the Financial Benchmark for Child Protection provides guidance for assessing if subnational data should be collected, weighing the proportion of child protection expenditure that is likely to be realized at subnational level against the cost of subnational data collection. For example, as cited below in the resources section,\(^6\) in Indonesia, subnational data was collected from three localities to extrapolate for the overall benchmark. Subnational expenditure was particularly relevant to child protection, given the finding that “expenditure by local government constitutes 52 per cent of all services – 39 per cent of total estimated average spending on direct services per locality, and 80 per cent of expenditure on support services”.

Useful resources

Guidance

- General and sector-specific guidance: ESARO Budget Brief guidelines, including general guidance on budget briefs, budget brief advocacy strategies and sector-specific guidance for budget briefs for health, education, WASH, social protection, child protection and nutrition. ESARO completed A Rapid Assessment of Budget Briefs in 2021, which identifies areas where the approach can be strengthened, both in terms of production, focus (moving beyond aggregate spending) and how to better leverage the results into advocacy and monitor progress on key recommendations.


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The UNICEF Public Finance Toolkit

CONTENTS

1. USER GUIDE
2. TOOL COMPENDIUM
3. Annexes

1. **Sector guidance: ECD.** UNICEF (2019) UNICEF Global Resource Guide on Public Finance for Children in Early Childhood Development. This resource guide sets out how public domestic financing is a key strategy to improve and scale up ECD programming. It includes practical advice on key steps for diagnosis, analysis and action, with a toolkit and case studies setting out how to apply country budget/expenditure analysis, ECD public expenditure review (PER), costings, cost-effectiveness analysis (CEA) and cost-benefit analysis (CBA) to ECD.

2. **Sector guidance: Nutrition.** Fracassi, Patrizia, et al. (2017) Budget Analysis for Nutrition: A Guidance Note for Countries. The guidance note includes steps for budget analysis such as defining the scope and goals, determining the best time to collect and report on the finance data, defining who should be involved in the nutrition budget analysis, identifying the finance data source, collecting the finance data (first time and repeatedly), analysing and interpreting the finance data and finally using the data for targeted advocacy.


5. **Subnational guidance: Nutrition.** MQSUN+ (2018) Subnational Budget Analysis for Scaling Up Nutrition. This guidance note provides a stepped approached, including a decision tree to assess the devolution of government expenditure to subnational units and the extent to which subnational governments have independent decision-making over nutrition allocations.

**Examples**


- **Sector example: Child Protection.** UNICEF (2017) A Scoping Analysis of Budget Allocations for Ending Child Marriage in Bangladesh. This study provides full baseline assessment of government expenditures related to ending child marriage, identifying budget commitments for the period of fiscal year (FY) 2010/11–2015/16.


• **Sector example: ECD.** UNICEF (2019) *2018/19 Early Childhood Development Budget Brief – Malawi.* An example of the ESAR budget brief methodology applied to ECD, this budget brief analyses identifiable budget allocations to ECD in budget documents and secondary data sources such as government and partner reports and journal articles.


• **Sector example: Health (Immunization).** UNICEF (2019) *2018/19 Child Immunization Budget Brief – Malawi.* An example of the ESAR budget brief methodology applied to immunization, this budget brief analyses trends, composition and equity of public spending on immunization in the 2018-19 budget, with recommendations on how the government can increase and improve quality of spending.

• **Sector example: Nutrition.** *2018 Global Nutrition Report: Shining a light to spur action on nutrition. Chapter 5: The Fight against Malnutrition – Commitments and Financing* provides an estimate of nutrition-specific and nutrition-sensitive spending. Country-specific profiles are also available. While these provide a summary of nutrition indicators, there is a government expenditures graphic with information on spending on agriculture, education, health and social protection sectors, as a percentage of total spending.

• **Sector example: Nutrition.** Specific resources on nutrition spending and ‘SUN Country investment snapshots’ can be found in the SUN Tracking Nutrition Investments portal.

• **Sector example: Nutrition.** At least seven UNICEF country offices have produced nutrition budget briefs to date, including (listing most recent example) Angola (2019), Ethiopia (Health and Nutrition) (2017), Madagascar (2019), Malawi (2021), Rwanda (2021), Tanzania (2016), and Zambia (2019).


• **Issue specific: Disability.** UNICEF Malawi Disability Budget Brief 2018/2019

• **Issue specific: Disability.** Europe Foundation: *Making the most of public resource for full inclusion of persons with disabilities in Georgia.* This report presents the process and results of work with organizations of persons with disabilities to analyse the extent to which the budget of Georgia support inclusion and propose recommendations for PFM system to foster greater inclusion.

• **Issue specific: Disability.** Development Initiatives (2020). *Government funding to support disability inclusion in Kenya.* It provides analysis of government budget allocations to disability inclusion programmes in Kenya over the period of financial year 2016/17 (FY2016/17) to financial year 2020/21 (FY2020/21). The dataset used is also included.

• **Issue specific: Disability.** Centre for Inclusive Policy (2020). *The New Normal: Getting governments...*
to spend [more & better] for [inclusion] of all persons with disabilities. This document presents the lessons learned from initial engagement of organizations of persons with disabilities in budget advocacy and provides a first person attempt to articulate CRPD compliant budgeting.

- **Issue specific: Gender.** IMF *Guide to Work on Gender Budgeting.* This document reviews gender budget approaches from a range of countries, and highlights common approaches and tools. It provides a useful introduction, with links to different approaches and background papers by leading experts on the topic. The IMF has also surveyed gender budgeting in 2016 in *Sub-Saharan Africa, Asia, Europe* and *Caribbean and Pacific Islands.*

- **Subnational example: Nutrition.** Kenya Ministry of Health (2016) *National and County Health Budget Analysis FY 2016/7.*


- **Subnational example: Multisectoral.** IPE Global Limited and UNICEF (2017) *Kenya: Investments in Social Sectors.* This social sector budget analysis focused on health, education, social safety nets, and water services for the period 2013–14 to 2015–16. In addition to the sector information, budget allocations and execution are analysed for 10 counties.

**Other resources**


- **Sector example: Nutrition.** MQSUN (2014) *Analysis of Nutrition-Sensitive Budget Allocations: Experience from 30 countries.* This report, prepared by DFID, compares nutrition investments in 30 countries in order to identify common trends and challenges in nutrition-sensitive and nutrition-specific financing.

- **Sector resource: Nutrition.** The 2020 *Global Nutrition Report* compiles data related to nutrition, including those on public expenditures, which has increased in availability over time.

- **Sector resource: Nutrition.** The *Lancet* series on nutrition provides the framework to identify whether an intervention is nutrition-specific or nutrition-sensitive, based on evidence on achieving optimum fetal and child nutrition and development. Reviewing the list of interventions contributing to nutrition outcomes we can find many that target children, such as breastfeeding promotion and maternal and child health integrated programmes.

- **Sector resource: Nutrition.** Scaling Up Nutrition *SUN Movement nutrition investment database.* The results of SUN Movement budget analysis carried out by 50 countries are available online in a database, offering insights into government nutrition allocations.
Relevant applications

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<th>PFM CHALLENGES</th>
<th>Efficiency</th>
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What is it?

A public expenditure review is one of the best-known tools for analysing public expenditures against policy objectives. A PER analyses the level and composition of actual public expenditures over three- to-five-year periods in relation to desired policy goals and development targets. A PER may cover government-wide expenditure or focus on one or more priority sectors, such as health, education or water, sanitation and hygiene (WASH).

What can it tell me?

A PER will typically tell us about the relationship between trends in spending and sector performance. It can examine the link between budgets and plans, as a way of measuring allocative efficiency, and the efficiency, equity and effectiveness of spending.

These analyses provide a range of insights on the implications of public finance on essential sector goals, for example, comparing sector trends relative to total government expenditure. If total government expenditure has fallen, has the sector expenditure also suffered cuts or has it been protected? Per capita expenditure can be compared with other relevant countries – for example, other countries in the region or with similar gross domestic product (GDP) per capita. International comparisons can point out anomalies; however, while there are some internationally agreed sector benchmarks that apply globally or to specific regions, there is no optimal ratio or norm for expenditure allocations.

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7 For example, in the 2002 Abuja Declaration African leaders set a target of allocating 15 per cent of government budgets to health. Similarly, the Education for All initiative (Global Monitoring Report) proposes that governments should aim to spend 6 per cent of gross national product and 20 per cent of their budgets on education, and the Maputo Declaration on Agriculture and Food Security in Africa includes a commitment to allocate at least 10 per cent of national budgetary resources to agriculture and rural development (Hagen-Zanker and McCord, 2011).
Comparing the budget versus expenditure will highlight variances and raise questions about the impact on service delivery. For example, if actual capital expenditure on primary education is only 20 per cent of the allocated budget, does this mean that planned construction of classrooms has not taken place? How does this impact the delivery of primary education?

How can UNICEF use this tool?

PERs are a valuable mechanism for engaging with the government on policy priorities and barriers to service-delivery outcomes. A PER can help identify the greatest priorities for resourcing and support the construction of an economic justification to increase or adjust funding.

UNICEF can undertake many different roles within a PER to ensure the design and scope can capture data or issues of relevance to child outcomes. UNICEF may lead a PER as a technical partner to government (typically with support from technical consultants); form a partnership with other development agencies, donors or international financial institutions (most commonly with the World Bank); or engage in specific elements by providing technical input to the design, scope, implementation or review. In several cases, UNICEF has made a financial contribution to a PER to cover the costs of extending the analysis to particular programmes or regions of interest to outcomes for children, or to ensure it uses disaggregated data so that expenditures on services to children can be identified.

Engaging in the design and implementation of a PER helps to target issues, sectors and regions of particular interest to UNICEF. Even if UNICEF did not have a direct role, the insights and recommendations of PERs will still be valuable.

When should I use it?

UNICEF may consider recommending a PER if one has not been undertaken in the country or sector in the past five years, or since the introduction of a significant sector or government reform such as decentralization. Recent PERs will often offer relevant insights and recommendations which have not yet been implemented or addressed. As a PER is a complex and costly tool, it is important to review recent PERs and consult with government and other development partners to see if there are any planned PERs before initiating one.

The World Bank will usually undertake a PER whenever it develops a country or sector strategy, which provides regular opportunities for UNICEF to seek collaboration to partner in a PER process or leverage the analysis.
What does it require?

| Data                  | • Budget allocations and execution over time at sector, programme and project level.  
|• Sector policies, plans and performance data.  
|• Economic and social policy data. |
| Skills                | • Experience with the PER methodology, public expenditure analysis, sector knowledge (if the exercise is sectoral in nature), data analysis, policy development and country context.  
|• A PER typically requires teams of four to five members, with at least one public expenditure specialist, and at least one specialist in each sector under review.  
|• Teams with both national and international experts are recommended to combine international best practice with an understanding of local context and data sources. |
| Time                  | • 2–6 months for a single sector.  
|• Up to two years for comprehensive, national review.  
|• Length of time will depend on the scope (number of sectors/levels of government), size of the PER team, access to quality data and access and engagement of government. |
| Financial cost        | • $50,000–$250,000, depending on scope. |
| Partners              | • Government, World Bank, regional development banks, research institutions, United Nations agencies, and bilateral and multi-lateral partners.  
|• The PER was developed by the World Bank, which is the partner of choice due to its experience, expertise, and capacity to provide internal quality control and review for all PERs in which it is engaged. Sector-focused analysis may benefit from engaging with sector partners. Most civil society organizations (CSOs) will require technical support in the PER methodology. |

While PERs are a powerful and widely used tool, the time, technical skills and costs required to complete a thorough and quality-assured process may be prohibitive. Costs will increase with scope – completing a national PER will cost more than a single-sector PER, as will adding in additional levels of government. Cost savings may be possible with a narrow scope or by building on previous PERs.

A PER is more complex than a budget analysis (Tool 1), and its approach to comparing spending over time with both policy goals and performance indicators makes it particularly useful for the review of national policies. If it is necessary to look for a simpler or faster option, a well-designed budget analysis (Tool 1) can achieve several of the same objectives. If more detailed expenditure data are required, including spending from non-government sources, establishing national accounts (Tool 6) may be more useful.
Sector-specific PERs are common, particularly in the areas of health, education and social protection. It is also becoming more common to apply the PER methodology to multisectoral issues. PERs can be used for cross-cutting issues such as WASH, nutrition, ECD, HIV/AIDS or child protection where expenditure typically cuts across a number of ministries. For example, PERs were carried out in Tanzania for WASH in 2009 and in nutrition in 2014 and 2018. More recently, a public expenditure and institutional review was conducted for the nutrition sector in Rwanda in 2020, which proposed a framework for mapping government spending that offers a methodology for future PER analysis in this sector.

PERs are becoming an increasingly popular tool for these complex multisectoral interventions, despite the additional challenges of obtaining compatible expenditure data across multiple sectors. Useful guidance for different sector and multi-sector applications are included in the resources section, below.

Subnational application

PERs usually contain a chapter on fiscal decentralization and subnational public finances, with varying degrees of emphasis on decentralization policy, taxation/revenue mobilization performance, intergovernmental transfers, and borrowing/debt position of relevant subnational units. Some PERs explicitly examine financial transfers and performance across multiple levels of government.

Useful resources

Guidance

- World Bank Open Budgets Portal on Public Expenditure Reviews. This portal has links to guidance on PERs, both general and sector-specific, as well as a searchable library of PERs.
- Sector guidance: ECD. UNICEF Global Resource Guide on Public Finance for Children in Early Childhood Development. This resource guide sets out how public domestic financing can be used to improve and scale up ECD programming. It includes practical advice on key steps for diagnosis, analysis and action, with a toolkit and case studies setting out how to apply country budget/expenditure analysis, ECD public expenditure review, costings, cost-effectiveness analysis and cost-benefit analysis to ECD.
- Sector guidance: Health. The World Bank is currently revising its Guidance on PERs for the health sector. The revised guidance will be available on the following site.
### Sector example: Nutrition. World Bank (2020) *Rwanda Nutrition Expenditure and Institutional Review*. This recent report goes beyond the country analysis to provide recommendations on a methodology for nutrition public expenditure analysis. The methodology is based on a review of available nutrition PERS and other expenditure analyses approaches, and proposes a standardized way of classifying nutrition-related spending, linked to the 2013 Lancet Framework.


### Multi-sector guidance: Climate. UNDP (2015) *Methodological Guidebook: Climate Public Expenditure and Institutional Review (CPEIR)*. The CPEIR methodology has been developed from the PER methodology and includes three key pillars: Policy analysis, institutional analysis and climate public expenditure analysis (CPEA). CPEA quantifies the climate-relevant expenditure out of the total national budget and measures fiscal policies, such as tax incentives and subsidies, as part of climate financing instruments. The guidelines provide tools and methodologies, as well as suggestions of data sources and an overview of typical challenges.

### Subnational guidance: Education. World Bank (2010) *Practical guidance for preparing a PER for education at the district level*.

### Examples

**Health**

**Education**

**Social Protection**

**WASH**

**Subnational application**


### Subnational example: Intergovernmental fiscal relations World Bank (2014) *Moldova Public Expenditure Review: Reforming Local Public Finance for More Efficient, Equitable, and Fiscally Sustainable Subnational Spending*. This report reviews intergovernmental fiscal relations in Moldova and recommends ways to improve the efficiency and equity of local public finance, extending and complementing the 2013 PER.

### World Bank Open Budgets Portal on Public Expenditure Reviews. This portal has a searchable library of PERS covering multiple countries, sectors and levels of government.
Tool 2 Public Expenditure Review


- Sector example: Education and Health. Government of Madagascar, World Bank, UNICEF (2014) Madagascar 2014 Public Expenditure Review Education and Health. This PER was conducted in the education and health sectors with the aim of improving transparency, resource allocation and expenditure, as well as to influence policy reforms and sector plans.

- Sector Example: Education. Ministry of Education, Arts and Culture, Republic of Namibia, UNICEF (2017) A Public Expenditure review of the Basic Education Sector in Namibia. This PER examined the issues in pre-primary education expenditure as part of education spending, thus providing the basis for formulating advocacy messages that frame financing of pre-primary education as part of system-wide financing needs.
Tool 3

Public Expenditure Tracking Survey

Relevant applications

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What is it?

A public expenditure tracking survey (PETS) can track the flow of resources through the different levels of government down to service-delivery facilities, like schools or clinics, in order to determine how much of the originally allocated resources (financing, salaries, in-kind items) reaches each level, how long it takes to get there, and what it is used for once it has arrived. A PETS can help identify administrative bottlenecks, inefficiencies or fund leakages, and identify recommendations to improve the efficiency of spending and the quality of services. PETSs complement PERs and other public finance analysis tools which focus on central government by assessing the performance of PFM administration through to the delivery level, analysing efficiency of spending and identifying opportunities for improvement.

A PETS can cover a broad range of resource flows (for example, salaries, movement of centrally procured goods, intergovernmental grants, capital expenditures, etc.), or can focus on monitoring selected specific resource flows (for example, capitation grants), in-kind items (for example, books) or a specific programme. PETSs rely heavily on administrative and accounting records, but apply a survey-logic to track movement of resources over different administrative levels.

Box 7: Quantitative Service Delivery Surveys

PETS are sometimes combined with an additional diagnostic tool known as a **Quantitative Service Delivery Survey (QSDS)**, which analyses expenditures at the service-delivery unit (for example, health facilities or schools) and links them to outcomes. This is known as a combined PETS/QSDS. A QSDS collects more detailed information on characteristics and activities of service providers, covering some expenditure analysis at the provider level and collecting data through a survey at the household level. A QSDS generally includes interviews with facility-level staff, a study of records of facility-level inputs (finances, staff, in-kind material, and equipment), outputs (services delivered) and revenues (for example, from government, donors, and user fees), and a survey of clients of the facility. A QSDS is particularly useful for analysing the quality of spending.
Tool 3  Public Expenditure Tracking Survey

What can it tell me?

A PETS can identify and quantify inefficiencies and errors in public expenditure and service delivery, in particular:

- Leakage of expenditures/shortfalls of public funding at various levels.
- Delays/predictability of public funding.
- Procurement or payment bottlenecks
- Inequities in resource allocations between districts or providers.
- User fees and informal payments.
- Problem of deployment/shortages of in-kind resources (such as medicines, textbooks).
- Poor accountability, recording and reporting of information.

A PETS can identify the point in the funding process where funding and resource flows are delayed or diverted. This includes identification of leakage (for example, a difference between the quantity of medicines sent from the district administration and the medicines received at the district health centre) and administrative capture (where funds destined for service delivery are retained or used for administrative expenditure at higher administrative levels).

A PETS can also provide information on the link between PFM systems and service delivery. Mapping the flow of funds shows the decision makers, processes, rules and mechanisms used to allocate funds from ministries of finance to the line ministries and down through different levels of government to the field. This process can provide concrete examples of weaknesses that have been suspected but not previously confirmed or quantified. A PETS can also identify opportunities for improvement, showing how public expenditure systems are actually operating, including the planning and management capacities of ministries, delays or volatility in disbursements, the equity of the final allocation and the performance of accountability mechanisms.

A QSDS measures the quality of services offered to the population and examines the relationship between those who contract a service and those who deliver it. The unit of analysis is, therefore the facility (for example, school, health centre), with quantitative and qualitative data collected at that level. A QSDS seeks to establish the conversion of resource inputs into service outputs, at facility level. The information collected can cover various elements related to the operations of a school or health centre, such as sources of financing (public, private, NGO, donors), the qualifications and remuneration of personnel, infrastructure, materials (such as books and desks in schools, drugs and functioning equipment in clinics), as well as attendance of teachers and health personnel or incentives and supervision mechanisms.
How can UNICEF use this tool?

A PETS may be useful if there is a concern that resources are not arriving at frontline facilities in time or as approved, by clarifying the processes involved and identifying if there are bottlenecks in fund transfer or budget execution, or wastage or leakage of funds.

