



BUDGET TRACKERS AND FISCAL TRANSPARENCY



Documento de Trabajo

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ABSTRACT:

The increased interest by civil society in recent decades in the monitoring of resources for public policies has led budgetary authorities to create new arrangements to respond to the increased need for transparency. Budget trackers for the monitoring of green budgets, for vulnerable groups or gender have been examples of the institutional response to identify public resources for a specific theme and are commonly devised as budgetary reports from the implementing government entities (using a bottom-up approach). This document provides an assessment of the institutional experience of Colombia in the five existing budget trackers and identifies challenges in the current approach. The document concludes that budget trackers as institutional arrangements are (i) relevant for and have contributed to fiscal transparency, but their success is highly dependent on legal mandates; (ii) even with supporting legal mandates, bottom-up reporting approaches compromise the quality information compiled; and (iii) top-down approaches (from budgetary authorities) can become more relevant as the number of sustainability themes of interest increases.

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1. FISCAL TRANSPARENCY IN INTERNATIONAL CONTEXT

By the Global Initiative for Fiscal Transparency (GIFT)

Accountability in an increasingly challenging international context. The social and economic consequences of COVID-19, the Ukraine invasion, the accelerated effects of the climate change crisis, including persistent interruptions of the supply chain that affect many industries, and hence the economics perspectives for practically all countries are among the factors that offer a bleak picture that anticipates what could be the worst economic crisis the world has seen in decades (probably since the 1960-1970s). This is made more complex by the undeniable democratic and trust deficit that numerous governments are going through, a situation aggravated by growing economic inequalities, an increase in extreme poverty and a reduction in civic spaces, with the deterioration of rights in several countries. In this scenario of fiscal and political pressure, it is essential that governments can account for the use of public resources, highlighting efficiency, sustainability, and fairness of their decisions, and particularly those related to the unavoidable costs (trade-offs) to prioritize between different themes.

Despite challenges in the operating environment, some countries have strengthened their fiscal accountability. Throughout the world, the post-pandemic crisis requires urgent decision-making, given that the crisis will have far-reaching effects and will openly and disproportionately affect vulnerable sociodemographic groups, such as traditionally excluded communities or groups relegated from economic development. However, there is international evidence of the effectiveness of tools for public budget decision-making and accountability that can reverse these exclusions. Among them, the public financial management system in what most governments currently use to allocate and execute public resources. Many countries have made significant progress in linking development indicators, such as the Sustainable Development Goals (SDGs), with data on actual budget spending and performance³.