A PETS can be purely diagnostic (such as survey results on funding leakages) or include analytical goals, such as how funds are spent at the service-delivery level. A PETS can also be used where there are routine delays in disbursements or regular leakage of funds to identify opportunities to improve operational efficiency of public expenditure and public administration procedures. In cases where accountability is low, a PETS can be used to improve the transparency of frontline facilities budget entitlements, providing an entry point for citizens and civil society to hold government to account.

A QSDS can be useful in cases where UNICEF believes that service quality, performance or staff incentives are having a negative impact on results, for example issues such as absenteeism, availability of books, medication or staff. A QSDS can also be used to focus on one type of provider, for example public providers, or to examine performance across different types of providers, for example public, private for-profit and private non-profit.

When should I use it?

As this is a diagnostic tool that will shed light on PFM-related bottlenecks in service delivery, it is most useful to apply it towards the beginning of a country programme or sector strategy to identify entry points and areas of collaboration. It can also be used to gather additional information when a bottleneck analysis has identified PFM-related concerns (PETS) or service quality (QSDS) as an impediment to service delivery.

Box 8: Public Expenditure Tracking Surveys – Considerations and limitations

Few countries have been able to translate PETS findings into policy and institutional reforms. To improve impact, a PETS should be considered only if there is strong government ownership, participation and commitment to sector reform. A PETS may be more powerful if embedded in a multi-year multi-step programme rather than as a standalone study.

While a PETS is a powerful tool, it requires careful planning and design and can be expensive. Data availability and access are often a constraint. Data records at the service-delivery level may be poorly kept or inconsistent, and interviewees may have an incentive to misreport given sensitivities around reporting lines, or in situations of fund leakage or wastage.
## What does it require?

| **Data** | • PETS: National, sector and facility plans and budgets, data on public funding and outputs at ministerial, regional, local and service-provider level, including administrative systems such as human resource systems, supply chain, stock management or service provision. Primary data collection through interviews with officials and service providers. Ability to cross-reference survey data with quantitative data.  
• QSDS: Public accounts sample data, preferably panel data, on government spending and information on outputs of service providers at ministerial, regional, local and service-provider levels, including administrative systems such as human resource systems, supply chain or stock management. Primary data collection from interviews with service providers. |
| **Skills** | • PETS: PETS model, sector, country and institutional context, PFM and public administration, (micro) survey skills, data analysis, policy.  
• QSDS: Some prior experience of micro survey work and STATA analysis software required, and a detailed knowledge of the relevant institutional context.  
• Microeconomics of provider behaviour (incentives and organization theory). |
| **Time** | • 10–12 months each, PETS or QSDS. |
| **Financial cost** | • PETS: $75,000–$600,000.  
• QSDS: $60,000–$100,000.  
• Costs can increase considerably with greater coverage of geographic areas or types of resources due to the high cost of survey-based data collection. |
| **Partners** | • Government, World Bank, research institutions, NGOs, CSOs, bilateral and multi-lateral development partners.  
• Prior to 2010, a PETS would typically involve the World Bank. It is now more common for United Nations agencies and bilateral development partners to conduct PETs with contracted technical assistance. PETs have also been undertaken by civil society (see examples in Implementing Public Expenditure Tracking Surveys for Results in the resources section). |
Sector application

PETSs and QSDSs are usually applied with a sector focus, most commonly to health and education. The PETS methodology has also been used in social protection programmes and in multisectoral programmes in the ECD and WASH sectors. The PETS/QSDS methodology requires customization of survey design and implementation to the research questions and the particular programme, including customization for the sector. For example, a PETS analysis will need to consider how sector services are decentralized in the country so that all relevant financial and administration systems and interconnections between public expenditure and service delivery can be explored. Similarly, the measurement of final outcomes will need to be customized to the sector, for example linking pupils’ performance to specific school resourcing and management characteristics. This process can be complicated. For example, a 2010 PETS on the ECD sector in South Africa required a design that included three different samples and questionnaires in order to cover the different institutional contexts, funding structures and oversight mechanisms in different parts of the ECD sector (public schools, registered community based facilities, unregistered community-based facilities). It was also carried out in three different provinces with varying income levels to capture the diversity of ECD experiences (see resources section below).

Subnational application

PETSs are highly relevant for decentralized contexts as they can identify the operation of resource flows between multiple levels of government. PETS-QSDS data can be used to examine the PFM systems used at subnational level as well as the quality of service delivery. For example, a recent report from the Philippines drew upon PETS-QSDS data from a nationally representative sample of elementary and high schools to explore the amount of funding local governments are giving to schools and assess the systems that govern the use of local government funds in the education sector. Even when a specific subnational region or state is not the explicit focus of a PETS or QSDS when it is designed, often the data and results these tools produce can be used to draw relevant conclusions at subnational level.
Useful resources

Guidance

- Gauthier, Bernard, and Zafar Ahmed (2012) *Public Expenditure Tracking Surveys (PETS) and Quantitative Service Delivery Survey (QSDS) Guidebook*. This guidebook provides an overview of the thinking behind the tools, step-by-step guidance and a helpful list of indicators for both.

- World Bank (2010) *Using Public Expenditure Tracking Surveys to Monitor Projects and Small-Scale Programs: A Guidebook*. This guidebook provides a starting point for conducting a PETS, both on a small and larger scale, from idea inception to results dissemination. This chapter was written in the first decade of use of these tools and outlines the main features of PETSs and QSDSs as well as a comparison to other approaches of service-delivery analysis. It also presents the design and implementation of both survey tools, a few PETS applications and key findings and a discussion of how both tools can be combined with other micro surveys to explore interactions between providers, policymakers and users.


Examples

- *Sector example: ECD*. UNICEF (2010) *Tracking Public Expenditure and Assessing Service Quality in Early Childhood Development in South Africa*. This study explored how community-based ECD facilities are financed, and how funds are utilized, examining issues of leakage as well as identifying if available funds were sufficient to cover essential costs of ECD service provision, and if subsidies were targeted at facilities in poorer areas.


- *Sector example: Education*. World Bank (2015) *Zambia Education PER and PETS-QSDS at a Glance*. This report presents a PETS conducted in Zambia that traces fund flows from the central government to schools in order to identify leakages and assess efficiency and effectiveness in the use of public funding. It also provides results from a QSDS that examines the efficacy of spending, incentives oversight, and the relationship between those who contract for a service (for example, parents) and those who deliver it (schools and teachers).
Tool 3 Public Expenditure Tracking Survey

- **Sector example: Health.** World Bank (2011) *Sudan – Public Expenditure Tracking Survey (PETS): Case Study of Health Sector*. This is an example of a health PETS, describing the decentralized nature of health services and then tracking funds and measuring effectiveness throughout the health sector in Sudan.


- **Sector example: Health.** World Bank (2018) *Tracking the health resources in Ukraine: Where does the money go, how is the money used, and what are produced results in the health sector?*

- **Sector example: Health.** World Bank (2019) *Zambia Health Sector Public Expenditure Tracking and Quantitative Service Delivery Survey*.

- **Sector example: Social Protection and Education.** UNICEF Vietnam, and Ministry of Planning and Investment (2013) *Public Expenditure Tracking Survey (PETS) Report*. The report (and a related policy brief) presents the findings of this UNICEF-led PETS that tracked the flow of social assistance from province to districts, to the schools and then to eligible students at primary and lower-secondary schools to assess the effectiveness of a central government cash transfer scheme.

- **Sector example: WASH.** (2009). *Public Expenditure Tracking Survey in Water and Sanitation, Uganda*.

- **Subnational and sectoral example: Education.** World Bank (2016) *Assessing the Role Played by Local Government in Supporting Basic Education in the Philippines*. Philippines education note, no. 7. Using PETS-QSDS data from a nationally representative sample of elementary and high schools, this note explores the magnitude of the funding that local governments are giving to schools and assesses the systems that govern the use of local government funds in the education sector.

Other resources

- World Bank (2009) *Implementing Public Expenditure Tracking Surveys for Results: Lessons from a Decade of Global Experience*. This paper synthesizes results from a range of recent PETSs and presents conclusions on best practices, such as the importance of country ownership and effective follow-up in realizing the impact of the tool and the role of strategic partnering, and greater emphasis on dissemination and communication strategies aimed at involving actors who can foster actions on the ground. The paper also includes discussion of sector linkages that may be useful for sector applications of the tool.

- World Bank (2010) *PETS-QSDS in Sub-Saharan Africa: A Stocktaking Study*. This study reviews PETSs and QSDs carried out in Africa, assessing their approaches, findings and contributions and proposing overarching good practice principles for their use.

- World Bank (2003) *A User’s Guide to Poverty and Social Impact Analysis*. This handbook contains information on both PETS and QSDs in the context of identifying the distributional impact of policy reforms on the well-being of different stakeholder groups as Poverty and social impact analysis.

- The World Bank has a service delivery facility survey catalog, which includes both PETs and QSDs. This resource provides access to data and survey documents from facility level surveys conducted by the World Bank.
What is it?

Child-focused Public Expenditure Measurement (C-PEM) is a methodological framework to identify direct and indirect allocations and spending on child-policy objectives across all sectors of the budget over time. Conceptually, C-PEM applies a child lens to public expenditure analysis. In consultation with host governments, public expenditure which aims to contribute to child-specific objectives is identified and weighted according to programme characteristics (such as the size of the target population or the type of benefit) to calculate the total public investment in children. C-PEM methodology requires country-specific application and needs to be customized to reflect national policy frameworks. Given this degree of customization, C-PEM can usually not be directly compared between countries.

What can it tell me?

C-PEM can provide information on the size, composition and trends in government resourcing for children, in particular:

- How much a government allocates and spends on child-specific and child-relevant objectives, and how these resources have changed over time.
- The distribution of allocations and expenditures, including, where data are available, across child rights themes, agencies, outcome areas, the life cycle, geographical areas and national/subnational budgets.

A C-PEM can expose discrepancies between stated policy priorities and their importance in the budget, fragmentation and duplication in priority programmes and issues of cross-sectoral coordination.
Tool 4  Child-focused Public Expenditure Measurement

The objectives of C-PEM are to:

- Improve visibility and transparency regarding investments in children.
- Analyse if policies and budgets for children are well aligned.
- Inform decision-making and resource allocation, to increase the priority afforded to child-focused services.
- Monitor the overall financial commitment of the government to support children, systematizing transparency and reporting on spending on child rights in relation to Article 4 of the Convention on the Rights of the Child (CRC).

How can UNICEF use this tool?

C-PEM can be used to increase transparency of investment in children, including gaps where stated policy priorities are not reflected in the budget, fragmentation or duplication in priority programmes and issues of cross-sectoral coordination. C-PEM can provide a benchmark of the size and composition of spending on children, allowing governments and stakeholders to track spending against priorities and policies, across sectors and over time. Where C-PEM is undertaken in conjunction with other PFM analysis tools, it can be used to look at the quality of spending on children, and UNICEF will often propose to add on elements of a C-PEM to PFM initiatives undertaken with other partners, to highlight child-focused or child-relevant spending or programmes within a PER Tool 2 or PETS Tool 3. CPEM is primarily a type of budget analysis Tool 1, with a specific focus on using the child as a lens to review budget allocations and spending. The C-PEM methodology has also been applied to measure multisectoral spending on specific issues such as child protection and nutrition – an adaptation of the C-PEM approach to look at spending linked to a particular issue rather than looking at all government spending.

When should I use it?

UNICEF offices often undertake a C-PEM analysis to inform a new country programming cycle, given a C-PEM can build understanding of the composition of the budget and identify areas for further analysis or advocacy. C-PEM can also be undertaken to support government reporting on progress in implementing the provisions of the CRC. The CRC Committee is increasingly asking for governments to establish mechanisms for tracking budgets for children in connection with Article 4 and CRC General Comment 19.

When working with partners on other PFM analysis tools, UNICEF can propose to add elements of C-PEM to highlight child-focused or child-relevant spending or programmes. C-PEM categorization of spending (direct, indirect, etc.) can also be used as the basis for establishing tracking systems to track the progress over time and establish trends. When working with partners on other PFM analysis tools, UNICEF can propose to add on elements of C-PEM to highlight child-focused or child-relevant relevant spending or programmes.
What does it require?

<table>
<thead>
<tr>
<th>Data</th>
<th>National and/or subnational budget allocations and execution figures by ministry, sector, policy outcome. Ideally, also data on beneficiaries (number, age), programme objectives and geographic areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Understanding of the budget structure and process, budget classifications and basic quantitative skills. Ability to convene and coordinate multisectoral government representatives. Background or understanding of social sector policies relevant to children.</td>
</tr>
<tr>
<td>Time</td>
<td>Identification of child-relevant policies to guide C-PEM analysis can take up to a year. Once the criteria have been agreed by government stakeholders, subject to access to data, C-PEM analysis can be completed in 2–4 months. Repeat analysis is faster, particularly if associated with a tracking system.</td>
</tr>
<tr>
<td>Financial cost</td>
<td>Costs associated with convening and government consultation are often not explicitly measured, but will impose a programme cost. Analysis and reporting costs vary from between $15,000 and $40,000 depending on the level of analytical support required (eg. allocation, execution, subnational, beneficiary data).</td>
</tr>
<tr>
<td>Partners</td>
<td>Government (all child-relevant ministries), World Bank, United Nations agencies, bilateral partners, INGOs/NGOs. Requires active engagement and leadership of government (ministries of finance, social sector ministries). Often conducted in collaboration with partners such as the World Bank, INGOs or bilateral partners, particularly where C-PEM is conducted as an add-on to another PFM tool. Can be conducted in partnership with UN Women as part of a combined gender-responsive and child-responsive budget analysis, for efficiency in disaggregated budget analysis.</td>
</tr>
</tbody>
</table>

Sector application

The C-PEM methodology identifies and reports on child-focused expenditure across all sectors. There are examples of partial C-PEM, with a scope limited to the budgets of prioritized ministries (for example, in Partial C-PEM in the Virgin Islands, covering education, health and social services). The C-PEM approach can be particularly valuable for multisectoral issues such as ECD and child protection.

If expenditure data are available for multiple years, a C-PEM can compare sector investment in children over time, as well as comparisons of investment in children across sectors. For example, in Mexico, C-PEM was useful in advocating for increasing spending on child protection, highlighting how small this area of expenditure was relative to the expenditure in health and education in light of the vulnerabilities children were facing.
Subnational application

C-PEM can be completed at subnational level if data are available. In countries such as Argentina and Peru, allocations to sub-regions can generate comparable allocations per child, allowing for analysis of the equity of subnational distribution of federal resources. Also, highly decentralized countries such as Argentina, India and Nigeria (Lagos) have looked at ways to incorporate C-PEM and reporting at the subnational level. UNICEF Nigeria has been working with the Lagos State Government to implement C-PEM tagging in the financial information management system, which will allow both institutionalization and automation of reporting on spending on children. This is a promising area of growing interest and opportunity.

Useful resources

Guidance

- UNICEF (2016) Child-Focused Public Expenditure Measurement: A Compendium of Country Initiatives. The Compendium was the first document to define what is meant by child-focused public expenditure; it presents 13 examples of the application of this tool in different country contexts.

Examples

- MEF, MIMP, MIDIS, MCLCP and UNICEF Peru (2014) Investing in Children in Peru: A Methodology and Monitoring Framework. This report presents the taxonomy of spending on children adopted in Peru as the official mechanism for tracking public spending on children and adolescents.
Fiscal incidence refers to the overall impact of both government taxation and government expenditures on the final income of individuals or sub-groups of the population. Fiscal incidence analysis provides an estimation of government revenue and expenditure on inequality and poverty levels in a given country. It measures whether taxes (planned or existing) unfairly burden the poorer parts of the population (are regressive), or whether public expenditure (social, health and other benefits, subsidies and social spending) is distributed equitably. The analysis can be used to support government consideration of equity in its fiscal policy decisions, to avoid exacerbating inequality or deepening poverty levels through regressive taxes or poorly conceived social services or transfers that fail to meet the needs of vulnerable citizens.

Fiscal incidence analysis is typically calculated at the level of the individual, family or household, capturing all taxes, subsidies and transfers. This excludes some taxes (for example, corporate income tax) and spending (such as defence or infrastructure), which are not considered. The process is illustrated in Figure 2, below, starting at market income (before any taxes and subsidies), calculating the impact of all direct and indirect taxes, subsidies and transfers in order to calculate final income and assess the combined impact of taxes and benefits.

Figure 2: Calculation of final income: income before and after taxes, transfers, subsidies and services

The two tools to conduct fiscal incidence analysis are tax incidence analysis (TIA), for analysing the revenue side of fiscal incidence, and benefit incidence analysis (BIA), to analyse the distribution of government benefits/expenditure.

Some resources and researchers use the term BIA to incorporate revenue as well as expenditure incidence. For clarity, the two tools are described in further detail below, followed by a combined list of resources for both elements of fiscal incidence analysis.
## Tool 5.1
### Tax Incidence Analysis

### Relevant applications

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Equity</th>
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<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>Health</td>
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<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
</tr>
</tbody>
</table>

### What is it?

Tax incidence analysis (TIA) measures the incidence of taxation across income distribution. Tax policies have major equity implications, as some tax approaches redistribute resources from wealthier to poorer populations (progressive taxes) while others do the opposite, taking disproportionately more from the poorest groups (regressive taxes). For example, many developing countries rely on flat-rate value-added tax (VAT) and sales tax, which are generally regressive. At the same time, they rely less on collecting revenue from property tax, or taxing dividends or capital gains, which disproportionately affect the wealthiest. The data to conduct a TIA is obtained from household surveys on direct taxes paid by households, and estimated for indirect taxes, using household consumption data.

### What can it tell me?

A TIA can show the effect of current taxes and subsidies, or the potential effect of planned taxes and subsidies on the welfare of different population groups. A TIA can highlight equity issues as it will show the share of taxes collected from different population groups under a current or planned scenario. TIA can be conducted ex ante (before a tax is introduced or reformed), or ex post (after the introduction of new taxes and reforms). In each case it serves to guide policy makers in selecting policy options that maximize welfare.

A TIA does not take into account the fact that behaviour typically changes in response to taxes or charges, so can only provide a simple approximation of tax incidence. Given that a TIA will cover some, but not all, government taxes, assumptions are required to assign expenditures to individuals or households, which must be taken into account when analysing the findings.
How can UNICEF use this tool?

UNICEF can use this tool to analyse the effects of existing or planned taxes and/or subsidies on the poorest households with children. TIA can reveal if a specific tax imposes an unfair burden on households with children, particularly the poorest households with children, or assess alternative scenarios that could achieve government objectives to improve revenue mobilization and poverty reduction. UNICEF can use this evidence to advocate for tax reform to make existing taxes more equitable, or to influence the development of planned taxes. For example, in Serbia, UNICEF used a tax benefit micro-simulation model to conduct an ex ante analysis of an announced taxation reform, which highlighted the effects of the proposed changes on the most vulnerable groups, particularly poor families with children. The findings were used to stimulate public debate, including discussions among experts and representatives of the Ministry of Finance, which developed the reform proposal. The discussions led to a decision by the Government to conduct further analysis and adjust the tax increase (see resources below).

When should I use it?

UNICEF can use this tool at any point in time to inform policy discussion or policy change, or as part of the country situation analysis, programme documents, or advocacy strategies. The use of this tool is particularly relevant whenever governments initiate plans to reform the tax system through increasing/reducing tax rates or through the introduction/elimination of existing taxes. New tax measures may also be announced as part of the budget cycle when the budget is presented to Parliament. UNICEF child-focused TIA can be used to advocate for tax policies that seek to improve the financial situation of the poor households with children and avoid unfairly placing tax burdens on the poorest.
What does it require?

| Data          | • Household survey of income, income-expenditure, expenditure, employment, living standards measurement study (LSMS) etc., representative at the national level. (for example, information on certain taxes may not be collected by household income and expenditure surveys, which will require either additional data sources or reliance on assumptions).  
|              | • Information on tax/subsidy and their changes, including detailed information on specific items to be taxed/subsidized. |
| Skills       | • Understanding of the tax system and market structure of the country.  
|              | • Understanding of costing methodology and household survey analysis methodology.  
|              | • Statistical and econometric skills, and knowledge of analytical software (STATA, SPSS). |
| Time         | • 2–12 months depending on availability of data and complexity of tax models. |
| Financial cost | • Cost will vary based on the availability of LSMS or household budget data, the availability and quality of financial data for government revenue and expenditure and the availability of national expertise. If quality data and national expertise is available, a TIA can be conducted for $15,000–$30,000. |
| Partners     | • Government (including sector ministries, but particularly ministries of finance or equivalent); IFIs (especially in heavily indebted countries, or low-income or lower-middle-income countries with significant support programmes), research institutions, academia.  
|              | • Partnering with national research institutions or academia is recommended to ensure national ownership and support capacity building). |

Sector application

While a TIA looks at all individual taxes, when it is combined with a BIA in a fiscal incidence analysis it can provide a more complete and holistic perspective of the equity impact of all government policy in relation to a particular sector, and provide valuable insights to sector-focused analysis and planning. A TIA is most commonly conducted in social protection planning and analysis, as both social protection and tax have a direct impact on the distribution and redistribution of income and wealth.

Subnational application

TIA can be carried out at a subnational level. In addition, by comparing the combined impact of national, regional and municipal taxes, it can highlight issues of territorial equity or regional equity impacts of changes in national tax policy.

Useful resources

See consolidated list of resources for Fiscal Incidence Analysis after Tool 5.2. Benefit Incidence Analysis.
What is it?

Benefit incidence analysis (BIA) shows who is benefiting from public spending on social services, by describing the impact of government spending on different groups of people. It combines information about the unit costs of providing public transfers and services (from government expenditure data) with information on the use of these services (from household sample surveys) to measure how the benefits are distributed across the population.

What can it tell me?

A BIA can illustrate how much government spending reaches specific population groups in a way that is simple to illustrate and communicate. It is a helpful way of introducing issues of equity into policy discussions and policy reform.

A BIA typically focuses on expenditure of a particular public service or programme such as health, education or a subsidy or cash transfer. It is mainly applied to measure the equity of public expenditure across income or expenditure quintiles (or deciles), but it can also be used to measure distribution against other dimensions, such as gender, geographical area and ethnic group.

For each service, transfer or subsidy, or the sector as a whole, a benefit incidence ratio is calculated, which expresses the share of the expenditure (benefit) obtained by each population sub-group divided by the share of that sub-group in the total population. For example, in a BIA using population quintiles, this ratio expresses the share of a benefit obtained by each quintile (multiplied by per cent) divided by the share of the quintile in the total population (20 per cent). It is then easy to see whether the poorer quintiles are receiving an equal, smaller or larger proportion of the benefit of a service, transfer or subsidy.
When the population sub-groups are defined in terms of income or expenditure per capita, benefit incidence can also be expressed by a concentration coefficient (or index) and can be shown graphically by a concentration curve, as illustrated in Figure 3.

**Figure 3: Illustration of concentration curves for expenditure on child education, by sub-sector**

A concentration curve displays the cumulative incidence of benefits across the population, ranked from poorest to richest (before taxes, transfer and subsidies). The line of equality or 45-degree line, indicates perfect equality (in green), inducting an equal share of benefits across the income quintiles. Concentration curves below this line indicate regressive expenditure allocation. In this example, both primary and secondary education expenditure are regressive, with secondary education standing out. The bottom 20 per cent of the population received 17 per cent of primary school expenditure and only 4 per cent of secondary school expenditure. Primary education expenditure lies closer to the 45-degree line and is relatively more progressive than secondary education.
How can UNICEF use this tool?

The main entry point for UNICEF country offices is on the expenditure side of public finance, using BIA to promote the equitable access of families and children to critical public services. This could take many forms, depending on country context and opportunities, such as the use of BIA in the preparation and evaluation of sector strategies, reform programmes or the development of specific policy measures to improve equitable access to and use of certain services. For example, the 2020 UNICEF advocacy brief on Addressing the learning crisis used BIA undertaken in 42 countries to highlight how education financing challenges relate to how resources are distributed across society, not just the amount of funding. It generates straightforward and powerful messages such as “the share of public education resources that goes to the poorest children is close to 16 per cent, while the share that goes to the wealthiest children is 26 per cent”. BIA is a useful tool for advocacy to improve the design and targeting of social programmes or services to ensure that they close equity gaps rather than widen them.

UNICEF can also support BIA as part of PERs and make use of the results in situation analyses, as a way of highlighting equity concerns in the financing and use of public services.

As illustrated in Figure 3, a simple BIA can present issues of equity in a clear and accessible way which can spark policy debate. This example also highlights that BIA does not identify the underlying problems or responses to identified inequality. For this reason, it is recommended to link a BIA to a broader policy analysis to identify solutions.

Box 9: Marginal benefit incidence analysis

While simple BIA tells us who benefits from services and transfers, marginal BIA looks specifically at who benefits from a change in services and transfers. Marginal BIA is typically applied when policy reform is planned or initiated, to enable estimation of the impact of proposed changes on the targeted population. Changing policies and benefits alter the population group targeted, so a marginal BIA may have additional or different beneficiaries to a simple BIA.

To note – neither simple nor marginal BIA take into account the behaviour change that may occur as a result of the change in the distribution or the quantity of the benefit. For that, one should consider tools such as a Social Impact Analysis.

When should I use it?

By highlighting inequities in public expenditure, BIA can contribute to policy analysis, dialogue and decisions on corrective measures, such as the removal of cost barriers to access to services by the poor, investments in underserved areas, removal of regressive subsidies or improved design and targeting of social transfers.
## What does it require?

| Data | • National and subnational expenditure data for the sector/service that is being analysed.  
• Population data (to calculate per capita spending). This may need to be disaggregated by age if specific services target particular age groups.  
• Household survey containing information about demographic characteristics, household composition, labour market data, income, social benefits take-up, use of services (education, health, social protection or others in the sector under analysis).  
• Information about national/subnational legislation for the social sectors to correctly allocate spending to services/intended beneficiaries.  
• Information about the reach of certain programmes/services. |
<table>
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<tr>
<td>Skills</td>
<td>• Understanding of costing methodology and household survey analysis methodology, including knowledge of related statistical packages (STATA, SPSS).</td>
</tr>
</tbody>
</table>
| Time | • 1–2 months (for simple sectors and using data from global databases).  
• 6–12 months for more complex sectors or initiatives, or where significant data collection and cleaning is required. |
| Financial cost | • The cost for data analysis can be as low as $10,000 for a straightforward BIA for a sector such as education, and if using data from global databases (where available). Costs are higher for more complex sectors, where local data is required, where there are constraints with data availability or quality, or when using international consultancy firms. In such cases, costs of around $50,000-$60,000 may be more likely. |
| Partners | • Government, IFIs, research institutions, academia, civil society organizations.  
• Given the UNICEF focus on equity, UNICEF is often the initiator of BIA at a policy, initiative or sector level. UNICEF also works with partners, including the World Bank, Commitment to Equality (CEQ) Institute and the IMF as well as local research or academic institutions. This includes the process to add BIA to an existing PFM analysis such as PER. |

### Sector application

BIA can examine public spending on several social services, or focus specifically on one sector, service, transfer or subsidy. In each case, it is necessary to identify the different components. In education, for example, these might be pre-primary, primary, secondary and tertiary education, or other components such as technical and vocational education, adult education or special education. Similarly, the health sector might be disaggregated into different types of health programmes, or different levels of health-care delivery. In social protection, BIA can be used to highlight the benefit incidence of different social transfers. Finally, BIA can also be used to assess cross-cutting issues such as gender equality of existing interventions. An example of BIA to assess gender in programme distribution from Kenya is included in the resources section, as well as other sector examples.
Subnational application

BIA can be designed to explicitly capture benefits from different levels of government, which can be valuable for comparing territorial equity. BIA can be done at subnational level by states and provinces, including territorial incidence analysis or a disaggregated benefit incidence. Extending the analysis to the subnational level can identify different subsidy levels across different areas or subnational units, which can lead to deprivation or reduce equity for the population in these areas. Data availability and quality may be more challenging at subnational level, which can limit the type of analysis possible.

Links to resources for Fiscal Incidence Analysis

Guidance

- **Sector guidance: Education and Health.** Davoodi, Hamid, et al. (2003) How useful are Benefit Incidence Analyses of Public Education and Health Spending?. This paper explains the methodology of benefit incidence analysis (pp.3–16) and results from a data set on the benefit incidence of education and health spending covering 56 countries over 1960–2000.
- **Cross-sectoral guidance: Gender Equality.** Glick, Peter, et al. (2004) Integrating Gender into Benefit Incidence and Demand Analysis. This paper analyses public expenditure equity in the two dimensions of gender and welfare or well-being, where the latter is measured by the level of household expenditure, considering several forms of public social spending, in particular education and health services and water supply infrastructure.
- **Sector guidance: Health.** McIntyre, Di, and John Ataguba (2011) How to do (or not to do)...a benefit incidence analysis. This paper provides a step-by-step guide to conducting benefit incidence analysis in the health sector. However, be aware that it goes beyond equity in public finances, as, unlike traditional BIA, it also includes private expenditure on health.
- **Sector guidance: Social Protection.** Bastagli, Francesca (2015) Guidance Note: Bringing Taxation into Social Protection Analysis and Planning. This guidance note covers both approaches to studying the poverty and inequality impact of taxes and transfers, as well as the analysis of the role of taxation in social protection financing. It covers the key methodological issues for joint distributional analysis, reviews evidence on the incidence and distributional impacts of taxes and transfers, and discusses alternative tax revenue sources and their implications for social protection financing and sustainability.
Examples

- **UNICEF (2021) Fiscal Equity and Social Outcomes for Children** This report analyses the impact of equity in Government social spending on social protection on absolute poverty and inequality using data from 101 countries, with two country case studies analysing how distributional outcomes could be improved though changes in tax-benefit policies.

- **UNICEF (2020) Addressing the learning crisis: An urgent need to better finance education for the poorest children**. This report includes data from benefit-incidence analysis in 42 countries for the period 2010-2017, using an automated tool for benefit incidence analysis developed by UNICEF in 2019. Further application of this tool is planned.

- **UNICEF Office of Research (2018) Commitment to Equity for Children (CEQ4C): Fiscal Policy, Multidimensional Poverty and Equity in Uganda**. This working paper provides a child-dedicated focus on fiscal incidence analysis by tracking child-relevant benefits, turning children into the unit of analysis and using multi-dimensional child poverty metrics.

- **UNICEF (2010). An Analysis of the Effects of the Proposed Tax Changes on Poverty and Vulnerable Groups in Serbia**.


- Lustig, Nora, et al. (2013) The impact of taxes and social spending on inequality and poverty in Argentina, Bolivia, Brazil, Mexico, Peru and Uruguay: An overview, working paper 13, Commitment to Equity, Tulane University, April.


- *Sector example: Social Protection*: UNICEF (2017) Child Poverty in Iraq: An Analysis of Child Poverty Trends and Policy. This report includes a BIA of social protection in Iraq, which analyses the coverage of various schemes, profiles beneficiaries by poverty status, examines the share of government spending reaching the poor, and assesses the impact on poverty risk.


Other resources

- **Commitment to Equity** project, hosted at Tulane University, uses incidence analysis and diagnostic questionnaires to analyse the impact of taxation and social spending on inequality and poverty in individual countries and provides guidance on methods and policy tools, as well as a data centre on fiscal redistribution with research on social spending and income redistribution for more than 55 countries.

- **EUROMOD** tax and benefit micro-simulation model, developed by the Microsimulation Unit at the Institute for Social and Economic Research (ISER). Enables analysts to calculate the effects of taxes and benefits on household incomes and work incentives for EU countries. The model has also been adapted for use in developing countries.

- **SOUTHMOD** tax-benefit micro-simulation models for developing countries, developed and hosted by the UN University (UNU)–World Institute for Development Economics Research (WIDER) for research on the distributional impact of taxes and transfers.

- **LATAX** is a multi-country flexible tax micro-simulation model developed by researchers from the Institute for Fiscal Studies (IFS) as a simple tool to quantify revenue and distributional impact of tax reforms in Mexico, El Salvador, and potentially other countries.

- **Distributive Analysis Stata Package (DASP) 2013** is a Stata programme made available by the World Bank which includes a module to perform BIA as part of a comprehensive package of Stata modules for the analysis of distribution of living standards.

- **ASPIRE**. The World Bank Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) compiles data on the welfare distribution of social assistance programmes for more than 120 countries.
Tool 6
National Accounts

Relevant applications

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Adequacy</th>
<th>Equity</th>
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<tr>
<td>SECTOR EXAMPLES</td>
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<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
<td>Subnational Application</td>
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</table>

What is it?
National Accounts is a tool to systematically and comprehensively estimate and track resource flows and expenditures in a given sector at the national or subnational level. Unlike other public expenditure tools, national accounts include total expenditure in a sector, including government, household and private-sector spending. This allows analysis of total costs, and analysing where the burden of paying for services falls. National accounts can be used for benchmarking, cross-country comparisons and to provide an evidence base to better plan, finance, manage and monitor sector services and systems. The methodology was initially developed for the health sector, and then expanded to the education and WASH sectors.

What can it tell me?
The details of each sector’s methodology differ, but generally each will determine:
- The total sector expenditure, including spending by government, households and private sector.
- How sector expenditure is distributed across different services, programmes, institutions and types of expenditure.
- Sources of finance – who pays for services and how much.
- Distribution channels – through which entities sector funding is channelled.

National accounts include spending by government, by households and by the private sector, allowing us to understand where the burden of paying for services falls.
How can UNICEF use this tool?

UNICEF can use national accounts to benchmark spending against other sectors and countries, inform sector strategies, examine the full cost of services and guide recommendations for resourcing. UNICEF can use these analyses to make recommendations or develop advocacy strategies – such as to increase funding to meet international targets, or to remove user fees, which may limit household access to services for more vulnerable families. Where subnational data exist, the analysis can also underpin advocacy for more equitable spending across sub-regions. To maximize the benefits of national accounts, it is important to advocate for institutionalization of the process to improve transparency in sectoral spending.

When should I use it?

This tool can help country decision makers gather information on sector financing and track its evolution over time. This is useful when sector spending in a country differs in type from other countries, or lags behind that of its neighbours or peers. It is recommended to undertake national accounts analysis early in the programme cycle so that recommendations for improved funding allocations and inputs for sector strategies can be proposed during the course of the cooperation.

What does it require?

| Data | Total sector funding including public (national/subnational), NGO, donor and household funding. May require additional data collection (surveys) or estimates generated by assumptions. |
| Skills | National accounts knowledge, sector knowledge, country and institutional context, PFM, survey skills, budget analysis, data analysis, working with government. |
| Time | 6–9 months |
| Financial cost | $50,000–$75,000 |
| Partners | This tool is usually led by government with participation of a stakeholder committee; governments have partnered most closely with: |
| • Health: WHO, Organisation for Economic Co-operation and Development (OECD). |
| • WASH: WHO, World Bank, Trackfin Secretariat, IRC (International Reference Centre for Community Water Supply and Sanitation) and UNICEF. |
National accounts methodologies are sectoral in nature, with formalized approaches currently available for health, education and WASH:

One of the more widely used, standardized frameworks to analyse health expenditures in countries is the system of health accounts (SHA). The OECD developed the SHA in 2000 by introducing the International Classification of Health Accounts. Building on SHA 2000, the OECD worked with the WHO and Eurostat to publish the SHA 2011. The SHA framework is the most widely used reference for health expenditure accounting. The SHA manuals give instructions on how to categorize a country’s health expenditure for a given year by defining health activities, setting time intervals and establishing residency definitions. Suggested data sources include budgets, censuses, surveys, tax reports, trade statistics, government documents and reports from NGOs. OECD and individual countries have applied the SHA framework to produce information on national health expenditure in a form collectively known as national health accounts (NHA).

One key difference between SHA and PER in the health sector is that SHA covers all sources of funds – public and private – while a PER usually covers only public sources. Benefits of SHA include:

- SHA links sources, management, providers of health-care services, health-care functions and beneficiaries – where the money comes from, who manages it, who provides the services, how much is spent on what services, and who benefits from them.

- The SHA classification is designed to be internationally comparable.

For water, sanitation and hygiene (WASH), there is also a tracking methodology which draws on the experience and learning from the health sector SHA framework. The methodology for tracking financing for WASH (known as the TrackFin) is used to produce WASH Accounts. The TrackFin methodology is supported by WHO on behalf of the UN-Water Global Analysis and Assessment of Sanitation and Drinking Water (GLASS). It was tested in Brazil, Ghana and Morocco in 2013/2014 and lessons learned incorporated in a revised methodology in 2016. A software tool, the WASH Accounts Production Tool (WAPT) was released in 2018 to support countries to import and map expenditure data, produce standard tables and automate the production of standard tables and parameters. A further review was undertaken of the key results and lessons learned from implementation completed or underway in 21 countries between 2012 and 2020, setting out planned steps for WHO to further develop the methodology.

National education accounts (NEA) have been around since the 1990s. NEA provide a framework for comprehensive data collection, processing and analysis that cover all education levels, and all sources of funding, as well as all types of education providers. However, until recently there had been a series of separate efforts but no unifying methodology. Guidelines for the NEA were produced in 2016 by the UNESCO Institute for Statistics (UIS), the UNESCO International Institute for Educational Planning (IIEP) and the IIEP Pole de Dakar, with funding from the Global Partnership for Education, and was used in eight countries. NEA aims to capture and gather all financial flows within a coherent accounting framework, allowing countries to organize their data sources with a structured methodology and common set of definitions. As of 2021, however, only eight countries have published NEA reports.

Links to guidance and examples for National Accounts for each sector are included in the resources section.

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8 Substantially revised in 2017, but retaining the year 2011 in the title.
Subnational application

National accounts methodology can cover subnational analysis when governments choose to incorporate it and request disaggregated data from subnational levels of government. For example, Nigeria recently applied the SHA methodology to estimate subnational health account results at state level. A link to the final report of this analysis is available below, in the resources section.

It is worth noting that while all 36 states in Nigeria received training in NHA and the subnational health accounts concepts, of its data collection, only 17 states – or fewer than half – supplied their data in time to be included in the analysis. Data constraints at subnational level, therefore, may prevent meaningful analysis or require additional incentives or training in order to be overcome.

Useful resources

Guidance

- **Sector guidance: Health.** The WHO Health Accounts Country Platform.
- **Sector guidance: WASH.** UN-Water GLAAS Trackfin Initiative: Tracking financing to sanitation, hygiene and drinking-water at national level. This guidance document sets out a methodology to identify and track financing to the WASH sector in a coherent and consistent manner across several countries. It is designed to help countries track financing to the WASH sector on a regular and comparable basis and analyse this information to support evidence-based policy-making based on useful indicators.
Examples


- **Sector advocacy product: WASH sector investment plan.** Government of the Republic of the Union of Myanmar (2016) *National Investment Plan for Rural Water Supply, Sanitation and Hygiene (WASH), WASH in Schools and WASH in Health Facilities 2016-2030.* This is an example of a recent sector investment plan in WASH that lays out the costs related to the National Strategy for Rural Water Supply, Sanitation and Hygiene (WASH), WASH in Schools and WASH in Health Facilities.
Other resources


- **Sector-specific: WASH.** WHO and GLAAS (2021) *Reflecting on TrackFin 2012-2020. Key results, lessons learned and the way forward.* Helpful reflection on the progress and lessons learned from TrackFin to date, including outcomes and challenges, and providing an update on how different countries have used TrackFin to cover broader sanitation issues beyond the core areas of drinking water supply, sanitation and support services, for example covering WASH in schools and health services in Mali and Uganda.

- **Sector guidance: WASH.** Further information and support for developing WASH accounts using the TrackFin methodology and the WASH accounts production tool (WAPT) can be obtained through the WHO hosted WASH accounts community of practice.

- **Sector guidance: Health.** USAID (2015) *Understanding Health Accounts: A Primer for Policymakers.* This is a brief summary of how health accounts are carried out and how they can be used and compared across countries, created by USAID.

- **Sector guidance: WASH.** UNICEF (2017) *Public expenditure analytical tools for WASH.* This guidance provides an introduction to the most relevant expenditure analysis tools for the WASH sector – PERs, PETS, TrackFin WASH Accounts and Budget briefs.
**Tool 7
Costing**

**Relevant applications**

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Adequacy</th>
<th>Effectiveness</th>
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<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>Health</td>
<td>Education</td>
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<tr>
<td>Child Protection</td>
<td>Early Childhood Development</td>
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<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
<td>Subnational Application</td>
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</table>

**What is it?**

Costing is an important and flexible methodology used to identify the cost of a new intervention or programme, the cost to increase coverage or the cost of incorporating a change in the design of an existing service. Costing helps develop a more precise understanding of the financial resource requirements and implications, which makes it a valuable input to policy development, planning, prioritization and budgeting processes. Costing can also support evidence-based advocacy, by demonstrating the costs of different scenarios or approaches. There are a number of standardized costing tools that have been developed for specific sectors or programmes, or a tailor-made costing approach can be developed based on particular needs or interests and the data available.

**What can it tell me?**

Costing is a flexible methodology that can be used to estimate the cost of:

- Delivering or scaling up a specific service, programme or package of interventions.
- Achieving a specific policy goal or target, such as a vaccine coverage rate, universal early childhood education (ECE), or large scale targets such as the Sustainable Development Goals (SDGs).
- A strategic multi-year plan or sector plan.
- The impact of resource allocation on an outcome.

Given this flexibility, a costing needs to be carefully defined in terms of its focus, its target audience and intended use.
Costing can be used as part of planning and budgeting processes to calculate estimated costs based on activities, programme input requirements, policy targets or estimates of population need or demand. Costing can also be used as a policy tool, or within planning and budgeting processes to help prioritize different scenarios or approaches, highlighting the financial implications of different models and encouraging a comparison of costs against available resources, or identifying the existence of funding gaps. Costing can be used to develop a range of scenarios that allows government to assess trade-offs and convert policies into realistic, costed plans.

Costing data can also be used in cost-benefit, or cost-effectiveness analyses which examine the economic benefit or programmatic impact of interventions as well as their costs. These tools, and their related products (such as value for money, investment cases and cost of inaction studies) are discussed further, below.

How can UNICEF use this tool?

Costing is one of UNICEF’s most frequently used public finance tools.

UNICEF uses costing as a technical input and support for governments as they develop or scale up social sector policies or programmes. UNICEF can use costing to help governments ensure their strategic priorities are turned into feasible, practical implementable programmes that can be integrated into government budgets. This is particularly important where a government has set a new high-level policy or approved legislation which enshrines rights for children, where support may be required to translate these commitments into the budget formulation process. For example, if a government has set a goal of implementing preschool for all, UNICEF can help translate this goal into concrete programmes by cataloguing and costing the number of facilities required or number of communities, defining quality standards and the systems to monitor and enforce them, calculating the cost of rehabilitating and equipping existing centres, estimating the number of teachers and administrators required, predicting investment in secondary or tertiary education to ensure sufficient graduates to staff the new system, quantifying the cost of on-the-job training for existing teachers or continuing education of new teachers, and identifying inputs required to develop a curriculum for the preschools. UNICEF can use the costing process and products to help the government clarify and decide on the different components of a policy proposal or consider the cost implications of choices and trade-offs in implementation design, timing and scale.

UNICEF also uses costing as part of evidence-based advocacy to influence government policy. Advocating for the government to consider a policy commitment will be more effective if the government can also consider the potential costs of this commitment, as well as how the costs fit within current budgets and available fiscal space. Where UNICEF is seeking to influence government policy, particularly to support the introduction of a new policy commitment, while the costing process and costing product is the same, the type of advocacy product and audience is likely to be different. Careful consideration of purpose and audience is important when designing a costing.
**When should I use it?**

A costing is undertaken to feed into or support government planning and budgeting processes, and may be used in any government national or sector strategic planning process as well as the annual planning and budget formulation cycle. In addition to the regular annual budget process, a costing may be needed following the announcement or approval of a new policy, goal or government commitment, or to estimate the change in costs due to a change in policy, context or coverage. A costing should also be used when developing an investment case, or as part of a resource mobilization strategy. Where a costing is used as part of an advocacy strategy, it is important to consider any key decision points or deadlines, which may include national or regional events.

**What does it require?**

<table>
<thead>
<tr>
<th>Data</th>
<th>General data requirements include:</th>
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<tr>
<td></td>
<td>• Survey data on inputs and costs</td>
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<td></td>
<td>• Expenditure data (government, business, facility unit costs)</td>
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<td></td>
<td>• Price lists</td>
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<td></td>
<td>• Normative costing protocols on recommended inputs or population coverage</td>
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<td>• Demographics/Number of target groups/Beneficiaries</td>
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</table>

Data requirements will vary depending on the programme, sector and chosen methodology. For example:

- Using actual costs will require surveys that capture data on inputs and costs in practice – such as, the inputs and associated costs to perform a specific medical procedure across different analytical categories such as private vs public hospital.
- Estimating costs from expenditure data will require access to sources such as government budget and expenditure reports, salary statements and business or facility financial accounts and price lists.
- Normative costing requires formal protocols or expert recommendations on the cost of production of services based on recommended input use and population coverage.
- Costing may also require access to survey or household data to estimate expected population coverage or demand, or costs of access.

| Skills | Quantitative skills, sector/programme knowledge, cost-management accounting, understanding of country context and delivery environment. |

| Time Financial cost | Requirements vary greatly subject to the specific programme or sector focus, the scope of the costing, size of the team of experts, and whether specific costing tools exist, or must be developed for the analysis. |
Sector application

A costing can be done for a single intervention or for a sector or multisectoral programme, strategy or plan. Specific costing tools and approaches have been developed for many sectors, as well as multisectoral issues such as ECD and high-level goals such as SDGs. Additional links and examples are included in the resources section.

For all costing exercises, it is important to clearly define the focus and confirm the available data.

For the health sector, there are many costing tools that take a disease-specific approach. To address the inefficiencies this causes, the OneHealth Tool attempts to link strategic objectives and targets of disease control and prevention programmes to required health system investments. The tool provides planners with a single framework for scenario analysis, costing, budgeting and financing of strategies for all major diseases and health system components. It is primarily intended to inform sector-wide national strategic health plans and policies.

Outputs from the OneHealth Tool will help planners answer the following questions:

- What would be the health system resources needed to implement the strategic health plan (for example, number of nurses and doctors required over the next 5–10 years)?
- How much would the strategic plan cost, by year and by input?
- How do costs compare with estimated available financing?

Management Sciences for Health (MSH) and UNICEF have developed the Community Health Planning and Costing Tool to support the planning and costing of effective community health services (CHS) packages. The results can be used to plan for future programming, and develop investment cases for introducing or expanding community health services at both national and subnational levels.

There are also customized approaches to support planning and costing for immunization. Until recently, countries have been encouraged to prepare comprehensive multi-year plans (cMYP) for immunization to help link planning and budgeting processes as part of the Global Vaccine Action Plan (2011-2020). A new application is now being finalized (the National Immunization Strategy Costing Application: NIS.COST) that is designed for easy use and better integration with national budget processes.

The Brookings Institute Standardized Early Childhood Development Costing Tool (SECT) builds on previous tools, including one developed by UNICEF West and Central Africa Regional Office. It is flexible enough to capture the full variety of interventions aimed at early childhood, including exclusive breastfeeding, parental education, and pre-primary education. It also allows for data to be entered and analysed in a range of ways, including by subcomponents of activities and programmes, by different service providers or type of funding (for example, government and household). The tool automatically incorporates elements, such as exchange rates, inflation rates and purchasing power parity.

For the WASH sector, the International Water and Sanitation Centre developed the WASHCost calculator app to ease the use or planning of the life-cycle costs approach by governments, multilaterals, training institutions, NGOs and donors. The calculator allows organizations to collect, upload, analyse and exchange data on the cost of water and sanitation services.
Subnational application

Costing can be carried out at any level as long as data are available. Costing analyses are a useful tool for local government decision-making and can be used to compare cost of services or sectoral programmes between different regions, municipalities or localities. Cost of programmes or services may differ substantively form one geographical location to another, based on local circumstances.

Useful resources

Guidance

- **Sector guidance**: ECD. UNICEF Global Resource Guide on Public Finance for Children in Early Childhood Development. This resource guide sets out how public domestic financing is a key strategy to improve and scale up ECD programming. It includes practical advice on key steps for diagnosis, analysis and action, with a toolkit and case studies setting out how to apply country budget/expenditure analysis, ECD PER, costing, cost-effectiveness analysis and cost-benefit analysis to ECD.

- **Sector tool**: ECD. Gustafsson-Wright, Emily, et al. (2017) The Standardized Early Childhood Development Costing Tool (SECT): A Global Good to Increase and Improve Investments in Young Children. This paper presents a new standardized costing tool intended for use across a broad range of stakeholders and contexts to quantify resources required for ECD programmes. It includes results from pilots in Bangladesh, Malawi, Mali, Mexico and Mozambique.

- **Sector guidance**: Education. UNICEF, GPE, UNESCO and World Bank (2014) Methodological Guidelines for Education Sector Analysis. Volume 1. Chapter 3 refers to cost and financing analysis, including public education expenditure, external funding, public education recurrent unit costs, cost of school infrastructure and household contributions to education. Available in English, French, Portuguese, Spanish and Russian.

- **Sector guidance**: Education sub-sectors. Education Sector Analysis Methodological Guidelines Volume 2 focuses on sub-sector-specific analysis. Chapters 8, 9 and 10 provide information on analysing costs and financing for higher education, non-formal education and technical and vocational education, respectively. Available in English, French, Portuguese, Spanish and Russian.


- **Sector guidance**: Social Protection. UNICEF (2019) A Companion Guidance to UNICEF’s Global Social Protection Framework. This companion guidance provides a range of activities, examples, tools and resources to support our work in social protection, with Action Area 2 including costing tools such as expenditure reviews, costings, microsimulations and fiscal space analysis.
Examples

- Mozambique Analysis. UNICEF (2014) *Invest more and better in children: Perspectives for improved financing of the social sectors in Mozambique.* This paper looks into the fiscal sustainability of several sectors in Mozambique: education, social protection, health and water and sanitation. It provides a good example of high-level strategic engagement of UNICEF using government approaches to both costing and fiscal space analysis.


- **Sector example: Education (ECE).** Livny, Eric, et al. (2012) *Comprehensive costing and finance strategies for the early learning system in Georgia.* Chapter 4 discusses how unit costs are calculated (pp. 33–37), while Chapter 5 presents the different scenarios (pp. 38–46) for the application of these concepts.

- **Sector example: Education (ECE).** Need-based cost projections (Sao Tome and Principe template as example) and intervention-based cost projections (Lesotho template as example) in the ECE Accelerator: [https://www.ece-accelerator.org/toolkit/section-3/tool-3-3](https://www.ece-accelerator.org/toolkit/section-3/tool-3-3)

- **Sector example: Education (ECE).** UNICEF (2014). *A Study on Investing in Early Childhood Education in Montenegro.*

- **Sector example: Social Protection.** Kardan, Andrew, et al. (2014) *Lesotho Child Grants Programme: The historic and future costs of the CGP and its affordability.* This costing study looks at the financial costs of the child grant programme and compares the cost of three different scenarios in terms of coverage.

- More costing examples from the UNICEF Eastern and Southern Africa Regional Office (ESARO) are available here: [https://www.unicef.org/esa/reports/public-finance-analyses#costing](https://www.unicef.org/esa/reports/public-finance-analyses#costing)

Other resources

- **Sector tool: Health.** The OneHealth Tool is a software tool designed to inform national strategic health planning in low- and middle-income countries.

- **Sector tool: Health (Community Health).** Management Sciences for Health and UNICEF also developed the Community Health Planning and Costing Tool to support the planning and costing of effective community health service packages.

- **Sector tool: Health (Immunization):** The National Immunization Strategy costing application: NIS. COST provides a new approach for costing immunization programmes, designed for better integration with national budget processes. The NIS.COST replaces the cMYP for immunization Excel-based costing template and guidance.
- **Sector tool (micro): WASH.** The WASHCost calculator app, developed by the International Water and Sanitation Centre, helps to better plan and evaluate sanitation and water services using cost and service level data.

- **Sector tool (macro): WASH.** The Sanitation and Water for All SDG Costing Tool was developed by the World Bank and UNICEF. It can be used at national or subnational level to estimate the costs of meeting sector targets. [https://www.sanitationandwaterforall.org/tools-portal/tool/sdg-costing-tool](https://www.sanitationandwaterforall.org/tools-portal/tool/sdg-costing-tool)

- **Sector tool (subnational): WASH.** IRC District Costing and Budgeting Tools. Excel-based tools for planning and budgeting for sustainable water services at the district level, covering life-cycle costs and infrastructure asset management.

- **Sector tool: ECD.** The Standardized Early Childhood Development Costing Tool (SECT) can be used to capture the costs of the full range of interventions aimed at early childhood, including exclusive breastfeeding, parental education and pre-primary education.

- **Sector tool: Education (ECE).** The ECE Accelerator toolkit provides a range of resources to support the inclusion and strengthening of early childhood education in the education-sector planning process. This includes a range of tools to support planning and budgeting, including examples of ECE simulation models, pre-primary sub-sector analysis tools, and a list of core ECE cost and financing indicators and variants.

- **Sector tool: Social Protection.** The ILO Social Protection Floor Cost Calculator is a user-friendly tool for users to estimate costs and create graphs of different social protection scenarios without knowledge of modelling.
Tool 8
Cost-Effectiveness Analysis and Cost-Benefit Analysis

What is it?

Cost-effectiveness analysis examines the relationship between the costs of a programme and the outcomes or impact it achieves, such as learning achievement, lives saved, reduction of stunting or poverty reduction. Cost-effectiveness ratios measure the size of the effect that a programme achieves for a given cost, or the cost required to achieve a given impact through a particular programme, such as the cost of saving one life, or the cost of averting one stunting case. The ratio can be calculated for a range of different programmes that are addressing the same policy goal, or compare a programme against the case of no change. This provides a way to compare the relative impact or cost of different programmes and can help inform resource-allocation decisions.

Cost-benefit analysis goes further than cost-effectiveness analysis by capturing all the different benefits of a programme and converting them to a monetary scale. All benefits, including long-term indirect and secondary benefits, are converted into a monetary scale so that they can be compared with costs. Benefits may be multiple and varied, for example, a nutrition programme may affect short- and long-term health, school performance, adult productivity and GDP growth. In cost–benefit analysis, benefits and costs are projected into the future and discounted, using a long-term interest rate, to obtain their present value. Many of these benefits cannot be measured in the market, and making assumptions about the monetary value of the benefits of social outcomes and appropriate discount rates can be complex and sensitive. For example, a cost-benefit analysis in the health sector will calculate the monetary value of better health in relation to its long-term economic and social benefits, such as increased economic productivity and the lighter burden on the health system. By putting both costs and benefits on a monetary scale, it is possible to make an absolute judgement. The more that benefits outweigh costs, the better the investment. The most common measure is the benefit-cost ratio (BCR), which shows the present value of benefits divided by the present value of costs. If BCR > 1, benefits outweigh costs, and the higher the BCR the better the investment. This can then be used to compare different programmes and inform decisions about investment.
Box 10: Economic evaluation types – Cost-Efficiency, Cost-Effectiveness, Cost-utility and Cost-benefit analysis

**Cost-efficiency**: the relationship between costs and outputs, such as patients treated, pupils completing primary school or cash transfers delivered. Cost-efficiency ratios measure the cost per unit of output.

**Cost-effectiveness**: the relationship between costs and higher-level outcomes or impacts, such as learning achievement, lives saved, reduction of stunting or poverty reduction. Cost-effectiveness ratios measure the cost per unit of outcome or impact obtained.

**Cost-utility**: the relationship between costs and units of increased utility. Cost-utility analysis is most common in the health sector, where interventions aim to increase life expectancy and improve the quality of each year lived. Some interventions succeed in extending the number of years lived in poor health, while others improve general health without extending life. Cost-utility ratios measure the incremental cost per unit of incremental utility, calculated as the incremental quality-adjusted life-years (QALYs) produced by a health intervention.

**Cost-benefit**: the relationship between the costs and the monetary value of all combined benefits. Cost-benefit ratios measure if the present value of combined monetary benefits is greater than the present value of costs.

**What can it tell me?**

Both cost-effectiveness analysis and cost-benefit analysis can be used to inform choices about resource prioritization and allocation.

Cost-effectiveness analysis is particularly useful for comparing the value for money of expenditure on different interventions (or packages of interventions) that share the same outcome or impact objectives. Cost-effectiveness analysis ratios will indicate the costs required to achieve a policy goal, through different types of programmes, or help to identify programmes that have the greatest impact for a given level of expenditure, or that can achieve a given impact for the least expenditure. Cost-effectiveness analysis will measure effects in non-monetary units of quantity or quality specific to the intervention, for example school enrolment or literacy rates in education, clinic attendance or life-years saved for health, and as such cannot be compared between sectors or programmes with different outcomes.

By aggregated and monetizing all benefits, cost-benefit analysis can provide an investment case for public expenditure on a programme. Given benefits are aggregated in monetary terms, cost-benefit analysis can be used to compare more diverse programmes and initiatives, including those with long-term and diverse benefits, as well as those with different target outcomes. By putting both costs and benefits on the same scale, it is possible to make an absolute judgement. The more that benefits outweigh costs, the better the investment. This enables ranking of different programmes and is a basis to allocate a limited budget across programmes to maximize benefits.
For both methodologies, the credibility and comparability of the results will depend on the availability and quality of data to quantify costs and effects of the programme, such as impact evaluation data from the specific programme or country, or comparable contexts. The added complexity of estimating long-term indirect and secondary benefits in cost-benefit analysis requires national longitudinal data. If this is not available, it may be more appropriate to undertake a cost-effectiveness analysis to avoid relying on assumptions or incompatible data from other countries which will limit the applicability.

How can UNICEF use this tool?

As part of its work with government counterparts, UNICEF can support cost-effectiveness studies to identify programme options or reforms that would improve allocative efficiency. This is particularly valuable when there is interest among partners, such as a sector ministry or the ministry of finance, to explore different ways of achieving better outcomes in a particular area, or to introduce new interventions. UNICEF can also incorporate cost-effectiveness analysis within other analytical work, such as evaluations of national strategies, plans and programmes, or reviews of the effectiveness and efficiency of public spending. UNICEF can also support the government to interpret insights from cost-effectiveness analysis undertaken for programmes in other countries or contexts to inform local programme design. This requires careful consideration of how costs and effects were measured and calculated to consider the implications for different contexts.

Similarly, cost-benefit analysis can also be used to support government resource-allocation decisions and provide an evidence-base for advocacy for particular programmes or initiatives. Cost-benefit analysis can also be used to prioritize or sequence different programme activities within available resources, as illustrated in the use of cost-benefit analysis of ECD policies in South Africa provided in resources below. It can be particularly helpful to promote understanding of broad, long-term returns to investment in areas where these have not been clearly quantified or understood by decision makers, for example in nutrition, sanitation and social protection. Cost-benefit analysis can also be used to assess the value for money of alternative programme options, an application increasingly required by some donors to make the business case for assistance to programmes and projects.

To illustrate the key difference between the two methodologies using the health sector, a cost-effectiveness analysis would present the results according to costs per death averted or costs per life-year gained, while a cost-benefit analysis would attach a monetary value to a life-year lost. Since it is challenging to determine a valid method for valuing a life in monetary terms, cost-effectiveness and cost-utility analyses are more widely used for economic evaluation within the health sector. It is recommended to present cost-effectiveness ratios as well as cost-benefit ratios within analyses for health, as this enables the audience to assess the sensitivity of the results to assumptions made on the monetary value of a life.
When should I use it?

UNICEF can use cost-effectiveness analysis and cost-benefit analysis when advocating to initiate or scale up an investment in an intervention, programme, sector or multisectoral area, often using the analysis to demonstrate value for money, or as the basis for an investment case and advocacy strategy. This can include complementary analysis of fiscal space or political economy analysis (PEA). In this context, cost-effectiveness analysis or cost-benefit analysis are used before a programme is approved or implemented (ex ante) as a way to help decision makers determine if a programme should receive investment compared to other competing priorities or programmes, or how to prioritize or sequence different programme activities to maximize impact within fiscal limits.

Cost-effectiveness analysis and cost-benefit analysis can also be conducted after a programme has been delivered (ex post, or retrospective) to assess the effectiveness of the investments in relation to the stated objectives and help identify which intervention improved a specific outcome for the least cost. This requires actual cost data and outcome/impact data drawn from impact evaluations or household surveys to show the cost-effectiveness of programmes. Ex post cost-effectiveness analysis and cost-benefit analysis can be incorporated into evaluations and used to inform policy development or the design or prioritization of future programmes.

The use of these analytical tools to develop investment cases, and the specific application of cost of inaction analysis is described further below.
Box 11: Value for money

Value for money (VfM) analysis is about the relationship between resources spent and results obtained, how money is converted into inputs, a process which in turn generates activities, produces outputs and finally results in outcomes (changes in social or economic well-being) and impacts (related to the longer-term, higher-level goals of programmes).

Figure 4: Value for money and the results chain

Governments need to use their limited resources as efficiently and effectively as possible to maximize the results these resources can buy. A VfM analysis aims to find the right balance between the elements of economy, efficiency, effectiveness and equity while maintaining a focus on achieving quality results.

A VfM assessment can incorporate measurement of cost-efficiency, cost-effectiveness and cost-benefit to illustrate the efficiency, effectiveness and economy of different options, as explained further in Tool 8 below.

Source: Adapted from Cherrier et al (2013).²

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What does it require?

| Data | • CEA: Programme cost data and data on outcomes/impacts from impact evaluations or household surveys from comparable contexts.  
• CBA: Short-term direct programme effects and indirect and long-term effects require longitudinal studies that follow cohorts of beneficiaries over many years, short- and long-term programme costs (such as maintenance costs on infrastructure investments). |
| Skills | • Both: Quantitative skills, econometrics, modelling skills, sector/programme knowledge, application of discount rates.  
• CBA: household survey manipulation. |
| Time | Varies greatly subject to the specific sector, scope of the analysis, requirements for modelling or surveys, size of the team of experts, and availability of data. |
| Financial cost | |
| Partners | • Ex ante CEA/CBA typically conducted with government and other development partners such as the World Bank.  
• Ex post CEA/CBA typically conducted with academia. |

Sector application

Measures of outcome or impact objectives used in cost-effectiveness analysis in different sectors include:

**Health and nutrition**: Cost per life saved, cost per quality-adjusted life-year (QALY) gained, and the cost per disability-adjusted life-year (DALY) averted, which can be measured for a range of different programme types and delivery modalities.

**Education**: In education, the indicators for effects may include quantity measures such as school enrolment, attendance, completion, or overall years or degrees attained; and quality measures such as cognitive development, academic achievement, or non-cognitive skills.

**Social protection**: The cost-effectiveness of social transfers is usually measured through an equity lens, because social transfers often have explicitly redistributive and poverty reduction goals. This can be measured by the cost of a one percentage point reduction in the poverty headcount or poverty gap.

**ECD**: Multisectoral issues such as ECD often draw outcome indicators from a range of different relevant sectors. Cost effectiveness analysis in ECD will often contain one or more of the following indicators:
Cost-Effectiveness Analysis and Cost-Benefit Analysis

- Nutrition: Height/Weight for age
- Health/Nutrition/Safety: Disability-Adjusted Life Years (DALYs) or prevented-deaths
- Education: Learning-Adjusted Schooling Years (LAYs)

Examples and further guidance are provided in the resources section.

Cost-benefit analysis can be undertaken in any sector. Cost-benefit analysis can be used for comparison across sectors because a common outcome measure, in terms of money, is used. The resources section provides examples of sector cost-benefit analysis in ECD, nutrition and WASH, followed by examples of the advocacy products investment case and cost of inaction for several sectors.

Subnational application

Cost-effectiveness analysis and cost-benefit analysis can be carried out at any level as long as data are available.

Useful resources

Guidance and examples – General

- UNICEF Innocenti Office of Research methodological briefs and videos on impact evaluation, also available as an e-learning course on AGORA.
- Arora, Sukhwinder, et al. (2012) Valuing the unquantifiable? How VfM can be applied to complex projects. This note outlines how VfM analysis can take into account programme impacts that cannot easily be quantified.
- Sector guidance: ECD. UNICEF Global Resource Guide on Public Finance for Children in Early Childhood Development. This resource guide sets out how public domestic financing is a key strategy to improve and scale up ECD programming. It includes practical advice on key steps for diagnosis, analysis and action, with a toolkit and case studies setting out how to apply country budget/expenditure analysis, ECD PER, costings, cost-effectiveness analysis and cost-benefit analysis to ECD.

Sector example: ECD. The Brookings Institution Costing Tool for Early Childhood and Education Programmes. This tool, based on the earlier Standardized ECD Costing Tool (SECT) was developed in collaboration with the World Bank in 2015. It allows policymakers, donors, programme implementers, and researchers to enter costing data in a guided survey form that provides a range of calculations, estimates, and simulated costs for both ECD and K-12 interventions. The calculator can inform effective investment decisions across ECD sectors, including in integrated programmes.


Guidance and examples – Cost-effectiveness:

Guidance: Health. WHO has developed the Generalized Cost-Effectiveness Analysis approach to systematically calculate cost-effectiveness in the health sector.

Guidance: Education-relevant. Dhaliwal, Iqbal, et al. (2012) Comparative Cost-Effectiveness Analysis to Inform Policy in Developing Countries: A General Framework with Applications for Education. Section 1 provides an introduction to cost-effectiveness analysis, including methodological issues, data sources and uses.


Sector example: Nutrition. Puett, Chloe, et al. (2012) Cost-Effectiveness of the Community-Based Management of Severe Acute Malnutrition by Community Health Workers in Southern Bangladesh. This article calculates cost-effectiveness ratios to show the relative value for money of community- and hospital-based management of severe acute malnutrition.

Sector example: Social Protection. Gyori, Mario, and Fabio V. Soares (2018) Universal social protection in Tunisia: Comparing the effectiveness and cost-efficiency of food and energy subsidies with a proposed universal child allowance programme. This analysis compares the effectiveness and efficiency of a food and energy subsidy programme, with a proposed universal child allowance programme, based on microsimulations on the poverty impact and the costs of both programmes, using Tunisian household survey data.

Sector example: WASH. WHO (2008) Water Quality Interventions to Prevent Diarrhea: Cost and Cost-Effectiveness. This paper presents the cost-effectiveness ratios of five interventions for reducing diarrhea based on data from 28 countries.
Guidance and examples – Cost-benefit analysis

- **Sector example: ECD.** Desmond, Chris et al (2019) *Priority-setting in the roll out of South Africa’s National Integrated ECD Policy*. This study examines the budget implications (total cost and cost per child) and benefits of the four largest components of South Africa’s Integrated ECD Policy: interventions to improve pregnancy outcomes; home visits for at-risk mothers of children under 2 years of age; community-based playgroups for mothers and children, and centre-based early childhood development services.

- **Sector example: Education (Pre-Primary).** UNICEF Office of Research (2020) *COVID-19 – A reason to double down on investments in pre-primary education*. This paper summarizes the recent UNICEF analysis on investing in early childhood education in developing countries. It provides a benefit-cost analysis of investments in pre-primary education in 109 developing low- and middle-income countries and territories, using data from 2008 to 2019.


- **Sector example: WASH.** WHO (2012) *Global costs and benefits of drinking-water supply and sanitation interventions to reach the MDG target and universal coverage*. The study provides cost-benefit ratios of interventions to attain universal access to improved drinking-water sources and to improved sanitation, by region, in the framework of the MDG targets (a similar study is under way as part of SDGs).


- **Sector example: WASH.** UNICEF (2018) *Financial and Economic Impacts of the Swachh Bharat Mission in India*. This report provides an assessment of the economic impacts of India’s Swachh Bharat (Clean India) targets, in terms of toilet coverage and use, as well as the socio-economic benefits expected from improved sanitation and hygiene.

- **Sector example: Nutrition.** UNICEF Botswana (2019). *The investment case for nutrition*.

- Additional examples of how cost benefit analysis has been used to provide analytical evidence to support an investment case are presented in the Advocacy product below.
ADVCACY PRODUCT: Investment case

An investment case is used to present a compelling case for how a set of investments will put the country on the path to improve an issue related to child rights.\(^{10}\) While we focus here on the economic arguments, an investment case may also include evidence from other fields, including political, social/cultural, legal and rights-based arguments. An investment case will be most successful if the evidence and arguments are chosen based on the needs of the specific audience(s).

An investment case is grounded in a clear description of what a country wants to achieve for children – ideally with concrete targets and a clear explanation for how the desired trajectory differs from the status quo.

The investment case should then present the costed priority investments that will put the country on the trajectory to attain the desired results. Economic evidence can be used to show the process for prioritizing and selecting investments, as well the expected impact, or return on investment. This can include analytical tools such as cost-effectiveness or cost-benefit analysis, as outlined above. An investment case is more likely to be successful if there is a realistic and practical path to approval, so it is recommended to undertake some assessment of the fiscal space to ensure that recommendations are realistic, or to identify options for financing recommended investments. Investment cases can also model different scenarios for achieving policy goals, based on different packages of interventions or different time periods to fit within different funding envelopes.

Examples – Investment case

Guidance and examples

- **Multi-sector example: Adolescents (Health, Education).** UNICEF Burundi (2019) *Adolescent Investment Case 2019.* This study in Burundi estimates the impact of different investments for girls and boys in the health and education sectors with an investment framework based on the cost-benefit ratio.


- **Sector example: ECD.** UNICEF South Africa (2016) *Development of an Investment Case for Early Childhood Development in South Africa: Prioritizing Investments in Early Childhood Development*

- **Sector Example: ECD.** UNICEF Uganda (2020) *Early Childhood Development: A Solid Investment in Uganda’s Future*


\(^{10}\) See [https://www.globalfinancingfacility.org/guidance-note-investment-cases](https://www.globalfinancingfacility.org/guidance-note-investment-cases)


Sector example: Nutrition. Shekar, Meera, et al. (2017) An Investment Framework for Nutrition: Reaching the Global Targets for Stunting, Anaemia, Breastfeeding, and Wasting. This report estimates the costs, impacts and benefits of achieving the World Health Assembly global nutrition targets for stunting, anaemia in women, exclusive breastfeeding and the scaling up of the treatment of severe wasting among young children. It also presents scenarios to achieve these targets.

Sector example: Social Protection. UNICEF Innocenti Office of Research (2013) Making the investment case for social protection: Methodological challenges with lessons learnt from a recent study in Cambodia. This paper reviews methodological approaches for ex ante cost analysis for social transfers and their use in informing policy.

Sector example: Ending Violence Against Children: UNICEF (2019) The Economic Burden of Violence Against Children. This report estimates the economic burden of Violence Against Children in Nigeria, and presents the budget implications for planning, investment and other actions to improve the prevention of VAC.
ADVOCACY PRODUCT: **Cost of inaction**

The cost of inaction can be calculated when government is resistant to implementing an intervention because of its cost, as it will show the greater economic and social costs, often hidden, that will emerge over time if no change is made. It does not assess the value for money of any specific action and so does not contribute to decision-making about what action to take. Its use is to draw attention to the losses that result from continuing with business as usual. As such it largely performs an advocacy function.

An analysis of the cost of inaction computes the losses resulting from doing nothing, or nothing more than what is already being done. The costs of inaction may be of multiple types and stretch far into the future. Depending on the problem being analysed, these costs might be losses such as worse health, lower educational achievement, lost productivity or reduced GDP, but because no specific course of action is being assessed, there are no programme costs or benefits to compute.

The figure below shows a framework for costs of inaction analysis of delayed vaccine procurement. The green boxes are those where cost values should be calculated.

**Figure 5: Framework for costs of inaction of delayed vaccine procurement**

Source: Proposed methodology for cost of inaction analysis designed by Dr Ulla Griffiths (unpublished)
Examples – Cost of Inaction

Some examples (included in the list of resources, below) of the use of cost of inaction analysis in some sectors of interest to UNICEF include:

**Nutrition:** The World Bank has estimated that many countries lose at least 2–3 per cent of their GDP to undernutrition.\(^\text{11}\) This is a cost of inaction estimate in the sense that it tells us the economic loss that countries suffer as a result of not doing more than they are doing now.

**Child marriage:** A UNICEF study in Nepal (Rabi, 2014. *Cost of Inaction: Child and Adolescent Marriage in Nepal*) computed the economic costs, in terms of lost productivity and output, that result from 28.8 per cent of girls marrying before reaching adulthood and thereby dropping out of school prematurely. This was estimated to be equivalent to 3.9 per cent of GDP. The study noted that this was likely to be an under-estimate, as it was not possible to estimate the effects, in monetary terms, of child marriage on health, mortality and psychological deprivation.

**Violence against children:** A 2015 study by UNICEF estimated that child abuse in the Asia-Pacific region results in economic losses totalling $160 billion, via its effects on mental and physical health, sexual behaviour, violence and criminal behaviour, education and employment, and use of health services. Similarly, a *study* by the Overseas Development Institute (ODI) for Child Fund International in 2014 quantified the costs and economic impacts of violence against children globally.

**Early childhood development:** In 2016 The Lancet published a series focusing on ECD. One of the headline messages was that the cost of inaction in ECD is high. The series estimated that 43 per cent of children under five years of age – an estimated 250 million – living in low- and middle-income countries are at risk of sub-optimal development due to poverty and stunting. A poor start in life can lead to poor health and nutrition, and inadequate learning, resulting in low adult earnings as well as social tension, with 43 per cent of children expected to earn on average 26 per cent less in annual income on an individual level. At a societal level, the cost of inaction for not improving stunting to a prevalence of 15 per cent or less and not addressing developmental delays through preschools and home visits is several times more than the amount some countries currently expend on health or education, respectively.\(^\text{12}\) The Early Childhood Development Action Network (ECDAN) is piloting a plug and play Cost of Inaction modelling tool in 2020 that builds on this analysis (see resources below).

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Useful resources – Cost of inaction

**Guidance and examples**


- **Sector application: Child Protection (VAC).** Pereznieto, Paola, et al. (2014) *The costs and economic impact of violence against children.* This study quantifies the costs and economic impacts of violence against children at the global level.


- **Sector application: Child Protection (VAC).** The UN Special Representative of the Secretary General on Violence against Children has developed a useful typology for the economic costs of inaction in terms of VAC.

- **Sector application: ECD.** The Lancet (2016) *Advancing Early Childhood Development: From Science to Scale.* This special series lays out the framework for what ECD policies are required to be effective and recommendations on scaling them up. The final paper in the series, entitled ‘Risk of poor development in young children in low-income and middle-income countries: an estimation and analysis at the global, regional, and country level’ is an example of the cost of inaction.


- **Sector application: ECD.** ECDAN have developed a plug and play Cost of Inaction model, building on the previous work on the 2016 The Lancet analysis. This online “plug and play” tool compares costs to potential monetizable social benefits of an intervention. These benefits are measured in terms of increased individual income that one may receive over a lifetime, based on the intervention’s positive impact on the human capital development of children, such as improved health or cognitive development, which have compounding effects throughout a child’s life. This analysis contributes to the economic rationale for investment in ECD and can help compare different forward-looking scenarios to inform policy decisions. It can be used to evaluate ECD interventions across different sectors and is available for use in more than 180 countries. It was piloted with UNICEF in Madagascar, Bulgaria and Brazil in 2021.

- **Sector application: Nutrition.** African Union Commission, et al. (2014) *The Cost of Hunger in Africa. Social and economic impact of child undernutrition in Egypt, Ethiopia, Swaziland and Uganda.* The Cost of Hunger in Africa (COHA) Study is a multi-country study aimed at estimating the economic and social impacts of child undernutrition in Africa. This study was presented to African ministers of finance, planning and economic development in 2012, with results based on four first-phase countries: Egypt, Ethiopia, Swaziland and Uganda. Later-phase country-level reports are also available, for example The Cost of Hunger in Rwanda. The Social and Economic Impact of Child Undernutrition in Rwanda.
**Tool 9**

**Fiscal Space Analysis**

**Relevant applications**

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Adequacy</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>Health</td>
<td>Social Protection</td>
<td>Multisector issues (Sustainable Development Goals)</td>
</tr>
<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
<td>Subnational Application</td>
<td></td>
</tr>
</tbody>
</table>

**What is it?**

Fiscal space is commonly defined as the ‘availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government’s financial position’\(^{13}\). A fiscal space analysis will therefore seek to identify how a government can create fiscal space for a desired programme or investment by increasing revenue, securing development grants, reallocating lower priority or inefficient expenditure (efficiency savings), or borrowing to finance increased budgets (deficit financing), without compromising macro-economic stability and fiscal sustainability. The potential sources of future fiscal space include increasing revenue, ODA, borrowing (deficit financing) or efficiency (by finding from reprioritisation or increasing efficiency of existing expenditure). These four dimensions can be represented graphically as the four corners of a fiscal diamond as shown in Figure 6 below.

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A fiscal space analysis will assess the potential to sustainably generate resources from these sources over a given period of time. This means that expenditure should not lead to high budget deficits that expand public debt to unsustainable levels or trigger high inflation, as unsustainable levels of debt reduce fiscal space in the long term due to the high burden of debt servicing. Fiscal space analysis is forward-looking and dynamic, considering the initial state of the economy and the broader macro-economic context, and assessing the implications of different fiscal policies and market responses.

Fiscal space analysis seeks to identify this budgetary room, by calculating the level of expenditure and comparing it to potential inflows in order to gauge the sustainability of spending.

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**What can it tell me?**

A fiscal space analysis will help you to understand a government’s capacity to finance a new programme or to expand expenditure on an existing programme. The Convention on the Rights of the Child (CRC) acknowledges the importance of affordability. Article 4 of the CRC affirms that parties shall undertake measures for the implementation of child rights ‘to the maximum extent of their available resources’.

In times of growth, when government revenue is projected to increase, or the cost of borrowing is low, the government may be more open to introduce new investments or expand expenditure for a sector or programme. If the government has limited fiscal space, or reducing fiscal space, advice on how to protect child investments through reallocation or improved efficiency may be more likely to be successful.

**How can UNICEF use this tool?**

For UNICEF to provide realistic advice to government on investing in children, it is important to understand if the government has the capacity to expand its existing budget. This information can then be used to ensure advice is realistic and practical.

Fiscal space analysis can be used to better understand the context and constraints to increasing investment in children. It can be used to guide the development of sector financing strategies or advocacy on investment, and inform country engagement strategy, for example focusing on supporting the government to increase the efficiency of spending for better results for children where a fiscal space analysis has identified limited scope to increase taxation revenue, ODA or debt. Results of fiscal space analysis can be used to strengthen advocacy to support investment in children, by highlighting the potential to increase spending, or presenting recommendations with a path to realistic and sustainable financing.

UNICEF has successfully used fiscal space analysis to identify possible changes or reforms to the tax system in order to finance child-sensitive social protection schemes, such as the case of Namibia, where the tax-benefit modelling showed that universalization of the child grant could lead to a 24 percentage point reduction in child poverty. Other examples include identifying reforms for regressive subsidies to provide fiscal space for higher-impact initiatives to support poorer households. One example was the recent removal of fuel subsidies in Egypt, which freed up resources for two cash assistance schemes to support vulnerable populations, including one targeted to poorer households with additional benefits available to children (see link in the resources section, below).

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15 Financing decisions are influenced by political considerations as well as technical information and economic data. Fiscal capacity to increase spending is only one of several elements to consider when preparing analysis, evidence generation and advocacy to inform financial decision-making. This is discussed further in Tool 10. Political Economy Analysis of the Budget Process.

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The UNICEF Public Finance Toolkit 102
When should I use it?

Within a country office, a fiscal space analysis is important to inform the development of country programming by better understanding the government’s flexibility and scope to support social spending. Fiscal space analysis is also useful when designing a public finance programming strategy or engagement plan.

An understanding of fiscal space is important when preparing any recommendations to increase government expenditure, as it will help ensure proposals are realistic, and to help identify sources of resourcing. Fiscal space analysis can be incorporated into other public financial analysis, for example as part of an investment case or a sector financing strategy.

What does it require?

<table>
<thead>
<tr>
<th>Data</th>
<th>Data on the four dimensions of fiscal space analysis (revenue, ODA, public debt, federal budget).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Fiscal space analysis, macroeconomic and fiscal modelling, forecasting and analysis, fiscal risk analysis, macroeconomic policy analysis, experience with macroeconomic and medium-term fiscal frameworks.</td>
</tr>
<tr>
<td>Time</td>
<td>7 months.</td>
</tr>
<tr>
<td>Financial cost</td>
<td>$30,000–$50,000.</td>
</tr>
<tr>
<td>Partners</td>
<td>IMF, ILO, development banks, research institutions.</td>
</tr>
</tbody>
</table>

Sector application

Social Protection

Fiscal space analysis typically identifies the budgetary space available to a government, but the findings can be applied to a specific programme, sector or multisectoral approach. However, country offices should recognize that it may not be productive or efficient to propose budgetary increases in one social sector at the expense of another sector. Fiscal space analysis is a useful complement to a sector financing strategy or an investment case. It is often used in the social protection sector, where fiscal space analysis has helped to identify tax changes such as reforms to regressive subsidies to finance an expansion in social protection, offering the government a greater impact on poverty reduction.

Subnational application

Health

The methodology can be applied at subnational level and is particularly relevant for highly decentralized countries where subnational entities have primary responsibility for service provision such as health. Examples for India and Ethiopia are included in the resources, below.
Useful resources

Guidance


Examples

- UNICEF (2017) Fiscal Space Profiles of Countries in Eastern and Southern Africa: Case Study – Tanzania Mainland Fiscal Space Analysis. This is an example of fiscal space analysis across multiple sectors with a child lens.
- UNICEF ESARO (various). Multiple examples of fiscal space analysis from the Eastern and Southern Africa region can be found here.
- Sector-specific: Social Protection. UNICEF and IPC (2019) Fiscal space for child-sensitive social protection in the MENA region. This paper assesses how countries in the Middle East and North Africa region can expand financing of child-sensitive social protection financing in a sustainable manner, and how to create fiscal space and accelerate investments in social protection while highlighting the limitations of deficit financing and other revenue-increasing alternatives.
- Mozambique Situation Analysis. UNICEF Mozambique (2014) Invest more and better in children: Perspectives for improved financing of the social sectors in Mozambique. This paper looks into the fiscal sustainability of several sectors in Mozambique: education, social protection, health and WASH. It provides a good example of high-level strategic engagement of UNICEF using government approaches to both costing and fiscal space analysis.
Sector example: Social Protection. Wright, Gemma, et al. (2014) NAMOD: a Namibian tax-benefit microsimulation model. UNICEF Namibia supported the development of a tax-benefit microsimulation system (NAMOD) to simulate the costs and reductions in poverty associated with changes to the welfare system (for example, increasing the size of grants, introducing new grants, changing eligibility) as well as the impact of changes in personal income taxes and value-added taxes.

Sector example: Social Protection. ILO How has the removal of fuel subsidies in Egypt affected its people and the climate? This brief describes how the removal of fuel subsidies in Egypt financed two cash assistance schemes.

Sector example: Health. McIntyre, Di, and Filip Meheus (2014) Fiscal Space for Domestic Funding of Health and Other Social Services. This paper addresses issues related to the fiscal space for increasing domestic government funding of health care and other social services, without prejudicing the sustainability of its financial position.


Subnational example (Ethiopia). UNICEF Financing the Child Centred Sustainable Development Goals (SDGs) in Ethiopia. A UNICEF study on financing SDGs that discusses fiscal space in a decentralized context.

Other resources

- Country-specific data on the four components of fiscal space analysis can be found in IMF Article IV country reports. Select a country name and a list of reports, including the Article IV report, will appear.

- Ortiz, Isabel, et al. (2017) Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 countries. This paper assesses eight options to expand fiscal space and generate resources to achieve SDGs, with a specific focus on social protection.

- UNICEF (2019) A Companion Guidance to UNICEF’s Global Social Protection Framework. This companion guidance provides a range of activities, examples, tools and resources to support our work in social protection, with Action Area 2 including financing tools such as expenditure reviews, costings, microsimulations and fiscal space analysis.
Tool 10
Political Economy Analysis of the Budget Process

What is it?
A political economy analysis (PEA) of the budget looks at the interests, incentives, norms and other factors – formal or informal, personal or institutional, economic or political, which influence key budget decisions in a specific country context. The process of allocating resources to different institutions and purposes is often driven by complex political considerations rather than technical evaluations or processes. A PEA will identify or map the key drivers in the policy- and decision-making steps in the budget cycle, including the key decisions makers, relationships and mechanisms of influence.

What can it tell me?
A PEA can improve understanding of how decisions are made in the budget process, bottlenecks, opportunities, and enablers for meaningful influence. Typically, a PEA improves the ability of UNICEF to influence decisions in favour of policies and expenditures that benefit children. A PEA of the budget is similar in nature to the PEA undertaken in many countries as part of a situation analysis or preparation of a country programme document, but with an explicit focus on the politics surrounding the budget process.

Most PEAs of the budget will include the following components: list of the key political actors, their interests and their forms of power (political, economic, and social/cultural), assessment of their relationships with supporters and the mechanisms, issues, narratives, beliefs and ideas that shape how and why they interact with each other.

A PEA can target a particular sector or reform goal, and explore the decision makers, stakeholders and entry points to influence the budget from this perspective, or it can be used to map out the political influences and entry points on the budget more broadly. Similarly, a PEA of the budget can be used to assess the gap between formal rules and informal practices, and identify drivers of change at each stage of the budget cycle.
How can UNICEF use this tool?

In order for UNICEF staff to influence policy and budget outcomes, it is important to understand both the technical process and political context that guide government decisions. A PEA of the budget will help develop this more complete understanding, and help UNICEF country offices better plan evidence generation and advocacy with a focus on the most relevant decision makers and their motivations, as well as the most relevant timing. The analysis can then be used to guide public finance programming, as it can help the country office identify where power dynamics in the political economy may be preventing better outcomes for children. For example, a PEA can help to plan a stakeholder engagement strategy and map different entry points for evidence-based advocacy, as well as help to design such advocacy using insights about potential bottlenecks, key decision makers, and potential champions, as well as the moments and timing that offer the greatest opportunity for influence. Some UNICEF offices combine a PEA with a fiscal space analysis when developing an advocacy strategy, to understand both the resources available to a government, and the factors which shape decisions on how these resources are used.

A PEA analysis can be undertaken directly by UNICEF, or in partnership with other United Nations agencies, for example, as part of the common country assessment. While the PEA described here focuses on unpacking the political economy of the budget process, the same approach and methodology can be used to look more broadly at the policy and advocacy pathways for specific policy priorities.

It should be noted that a PEA can produce sensitive information, particularly where it draws conclusions about influences, motivations or informal mechanisms.

When should I use it?

A PEA of the budget process is best done at the start of the programme cycle, to inform or expand on the situation analysis, or to contribute to the development of the country programme. It can also be useful as part of developing a public finance programming strategy to better identify key decision makers, partners and entry points. A PEA can also help in selecting and sequencing the most relevant and influential PFM analysis, evidence generation and advocacy, as well as help in identifying key decision-making forums, conditions or timing, so that the development of evidence or advocacy products can be timed to maximize impact.
What does it require?

<table>
<thead>
<tr>
<th>Data</th>
<th>A combination of secondary research (a review of literature) and primary research (mainly key informant interviews).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Familiarity with political economy analysis approaches (especially qualitative), strong country knowledge, understanding of the formal budget institutions and processes, background on the technical issues being explored, as well as access to networks of informants.</td>
</tr>
<tr>
<td>Time</td>
<td>2–6 months, depending on scope.</td>
</tr>
<tr>
<td>Financial cost</td>
<td>$20,000–$50,000.</td>
</tr>
<tr>
<td>Partners</td>
<td>UNICEF-led or led by other United Nations agencies.</td>
</tr>
</tbody>
</table>

Sector application

A PEA can be used to identify the most influential stakeholders and decision makers who drive the sector budget process through policy, planning, budget approval and implementation. This can include identification of key stakeholders within different levels in sector government agencies, ministries of finance, executive bodies, cabinet, parliament, NGOs, CSOs, the private sector, religious groups and traditional leadership. This type of analysis can be used to identify potential barriers or bottlenecks, such as capacity constraints in costing or budget preparation in key government agencies, or a lack of awareness for an issue in parliamentary committees. A PEA can also be used to identify champions or potential partners who can support ongoing dialogue in forums where UNICEF or its traditional partners do not have sufficient access or influence. These insights can help guide UNICEF sector strategy and programming, and can be crucial to achieving sector reform. An example of a PEA in the health sector in the Philippines is provided in the resources section.

Subnational application

A PEA of the budget can be conducted at national, subnational, sector or issue level. Understanding the motivations of the key actors at the national budget level may also require analysis of actors and motivations at subnational level. For example, a recent PEA of the budget in Kenya (see link below to ESARO reports) identified the county assembly as the driver of resource allocation at county level, reflecting the changing roles between national and county levels in the health sector as a result of ongoing devolution.

Subnational assessments can also be used for a detailed focus on specific components of the budget, such as the location of a new road or the scope of a primary education initiative. These supplement country-level analysis by identifying drivers relevant to the specific intervention and undertaking in-depth analysis.
Useful resources

Guidance

- Poole, Alice (2011) Political Economy Assessments at Sector and Project Levels. This note draws on lessons learned to provide an introduction to political economy assessment for sector- and project-based operational teams, given the impact of the assessments in improving project design, lessening risk, explaining why reform champions may fail to deliver, and promoting more thoughtful engagement with governments.

- Fritz, Verena (2017) Political Economy of Public Financial Management Reforms: Experiences and Implications for Dialogue and Operational Engagement. This report examines specific experiences of PFM reforms in a small sample of countries and explores the underlying non-technical drivers and constraints such as political commitment, institutional relations and fiscal pressures. It offers some guidance on how stakeholders and supporters can take these non-technical drivers into account when planning and implementing PFM reforms.

- Sector-specific guidance: WASH. Kooy, Michelle, and Daniel Harris (2012) Political economy analysis for water, sanitation and hygiene (WASH) service delivery operations in water and sanitation: A guidance note. This briefing explains how PEA can help in the WASH sector, particularly when focused on a specific, clearly defined operational challenge.

- Sector guidance: ECD. UNICEF Global Resource Guide on Public Finance for Children in Early Childhood Development. Chapter 3 of this guide discusses undertaking a political economy analysis for ECD.

Examples

- UNICEF ESARO political economy analysis of the budget process (various). Covering 16 countries to date, these analyses are designed to uncover the political and economic incentives that underlie policy and budgeting processes.

- Inter-American Development Bank (2009) Who Decides the Budget – A Political Economy Analysis of the Budget Process in Latin America. A compilation of eight country studies of the politics of the budget that looks at both the institutional set up of the budget with the actual practice that goes beyond the written rules. Case studies include Argentina, Brazil, Colombia, Ecuador, Paraguay, Uruguay and Venezuela (with a focus on oil wealth), as well as a foreword on the actor-centred approach to budget analysis and a chapter on the budget process as a political arena.

- Sector example: Health. Hipgrave and Anderson (2019), A rapid assessment of the political economy of health a district level with a focus on maternal, newborn and child health in Bangladesh, Indonesia, Nepal and the Philippines, UNICEF, 2015. An assessment of the political economy factors that shape the prioritization and allocation of resources for essential health services for women and children in the Philippines.
Other resources

- DFID (2007) Understanding the politics of the budget: What drives change in the budget process?
- Sparkes et al. (2019). Political Economy Analysis for Health Financing Reform. This article proposes an approach to political economy analysis to help policy makers develop more effective strategies for managing political challenges that arise in health financing reforms.
Tool 11
Citizens’ Budget

Relevant applications

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Transparency/Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>A citizens’ budget can be used to summarise and explain basic budget information for any sector. Citizens’ budgets commonly provide information on the share of the budget allocated to different sectors, particularly sectors such as health, education and social protection, as well as key social programmes.</td>
</tr>
<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application Subnational Application</td>
</tr>
</tbody>
</table>

What is it?
A citizens’ budget is designed to present key public finance information to a general audience. It should be written in accessible language and incorporate visual elements to help non-specialist readers understand the information. While a citizens’ budget version of the executive budget proposal and the enacted budget are most common, each key document in the budget cycle can and should be presented in a way that the public can understand.

What can it tell me?
There can be wide variation in focus, content and length, however a citizens’ budget typically contains information about:

- Economic assumptions underlying the budget: expectations about economic growth and inflation, and predictions about whether the budget will run a surplus or deficit.
- Revenue collection: an explanation of where the government’s money comes from.
- Spending allocations: an explanation of how the money is being spent and why.
- Significant policy initiatives: an explanation of sizable increases or decreases in revenue or spending.
- Contact information: details of who to contact for further information.

A citizens’ budget can also include information about how the budget is formulated and executed and who is responsible at each stage. Additionally, it can present detailed information on government policies in specific sectors, such as health and education, and clarify which level of government (national, state, local) is responsible for providing particular services.
How can UNICEF use this tool?

Communicating information on the budget is a government role, so it is important that governments have leadership and ownership of citizens’ budgets. UNICEF can advocate the benefits of providing accessible information to legislators, stakeholders and citizens, and provide technical support to the design of a citizens’ budget. A citizens’ budget should be produced and issued by a government as part of its commitment to transparency, and to ensure it is presenting and communicating its policies in a manner that is understandable to the public. A citizens’ budget can also be produced by civil society organizations or other advocacy groups.

In Kenya and Mozambique, UNICEF leveraged its partnership with the International Budget Partnership (IBP), by jointly organizing a regional advocacy workshop on budget transparency in each of the respective capitals with ministers of finance. In total, action plans were developed in 18 countries to improve budget transparency and 2019 Open Budget index scores and several new budget documents were placed in the public domain. (More information provided in the resources section, below.)

When should I use it?

While UNICEF and CSOs have led the development of citizens’ budgets in many countries, this is a tool that should primarily be produced by governments. UNICEF should support and encourage governments to champion the development of citizens’ budgets rather than to develop a citizens’ budget alone.

A citizens’ budget can be used when mechanisms of accountability between government and end users of essential services are weak. It can be particularly helpful to bolster programmatic activities aimed at increasing the capacity and voice of citizens and their effective participation in public budget decision-making.

By presenting budget information in a more accessible format than most standard budget documents, citizens’ budgets foster greater understanding of how public money is being managed. Government can use a citizens’ budget to clarify which level of government (national, state or local) is responsible for performing different governmental functions and providing services. Citizens’ budgets should be a gateway to more information. They are not meant to replace more detailed budget documents, but they are important for introducing citizens and civil society to the knowledge they need to participate as informed stakeholders and hold the government accountable for how it manages public money.

Citizens’ budgets are a useful complement to engagement in transparency, particularly when supporting a government to strengthen its open budget survey (OBS) score.
What does it require?

<table>
<thead>
<tr>
<th>Data</th>
<th>• Assumptions underlying the budget, information about revenue collection, spending allocations and significant policy information.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>• Knowledge of budget structure and PFM. • Qualitative data analysis • Communication and community outreach skills.</td>
</tr>
<tr>
<td>Partners</td>
<td>• National or international NGOs working on public finance, transparency, and governance.</td>
</tr>
</tbody>
</table>

Sector application

A citizens’ budget can be used to summarise and explain basic budget information for any sector. Citizens’ budgets commonly provide information on the share of the budget allocated to different sectors, particularly sectors such as health, education and social protection, as well as key social programmes.

Subnational application

A citizens’ budget is a highly localized tool, easy to apply at subnational level. Recent examples from Myanmar and Sri Lanka are provided in the resources section, below.

Useful resources

Guidance

- International Budget Partnership (IBP) (2012) *The Power of Making it Simple: A Government Guide to Developing Citizens Budgets*. This guidance note provides advice for governments on how to make their public finance systems more transparent and accessible, emphasizing making budget information available in a language and format ordinary people can understand and relate to.

- IBP also provides useful resources about how to create a citizens’ budget and country case studies.


Examples

- **National examples.** CABRI maintains a database of budget documents from African countries. The database holds more than 200 examples of citizens’ budgets from 2010 to 2021. More than half of countries across the African continent are included (for example, 28 country citizens’ budgets from 2019). UNICEF ESAR also has a database of citizens’ budgets prepared with UNICEF engagement.

- **National example: North Macedonia Civil Budget.** The Ministry of Finance of North Macedonia provides a citizens’ budget in a user-friendly web application (available in English, Macedonian and Albanian if using Google Chrome browser) that includes educational videos and a quiz, as well information about revenue, expenditure, deficits, macro-economic indicators and budget planning http://budget.finance.gov.mk/#

- **National example: Egypt’s ‘Budget Transparency’ series.** UNICEF, in cooperation with the Ministry of Finance, launched the Budget Transparency series. This includes the publication of several reports that provide a simplified view of the state’s general budget, including financial allocations for children.

- **National example: Lebanon Citizen Budget Dashboard.** The online open budget data platform was launched in 2020 to provide easy and interactive access to fiscal and budget data. It includes revenue and expenditure data for the period 2017-2020, as well as short explanations and high-level analysis to help the citizens better understand the data.

- **Subnational example (Myanmar).** Kayin State Citizen’s Budget 2017-2018, Kayin State Government, 2018. This report shows Kayin State’s first citizens’ budget, and one of the first at subnational level in Myanmar, produced by the local government with technical support from the Renaissance Institute and The Asia Foundation.

- **Subnational example (Sri Lanka).** The Eastern Provincial Council launched the country’s first citizens’ budget in 2019, sharing accessible information on funding by type of funds, sector and district in two formats, a Citizen’s Budget Brief, and a four-page Fact Sheet in Tamil, Sinhalese and English (other languages available at http://www.ep.gov.lk/en/).

Other resources

- **IBP and UNICEF (2017) Financing Development for Children in Africa.** This report is an example of how OBS data can be used to support evidence-based advocacy. Drawing on results from the 2015 Open Budget Survey, this joint UNICEF/IBP report explores the three pillars of accountability – transparency, public participation and formal oversight – and their application in African countries.

- **Subnational resource.** The International Observatory on Participatory Democracy (IOPD) is an organization focused on participatory democracy on a local scale with the aim of deepening the roots of democracy in municipal government. One of its primary areas of work is participatory budgeting.
Tool 12
Community Score Card

Relevant applications

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Efficiency</th>
<th>Equity</th>
<th>Transparency/Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>Health</td>
<td>Education</td>
<td>Social Protection</td>
</tr>
<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
<td>Subnational Application</td>
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</tbody>
</table>

What is it?
The community score card (CSC) process uses a community-based monitoring tool to improve social and public accountability and responsiveness from service providers. CSCs combine participatory quantitative surveys and focus group discussions at the community level. The score cards provide service-delivery agencies with feedback on experiences, suggestions and complaints from citizens about the quality of the services. This process brings together service recipients and service providers to jointly analyse and address service-delivery challenges. This approach can be conducted for a single public service or for several services simultaneously. CSCs solicit user perceptions on quality and efficiency of services and the use of inputs and expenditures, generating direct feedback mechanisms between service providers and users which provide a basis for developing solutions to identified problems.

What can it tell me?
The CSC process can be used to:

- Track inputs or expenditures (for example, availability of drugs).
- Monitor the quality of services/projects.
- Develop benchmark performance criteria for use in resource allocation and budget decisions.
- Compare performance across facilities/districts.
- Establish direct feedback mechanism between providers and users.
- Build local capacity.
- Strengthen citizens’ voices and community empowerment.
How can UNICEF use this tool?

CSCs are a way to engage with communities to increase accountability and provide feedback to service providers on issues such as quality and timeliness of services provided. UNICEF can use these as part of a larger strategy to empower and engage communities and increase the accountability of service providers. UNICEF could also propose CSCs as the participatory component of a PER, a PETS or benefit-incidence analysis. UNICEF would need to accompany the CSCs with a strong publicity campaign to ensure maximum participation from the community and other local stakeholders. The ultimate goal will be to institutionalize the feedback loop to provide regular, actionable information to service providers and government. Digital technology offers great opportunities for rapid community engagement and participation. For example, in Somaliland RapidPro is used to deliver CSCs to the local governments on a monthly basis, allowing for rapid response.

CSCs are one of the recommended tools in UNICEF Local Governance Approach to Programming as a mechanism to support civil society organizations and communities in the monitoring and oversight of local service delivery. Further details are provided in the resources section.

When should I use it?

CSCs are useful if there is weak accountability for service delivery or limited opportunity for citizen engagement and participation in decision-making. CSCs may be useful where UNICEF is working directly with local governments, or where country offices are undertaking a community engagement strategy. Since CSCs are a grassroots process, they may be more commonly used in settings where responsibility for service delivery is delegated to local authorities, or in rural rather than urban settings.

What does it require?

| Data                  | • Supply-side data on inputs to be tracked (for example, inventories of inputs such as medicines, textbooks, furniture, etc.), financial records or audits of projects, budgets and allocations of different projects, or entitlements based on a national policy (for example, one textbook per child).
|                      | • Existing social mapping and basic demographic data at community level to create focus groups. (If the process is to be conducted on a representative sample of communities across the nation/district then basic socio-economic data would be needed to select the sample frame.) |
| Skills               | • Understanding of the socio-political context of governance and the structure of public finance at a decentralized level, facilitation skills and experience in participatory methods (ability to conduct focus groups and elicit meaningful participation at community level). |
| Time                 | • 3–6 months (including time for initial groundwork). |
| Financial cost       | • $30,000–$40,000. |
| Partners             | • Local CSOs, local government. |
Sector application

Education: Launched in 2014, the UNICEF ‘Data Must Speak’ (DMS) initiative’s ultimate goal is to increase equity in access to education, and to improve learning outcomes, and it seeks to do this by unlocking and maximizing the utility of education data that already exist in countries. DMS currently provides direct technical assistance in Madagascar, Namibia, Nepal, the Philippines, Togo and Zambia, while producing global knowledge on the use of data to improve equity in education and the role of community participation in improving educational outcomes, through evaluations and research. For example, DMS has supported the design, development and production of district and school profile cards in Madagascar, Togo and Zambia and a school equity index in Nepal, supporting the training of relevant stakeholders on their use.

CSCs have also been used in the health and WASH sectors, with examples provided in the resources section.

Subnational application

CSCs are primarily applied at local level. The UNICEF Local Governance Approach to Programming Guidance recommends the use of community score cards as a tool for local level programming, to empower communities and provide a mechanism for influencing local decision-making and monitoring local service provision.

Useful resources

Guidance

- CARE (2013) The Community Score Card (CSC): A generic guide for implementing CARE’s CSC process to improve quality of services. This toolkit gives practical, step-by-step guidance on using the CSC approach, which can be applied in any sector including health, education, water and sanitation, and agriculture.

- World Bank (2014). Rapid Feedback: The Role of Community Scorecards in Improving Service Delivery

- UNICEF (2019) A Local Governance Approach to Programming – Guidance for achieving multisectoral results through working with local governments. This guidance supports sector and cross-cutting results by providing a strategic programming approach to UNICEF work with local governments in rural and urban settings. Action Area 3 of the Guidance provides information on the use and application of score cards in local governance programming as a tool of community empowerment and accountability instrument.

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Examples

- Mwanza, Jephter, and Nina Ghambi (2011) *The community scorecard process: methodology, use, successes, challenges and opportunities*. This article provides an overview of the CSC process drawing on experience in Malawi.

- *Sector-specific: Health*. Monga, Tanvi, and David Shanklin (2018) *Two Promising Social Accountability Approaches to Improve Health in Malawi: Community Score Cards, and National Health Budget Consultation, Analysis and Advocacy*.


- World Bank (2005) *The Community Score Card Process in Gambia*. This four-page brief provides a summary of how score cards were used to improve accountability in the education and health sectors in Gambia, including recommendations and lessons learned.

- *Subnational example*. World Bank (2007) *Andhra Pradesh, India: Improving Health Services through Community Score Cards*. This note provides an overview of the process to use CSCs at subnational level in India to improve health outcomes.


Other resources

- Wales, Joseph, and Leni Wild (2015) *CARE’s Experience with Community Scorecards: What Works and Why?* ODI Project Briefing. This analysis documents CARE work with CSCs in Ethiopia, Malawi, Tanzania and Rwanda and identifies necessary components for CSCs to be effective at empowering citizens at local level and improving service delivery.

- *Sector resource: Health* Harvard Kennedy School Ash Center for Democratic Governance and Innovation (2017) *Citizen Voices, Community Solutions: Designing Better Transparency and Accountability Approaches to Improve Health*. This report presents the design of a community-led transparency and accountability programme that was implemented in 200 villages in Tanzania and Indonesia with the goal of removing barriers to proper maternal and newborn care.

- UNICEF (2019) *A Local Governance Approach to Programming – Guidance for achieving multisectoral results through working with local governments*. Community score cards are a recommended approach in Action Area 3: Empower communities, including children and adolescents.
Tools led by external partners

There are some PFM tools that are managed and hosted by a specific organization. While UNICEF applies or adapts many common PFM diagnostic or analysis tools independently, such as PERs or costings, UNICEF typically engages with the externally managed tools in close partnership with the host organization. These tools have been included in the Public Finance Toolkit to highlight the relevance as a data resource for UNICEF programming, and increase awareness of the opportunities to work more closely with the host organization.

Tool 13
Public Expenditure and Financial Accountability Framework

Relevant applications

<table>
<thead>
<tr>
<th>PFM CHALLENGES</th>
<th>Efficiency</th>
<th>Effectiveness</th>
<th>Transparency/Accountability</th>
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</thead>
<tbody>
<tr>
<td>SECTOR EXAMPLES</td>
<td>Health</td>
<td></td>
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<tr>
<td>LEVEL OF GOVERNMENT</td>
<td>National Application</td>
<td>Subnational Application</td>
<td></td>
</tr>
</tbody>
</table>

What is it?

The public expenditure and financial accountability (PEFA) framework is a methodology for assessing and reporting on the strengths and weaknesses of a country’s PFM performance. A PEFA assessment uses evidence-based quantitative indicators to assess PFM performance at a specific point in time and, with successive assessments, can be used to track changes over time. A PEFA assessment measures the extent to which PFM systems, processes and institutions contribute to the achievement of the desirable outcomes of aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. The outcome of the PEFA assessment, the PEFA report, can be used by government and partners to develop a PFM reform action plan to address identified challenges or weaknesses.
PEFA was established to reduce duplication and the costs of multiple PFM assessments across different international development institutions, and has become the standard methodology for assessing PFM performance. The PEFA framework is regularly reviewed and updated, with the latest version released in 2016. To date, more than 700 PEFA assessments have been carried out in 155 countries. More than 60 per cent of these assessments are publicly available on the www.pefa.org website.

The PEFA programme was initiated in 2001 by the European Commission, IMF, World Bank, French Ministry of Foreign Affairs, Norwegian Ministry of Foreign Affairs, Swiss State Secretariat for Economic Affairs, and the United Kingdom’s Department for International Development. Ministries of Finance of Slovak Republic and Luxemburg joined the programme in 2019.

What can it tell me?

The 2016 PEFA framework identifies seven pillars of performance as essential to achieve the desired outcomes of a good PFM system: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery.

Figure 7: The seven pillars of Public Finance Management performance of the PEFA framework

Within the seven pillars, PEFA defines 31 specific indicators disaggregated into 94 dimensions that focus on key measurable aspects of the PFM system. The performance of each indicator and dimension is measured against a four-point ordinal scale ranked from A to D, with scoring based on evidence that the level of performance is consistent with good international practice.
PEFA uses the results of the indicators to provide an integrated assessment of the PFM systems against the seven pillars and the likely impact of PFM performance levels on the three desired outcomes of aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery.

UNICEF can use the detailed reporting against the different indicators and dimensions in a PEFA analysis to identify specific issues and challenges which may constrain results for children. For example, given UNICEF actively engages in evidence generation and advocacy to inform budget development, knowing if the budget has a sound preparation process informed by strategic plans (Pillar Four) and is implemented as planned and intended (Pillar One) with predictable and well managed budget execution (Pillar Five) will highlight any PFM constraints to translating plans into meaningful actions for children. Likewise, details on transparency and accessibility of budget documentation and information on transfers to subnational governments or performance (Pillar Two), adequacy of monitoring and reporting (Pillar Six) and existence of reliable oversight and audit (Pillar Seven) can highlight accountability issues that should be considered in risk assessments and programme design. A PEFA report will provide an evidence-based assessment of each pillar, and also report by the three desired outcomes of aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. Reports on how the PFM systems and processes enable efficient service delivery are of particular relevance to UNICEF core goals.

As well as the current status of PFM performance, a PEFA report provides helpful background on a country’s legal, regulatory and institutional PFM arrangement, including the government’s recent and ongoing PFM reforms.

While a PEFA assessment provides rich data and detail, it does not cover all the inputs and capabilities that may enable the PFM system to perform, in particular in relation to PFM and service delivery.17

For example, when reviewing a PEFA assessment, you should consider if it covers:

- PFM processes outside finance ministries (implications to the depth and coverage).
- How PFM systems work in practice (while PEFA is evolving, many PEFA indicators focus on the ‘form’ of PFM systems rather than ‘function’).
- Interactions between different PFM role-players (missing institutions).

A PEFA assessment is also policy neutral as it does not involve fiscal or expenditure policy analysis that would determine whether fiscal policy is sustainable.

PEFA does not provide recommendations for reforms or make assumptions about the potential impact of ongoing reforms on PFM performance.

17 In 2021, the PEFA Secretariat initiated a process to look at how PEFA assessments and diagnostic questions can contribute to emerging work on PFM for service delivery which may inform future guidance.
When should I use it?

UNICEF should review existing PEFA assessments as an input to country or sector programming. In countries which undertake regular PEFA assessments, UNICEF can incorporate the PEFA data into its internal analysis to inform planning and programming. For example, UNICEF ESARO used PEFA indicator data as part of a calculation of budget credibility rates when reporting on the macro-economic and social-investment outlook for children in the region.18

A PEFA report is particularly helpful as a starting point for PFM analysis or developing a public finance strategy as it summarizes a country’s PFM arrangements and current PFM reform strategy, as well as specific PFM issues and challenges.19 A PEFA report will identify areas of weakness, but does not provide specific recommendations. It is important to be targeted and strategic in using PEFA data and to focus on the issues most relevant for achieving results for children, as an effort to respond to all PFM issues identified across the full scope of a PEFA assessment could be over-ambitious or unworkable.

UNICEF is likely to have greater engagement in PEFA assessments if it works closely with the ministry of finance, works directly on PFM issues such as budget transparency or challenges in budget planning or execution, or works closely with partners such as IFIs, who often integrate PEFA assessments into their PFM programming. It is also important for UNICEF to understand and engage with PEFA assessments if it is working with national PFM systems or budget support. Many bilateral donors integrate PEFA into assessments and monitoring of accountability of national systems. For example, the European Commission uses PEFA assessments as part of determining eligibility for budget support, and to monitor progress on how key PFM weaknesses are being addressed.20

UNICEF should ensure it is aware of any planned PEFA assessments through partnerships with government, IFIs, development partners and participation in PFM development partner coordination groups. The PEFA assessment provides a foundation for government-led PFM reform planning, dialogue on strategy and priorities, and process monitoring. Engagement in these government-led processes can provide an opportunity to advocate for prioritizing responses to PFM weaknesses which impact on service delivery in areas critical to child rights, or to highlight how PFM issues in ministries of finance impact PFM in service-delivery ministries, or examples from UNICEF field engagement that illustrate that PFM processes do not follow prescribed systems in practice. This engagement can also help identify if UNICEF can contribute to the government reform agenda in areas of strength, for example supporting PFM reforms and functions in sector ministries or assisting measures to increase government transparency.

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19 PEFA has developed guidance to prepare PFM reform plans that is in piloting phase in its Volume IV of the Handbook available at www.PEFA.org
Sector application

Elements of the PEFA framework are often incorporated in sector reviews and assessments. For example, 12 PEFA indicators are included in the PFM self-assessment tool for health sector managers developed by the Health Finance and Governance project for USAID in 2013. PEFA indicators are also an important component of the World Bank FinHealth: PFM-in-health toolkit (publication pending 2021). Danish Aid used PEFA based indicators to assess PFM in the health sectors in Mozambique (2015) and Tanzania (2016).

Subnational application

PEFA assessments were first undertaken at subnational level in 2006, and, by October 2020, more than 275 subnational PEFA assessments had been prepared across more than 45 countries. PEFA has been used at different subnational levels, including states, municipalities, regions, districts and overseas territories, for both stand-alone assessments as well as sets of assessments across multiple subnational governments in the same country.

PEFA has developed comprehensive supplementary guidance for subnational PEFA assessments for piloting through 2020-2021, recognizing the strong demand and specific needs at subnational level. The PEFA Secretariat Subnational Government PEFA framework adds an additional eighth pillar on intergovernmental relations and adapts several of the indicators from national-level PEFA assessments to the specific needs of subnational contexts – for example, adding indicators on intergovernmental transfers, subnational fiscal rules and public consultation in budget preparation, adjusting indicators for revenue and removing indicators for macro-economic forecasting. The framework also provides advice on adjusting the PEFA process and reporting for subnational contexts, for example to conduct multiple subnational assessments at the same time, or assessing multiple levels of government.

Links to resources

In addition to guidance for analysis and reporting, the PEFA Secretariat provides advice on the use of the PEFA Framework, as well as quality assurance of concept notes and PEFA reports. The PEFA Secretariat offers training courses on the use of the PEFA framework, and regularly seeks partnerships to pilot new products or modules, such as the subnational guidance, gender-responsive PFM assessments, climate-response PFM and using PEFA to support public financial management improvement.

A range of detailed guidance and research, and a library of PEFA reports are available on the PEFA website: www.pefa.org.
Available resources include:

The latest PEFA framework and guidance:

- The **PEFA 2016 Framework**. The PEFA 2016 Framework document provides an overview of the main features of the PEFA performance assessment framework, including scope of the framework, basic methodology for measuring PFM performance, guidance on scoring the indicators, and a template outline for the content of PEFA reports.

- The PEFA handbook for the latest 2016 PEFA framework, including four volumes:
  - Volume I – PEFA Assessment Process,
  - Volume II – PEFA Assessment Field Guide,
  - Volume III – Preparing the PEFA Report, and

PEFA library of completed PEFA Assessment Data & Reports by country, including subnational PEFA.

Guidance on applications of the PEFA framework to specific contexts:

- 2020 **Guidance for Subnational Government PEFA Assessments**. This note provides additional guidance for applying the PEFA methodology at the subnational level, including explanations of the additional pillar on intergovernmental fiscal transfers and new indicators, recommendations on how each PEFA dimension and indicator can be applied or modified to better suit the characteristics of subnational governments, adjustments to the report format, and adjustments for when undertaking multiple assessments at the subnational level.

- 2020 **Supplementary Framework for Assessing Gender Responsive PFM**. This framework guides collection of information to assess the extent to which countries’ PFM systems respond to the differing needs of men and women, as well as subgroups within these categories. The framework has nine indicators across the budget cycle and can be applied at both national and subnational levels. The framework document includes both guidance and country case studies.

- 2020 **PEFA framework for assessing climate responsive PFM**. The PEFA Climate Framework became available for piloting in 2020 to refine the indicators, collect examples of good practice and gather information for implementation guidance. This guidance provides information on the scope, questionnaire and scoring method.

Other resources:

- PEFA (2016) **Stocktake of PFM Diagnostic Tools**. PEFA undertakes a regular stocktaking of PFM diagnostic tools for assessing PFM systems to support governments and development partners select tools for their specific needs. The latest stocktaking was under way in 2020 and will include a focus on sector PFM for the first time.

- PEFA (2018) **Guide to PFM Diagnostic Tools**. This Guide summarizes the main characteristics of 45 PFM tools identified in the 2016 PEFA Stocktaking of PFM Diagnostic Tools and provides brief notes on how to use the information for planning assessments at a country level.

- PEFA (2021) **Strengthening the links between PFM and service delivery in sectors**. A summary of issues raised at a 2021 PEFA convened roundtable with public finance and service focused agencies and practitioners to discuss the importance of PFM for service delivery, expenditure efficiency and what the PEFA programme can do.
Tool 14
International Budget Partnership – Open Budget Survey

What is it?
The Open Budget Survey (OBS) is the world’s only independent, comparative assessment of the three pillars of budget accountability: transparency, oversight and public participation. OBS is part of the International Budget Partnership (IBP) research and advocacy programme to promote public access to budget information and inclusive and accountable budget systems. OBS uses an analytical survey to measure government practices against international standards, based on definitions that draw from criteria developed by multi-lateral institutions such as the IMF, World Bank, OECD, PEFA initiative and International Organization of Supreme Audit Institutions. The survey is implemented by civil society researchers and reviewed by an anonymous expert peer reviewer. IBP also invites the governments of nearly all survey countries to comment on the draft results.

Since 2006, OBS has been conducted around every two years, with the 2019 survey covering 117 countries across six continents. In 2019, for the first time, OBS also piloted a sector budget transparency module, to look deeper at the availability of information budget policies, allocations, spending and performance in the sectors of health and education in government budget documents across a pilot group of 28 countries.

What can it tell me?
OBS is designed to be easily understood by a broad audience. Each country is given a score between 0 and 100 for each of the three key areas:

- Budget transparency – extent of public access to comprehensive and timely budget information from government, based on the eight key budget documents recommended by international good practice. This score is also known as the Open Budget Index (OBI).

- Public participation – based on formal and meaningful opportunities for civil society and the general public to engage in decisions around how public resources are raised and spent.
Tool 14  
Open Budget Survey

• Budget oversight – based on the role, capacity and authority of oversight institutions such as the parliament and supreme audit institutions to hold governments to account for how public resource are raised and spent.

OBS can be used to track changes in transparency over time (if a country has completed the survey more than once), or compare transparency between countries. The detailed information in the country assessments can be used to identify easy steps governments can take to strengthen budget transparency. As part of OBS, IBP prepares specific recommendations for each government on ways to improve budget transparency, participation and oversight.

How can UNICEF use this tool?

UNICEF is committed to improving budget transparency. UNICEF is a signatory to the IBP Call for Action on Open Budgets, and believes that all people should have access to detailed information about their governments’ budgets and meaningful opportunities for input and engagement.

For countries which participate in the OBS, UNICEF can use the OBS data to identify constraints to transparency, participation and oversight, and develop practical strategies for improvement. Because OBS results are made publicly available, governments have an incentive to improve their OBS scores. The lead-up to and publication of OBS provide entry points to discuss transparency reforms with government, as OBS country reports include practical recommendations on areas where countries can strengthen open budgeting practices. UNICEF can also use OBS data on transparency to inform collaborations and partnerships with CSOs and NGOs in mechanisms such as social accountability and citizens’ budgets.

UNICEF has worked in partnership with IBP in many countries to promote the importance of transparency and support governments to strengthen their systems and processes, particularly in relation to improving the availability and accessibility of budget data and documents, or promoting mechanisms for greater participation. This includes joint advocacy and awareness raising, and developing action plans with government based on addressing faults or highlighted gaps in budget transparency, participation and oversight. In particular, UNICEF and IBP have partnered on workshops to support survey research and dissemination, including workshops to ensure governments have a solid understanding of the OBS process and methodology before commenting on the draft questionnaire; workshops for UNICEF staff and OBS country partners to refine regional and national advocacy strategies prior to the release of the survey; and workshops involving governments, civil society and UNICEF to disseminate OBS findings and develop action plans.

For example, in Eastern and Southern Africa, UNICEF partnered with IBP for a jointly organized regional advocacy workshop on budget transparency with representatives from ministries of finance. UNICEF then worked with government counterparts in 18 countries to develop action plans to improve budget transparency and achieve better results in the 2019 OBI. Several countries in the region made substantial transparency gains between the 2017 and 2019 OBS, with some countries increasing by more than 20 points, achieving practical benefits such as new budget documents being placed in the public domain. Further details, and a range of guidance products and resources produced by IBP, are included in the resources section.
When should I use it?

UNICEF can use the most recent OBS data (produced every two years) to proactively engage with government to discuss highlighted challenges and proposed reforms (from recommendations in OBS country reports) and develop action plans in response.

UNICEF can also incorporate OBS data in programme design and programme monitoring. OBS data are particularly useful in the development of a country programme document or public finance programming strategy, as they provide insights into the status and trends of government transparency, accountability and participation as well as some reform opportunities. Increasing the availability of budget data can be an important pre-condition to other public finance activities, such as regular monitoring of the budget, and as such is an important part of a situational analysis.

UNICEF can use OBS data at a more detailed level to inform sector strategies and programme designs that incorporate citizen participation or engagement with oversight institutions. OBS data on participation is particularly useful for the design or assessment of impact of community participation or social accountability initiatives such as community monitoring of the implementation of government-funded school grants. OBS data on oversight institutions can highlight capacity constraints or engagement opportunities which are relevant for programme designs incorporating advocacy with parliamentary committees, such as parliamentary monitoring of cross-sectoral spending on child protection or nutrition. The new OBS data on the transparency of sector budgeting is particularly useful for sector programming as it looks at sector-specific details such as if a government provides information on allocations and spending by programme and activity. These data are currently available for 28 countries as a pilot in the 2019 OBS.

Finally, UNICEF can use OBS data when working with other partners on the design or monitoring of mechanisms such as budget support, where countries must demonstrate strong and accountable PFM systems. Externally validated assessments such as OBS, PEFA reviews or IMF assessments can help assess or monitor suitability or risk.

Subnational application

OBS is national in scope; however, the methodology can be applied subnationally. IBP developed a subnational questionnaire and methodology in 2013 based on two series of country studies conducted in 2011 and 2013. Recently, UNICEF Malawi partnered with local NGO the Malawi Economic Justice Network to adapt these materials to the local context of Malawi, conducting subnational OBSs in two districts in 2018 and 2019. These district OBSs provided clear information and insights on the budget transparency and participation challenges, and opportunities for improvement at the subnational level. UNICEF Kenya is working on an OBS at county level in 2021.
Links to resources

The International Budget Partnership provides a range of resources, including:

- Detailed information on the OBS 2019, including the 2019 OBS global report, key findings, full methodology and questionnaire, as well as links to previous survey results and reports.

- Open Budget Survey results by country, with simple and accessible summary reports of the OBS results for each country participating in the survey, showing trends over time, global and regional comparisons, detailed results against the three pillars of budget transparency, participation and oversight, and specific recommendations to improve results in each category.

- An online OBS calculator for how countries can improve their scores in the next round (i.e., OBS 2021) if they improve on various indicators.

- Subnational budget transparency resources, including the 2013 Subnational Open Budget Survey Methodology, the Subnational Open Budget Survey Questionnaire, and transparency case studies from Argentina, Brazil, Bolivia, Croatia, Ecuador, India, Indonesia, Mali, Mongolia, Peru and Tanzania.

- Research on different aspects of budget transparency, accountability and participation, including case studies of country budget transparency practices of six countries (Argentina, Ghana, Indonesia, Mexico, the Philippines and Uganda), to identify catalytic factors, challenges and specific steps that led to improvement.

- Resources for progressing open budget reforms, including guidance on transparency in government budget reports, and guides and examples to develop citizens’ budgets.

Other resources:

- The Global Initiative for Fiscal Transparency (GIFT) was established to bring together key stakeholders to find and share solutions to fiscal transparency and participation challenges. GIFT was founded in 2011 by IBP, along with other institutions such as the IMF, World Bank, OECD as well as CSOs, development partners and government finance ministries. It provides a range of resources for governments and CSOs, including the GIFT public participation guide with principles, tutorials and case studies.

- IMF (2019) Fiscal Transparency Code. The IMF Fiscal Transparency Code is the international standard for disclosing information about public finance, first published in 1998 and updated most recently in 2019. It sets out four key pillars of fiscal transparency: fiscal reporting, fiscal forecasting and budgeting, fiscal risk analysis and management and resource revenue management. Countries may request a fiscal transparency evaluation – a voluntary diagnostic tool to assess fiscal transparency practices against the standards set out in the code, which have been undertaken in 30 countries to date. More detail and IMF resources can be found here.

The Public Expenditure and Financial Accountability (PEFA) programme provides a framework to assess and report on the strengths and weaknesses of a country’s PFM using quantitative indicators. The PEFA methodology assesses public financial management performance across seven pillars, including transparency of public finances. A PEFA assessment includes six performance indicators related to transparency (PI.4–9). PEFA maintains a library of finalized PEFA assessments, which provide important information on the transparency of a country’s budget documentation and processes.

OECD (2017) Budget Transparency Toolkit. Produced in collaboration with the key international institutions and initiatives, the OECD toolkit provides guidance on applying budget transparency in the areas of government budget information, parliamentary oversight, independent oversight, civil society engagement and working with the private sector, as well as an overview of international institutions working on budget and fiscal transparency, and the different instruments, standards and guidance material available.

UNICEF engagement:


The Public Finance for Children Strategy 2019–2023 provides an example from Malawi of how OBS data can be used to support UNICEF engagement in issues of low budget transparency, including identifying key challenges and entry points, and as a performance indicator of progress.

As part of the collaboration with IBP and the Eastern and Southern Africa region, many OBS reports have been co-published with UNICEF.
ANNEXES
Annex 1: The Budget Cycle – Resources and Guidance for Engagement

The government budget translates a country’s national development goals into annual spending plans. It converts political commitments and policies into programmes, services and actions. The budget process is the mechanism through which policies are prioritized, funded and executed, enabling the delivery of key activities and outputs that can support child well-being.

By examining the budget process in your context, you can better understand why resources are spent on certain things and in certain ways, and then find ways to use analysis, evidence generation, capacity building and technical support to influence the process and decisions on budget allocations and execution.

There is no standard budget cycle internationally. While each country will determine its own budget cycle, they usually follow the same stages. This can be illustrated with a simplified example of a four stage annual budget cycle shown in Figure 8.

Figure 8: Illustrative example of the budget cycle

Typical steps in a four-stage budget cycle include:

- **Preparation/Formulation**: Central government agencies (usually the ministries of planning and finance) develop budget parameters based on macro-economic analysis of available resources and policy priorities identified through a strategic planning process. The budget parameters include projected government revenue and a proposed budget envelope for each ministry. Sector ministries submit budget proposals and funding estimates for achieving sector priorities which are reviewed, prioritized and consolidated into a draft budget.

- **Budget Approval**: The legislature (typically elected officials) reviews, debates, and amends the draft budget and enacts the final budget into law.

- **Execution**: The ministry of finance releases funds in line with the approved budget to sector ministries, which allocate funds to spending units. Sector ministries implement activities, including procurement and payment of goods, services and transfers, which are recorded in the government accounting system. Adjustments may be needed through mid-year budgets or processes to re-align funds in response to changing needs, falls in revenue or other funding issues which can lead to over-spending, under-spending or savings.

- **Oversight and audit**: Actual expenditures of the budget are monitored throughout the year, which may include the production of monthly, quarterly and annual expenditure reports. Final expenditure is audited and accounted for against planned expenditures, and assessed for effectiveness.

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**Box 12: Additional and sector-specific guidance on mapping the government budget process**

Further information on mapping the budget process can be found in the UNICEF (2016) guidance on *How to Engage in Budget Cycles and Processes to Leverage Government Budgets for Children*.

You may find it useful to consider the budget process from a sector perspective, with a more detailed mapping of sector roles and responsibilities, or a deeper look at how sector goals are incorporated in the budget.

Sector-specific guidance on engaging with the budget which highlights sector stakeholders, data and issues, including:


Similarly, in decentralized contexts, you will need to map the process by which local planning and budgeting is coordinated and integrated with national budget systems, and identify the different roles, responsibilities and financing at different levels of government.
Mapping the actors, institutions, processes and legal frameworks guiding each stage of the budget cycle in your local context will help you to understand the steps required to translate policies and political commitments into services, programmes and actions, as well as the role and responsibility of different stakeholders at different stages of the budget cycle. This is turn will help you identify opportunities to provide support through public financial analysis, evidence generation, advocacy, capacity building or technical assistance, including how best to target engagement to the right audience and with the most relevant and influential evidence.

If you typically work closely with a particular stakeholder, such as a Ministry of Health or Education, it is helpful to understand their specific role and responsibility in the budget and public finance process. For example, sector ministries typically need to develop budgets proposals based on pre-set parameters or within a specified envelope of funds defined by the ministry of finance, defend their budget proposals during the approval process both within government and through the legislature, and then implement, monitor and report on their approved budget based on the public expenditure rules and processes set out by the ministry of finance.

At a practical level, it is important to understand the timing of the key stages and decision points. This will allow you to identify the windows of opportunity to influence budget decisions and processes. Some budget parameters such as the envelope of funds available to each sector ministry may be set eight months before the beginning of a budget year so planning is required to avoid missing these opportunities.

The budget calendar also highlights that at any point in time, the government is engaged in multiple overlapping budget cycles which take place simultaneously. While the government is planning next year’s budget, it will also be implementing the current year budget, and conducting an audit of the previous year’s budget.

**Figure 9: budget cycle timelines for a July-June budget year**

<table>
<thead>
<tr>
<th></th>
<th>Current year’s budget</th>
<th>Previous year’s budget</th>
<th>Following year’s budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>JULY</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>AUGUST</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>SEPTEMBER</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>OCTOBER</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>NOVEMBER</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>DECEMBER</td>
<td>Execution</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>JANUARY</td>
<td>Execution</td>
<td>Formulation</td>
<td></td>
</tr>
<tr>
<td>FEBRUARY</td>
<td>Execution</td>
<td>Formulation</td>
<td></td>
</tr>
<tr>
<td>MARCH</td>
<td>Execution</td>
<td>Formulation</td>
<td></td>
</tr>
<tr>
<td>APRIL</td>
<td>Execution</td>
<td>Formulation</td>
<td></td>
</tr>
<tr>
<td>MAY</td>
<td>Execution</td>
<td>Formulation</td>
<td></td>
</tr>
<tr>
<td>JUNE</td>
<td>Execution</td>
<td>Approval</td>
<td></td>
</tr>
</tbody>
</table>

This is important to understand the demands of the budget process on key stakeholders, the different windows of opportunity depending on the stage of the budget cycle you are most interested in, and whether there are opportunities to better link the stages of the budgets into a cycle for ongoing improvement – for example by strengthening the use of budget evaluation to inform the next year’s budget allocation decisions.

Information on the budget cycle in your country context may be readily available if there has been a recent public expenditure and financial accountability (PEFA) assessment, which will summarize the budget process, and assess its strength against global indicators of good practice. If your country participates in the biennial Open Budget Survey (OBS), you will be able to use survey reports for insights into how the local budget process is assessed on the essential functions of budget transparency, public participation and budget oversight. Both these tools are included in the compendium in Chapter 5 as examples of tools led by partners which offer useful insights to UNICEF programming.
### Annex 2:
**Government stakeholders in the budget cycle – Roles and opportunities for UNICEF engagement**

**Table 4: Roles and opportunities for engagement with government stakeholders in the budget cycle.**

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Example</th>
<th>Typical role</th>
<th>UNICEF engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central agencies</strong></td>
<td>Ministries of planning, finance and the treasury.</td>
<td>Responsible for processes, policies and systems for national public financial management, including the legislation, policies and oversight of the budget process, cash management and payment systems.</td>
<td>UNICEF typically engages with central agencies as part of financial or economic analysis such as budget analysis, fiscal space analysis or socio-economic analysis of the impact of new policies. UNICEF also provides support and evidence generation to PFM decisions, and inputs to reforms to systems and processes, including transparency in many countries.</td>
</tr>
<tr>
<td><strong>Social sector ministries</strong></td>
<td>Ministries of health, education and social welfare</td>
<td>Responsible for legislation, policy and programming within its specified area. Sector ministries typically manage the development, monitoring and implementation of social sector budgets, either fully or partially depending on the role of subnational governments.</td>
<td>UNICEF works directly with social sector ministries on evidence-informed policy decisions (investment cases, cost efficiency analysis, identification of funding gaps) and supports the process to translate policies and plans into budgets through financing strategies, fiscal space analysis, costed implementation plans and data to support and justify budget proposals. UNICEF supports sector ministries with PFM capacity building, including specific reforms such as results-based budgeting. UNICEF also supports sector ministries with financial execution, such as through identification of PFM bottlenecks, financial flow analysis, strengthened monitoring systems and capacity building.</td>
</tr>
<tr>
<td>Data</td>
<td>Example</td>
<td>Typical Role</td>
<td>UNICEF engagement</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td><strong>Government decisions-making and coordination bodies</strong></td>
<td>Cabinet, Council of Ministers, Budget Review Committee and Planning Board</td>
<td>Responsible for whole of government strategy and decision-making, which may include approval of budget strategy, budget envelopes and draft budgets.</td>
<td>UNICEF supports sector government partners to prepare submissions to these bodies, including through technical support for evidence generation, or capacity building on the use of financial tools and templates to support their case.</td>
</tr>
<tr>
<td><strong>Subnational governments</strong></td>
<td>May involve multiple levels of government including structures such as regions, provinces, districts, states, wards, municipalities and local councils</td>
<td>Responsible for preparing executing and monitoring budgets, local revenue collection, and coordination with other levels of government, including inter-governmental planning, transfers and reporting. May include borrowing to finance capital investments.</td>
<td>UNICEF supports local governments to prepare evidence-based plans and budgets, financial management and execution, and monitoring and reporting on spending and service delivery, as well as social accountability mechanisms, and intergovernmental resource mechanisms. UNICEF supports capacity building on PFM, including specific reforms such as results-based budgeting.</td>
</tr>
<tr>
<td><strong>Ministries of state administration, or decentralized governance</strong></td>
<td>Ministries of regional development, local governments and state administration</td>
<td>Responsible for legislation, policies and strategies on decentralization and local governance. May be responsible for the management of inter-governmental grants.</td>
<td>UNICEF engages in strengthening local governance policies and systems, including inter-governmental grants and fund flows, and supporting subnational and inter-governmental planning and budgeting processes and systems.</td>
</tr>
<tr>
<td><strong>Parliament and parliamentary committees</strong></td>
<td>National Parliament Parliamentary committees for social sectors, economic development, fiscal affairs, and specific social issues, such as poverty or the SDGs</td>
<td>Responsible for approving the annual and supplementary budgets and other fiscal packages, monitoring and reviewing budget execution and end of year financial reports, and deliberating on parliamentary legislation with financial implications.</td>
<td>UNICEF supports parliament and parliamentary review committees in their mandate to scrutinize and review the budget and budget execution, as well, through tools such as budget analysis (rapid budget reviews).</td>
</tr>
<tr>
<td><strong>Audit and accountability institutions</strong></td>
<td>Auditor General, High Court of Audit, Inspector General and Comptroller General</td>
<td>Responsible for audit of annual financial reports. May undertake audits of specific categories of expenditure, or specific programmes or ministries on a regular or ad hoc basis.</td>
<td>UNICEF can collaborate with audit and accountability institutions on issues of improving monitoring, reporting and transparency, and addressing accountability challenges.</td>
</tr>
</tbody>
</table>
Annex 3:
Linking public finance tools to different challenges and entry points in the Public Finance Programming Result Chain

This annex provides further details on useful information sources to examine particular parts of the public finance programming results chain, as well as tools to obtain more information, or support programming on specific challenges.

Figure 10: Public Finance Management tools and data sources for different entry points in the public finance programming results chain

Source: Derived from material developed by Oxford Policy Management for the UNICEF PF4C Global Learning Programme
<table>
<thead>
<tr>
<th>Element of the Public Finance Programming Result Chain</th>
<th>Useful information sources</th>
<th>Public finance tools to consider if more information is required</th>
</tr>
</thead>
</table>
| **PFM systems and budget cycle**                     | • PEFA (including budget reliability, transparency, policy based fiscal strategy and budgeting, predictability and control in budget execution, accounting and reporting, and external scrutiny and audit)  
• OBS (budget transparency, public participation and budget oversight)  
• Some PERs (particularly PERs which incorporate an institutional review)  
• Some PETS (where a PETS assesses issues of efficiency of government systems) | Incorporate analysis of PFM systems and process in ToR of a PER or PETS  
Support government engagement in completing biennial OBS, or supporting implementation of recommendations.  
**Political Economy Analysis of the Budget** |
| **Fiscal context**                                   | • IMF World Economic Outlook, or Regional Economic Outlook reports  
• IMF surveillance reports (Article IV)  
• National fiscal updates (Ministry of Finance/Treasury)  
• Budget books (macro-economic context)  
• Sector Financing Strategies  
• Fiscal Space analysis  
• National Accounts  
• UNICEF Situational Analysis | Fiscal space analysis to understand a government’s fiscal pressures and opportunities and ensure that policy and budget advice is practical and realistic  
**National Accounts**  
Sector financing strategies  
**Costing or investment case** to highlight where necessary funds can be found, or to emphasise the benefits of shifting resources to more cost-effective interventions. |
| **Policies and plans**                               | Legislation  
Sector strategies or policies  
PER  
Budget analysis/budget briefs  
National Accounts  
Sector Financing Strategies  
Costing  
CBA/CEA | PER  
PETS  
Costing  
CBA/CEA |
<table>
<thead>
<tr>
<th>Element of the Public Finance Programming Result Chain</th>
<th>Useful information sources</th>
<th>Public finance tools to consider if more information is required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Allocations, Expenditure and Outputs</strong></td>
<td>Budget books</td>
<td>PERs</td>
</tr>
<tr>
<td></td>
<td>Budget laws</td>
<td>Budget briefs</td>
</tr>
<tr>
<td></td>
<td>Budget speeches to parliament</td>
<td>Costing</td>
</tr>
<tr>
<td></td>
<td>Annual and quarterly budget execution reports</td>
<td>PETS/QSDS</td>
</tr>
<tr>
<td></td>
<td>Audited financial reports</td>
<td></td>
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<tr>
<td></td>
<td>Annual reports (government/ministry)</td>
<td></td>
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<tr>
<td><strong>PERs</strong></td>
<td><strong>Budget analysis/budget briefs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>PETS/QSDS</strong></td>
<td><strong>Global databases (e.g. World Bank BOOST data, World Bank Development Indicators, IMF World Economic Outlook, Government Spending Watch, etc)</strong></td>
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<td><strong>Sector databases (e.g. UNESCO Education Statistics, WHO Global Health Expenditure, ILO World Social Protection Database)</strong></td>
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<td><strong>Politics of the budget</strong></td>
<td>UNICEF Situational Analysis (SitAn)</td>
<td><strong>Political Economy Analysis of the Budget</strong></td>
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<td>Political economy analysis</td>
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<td>Stakeholder mapping</td>
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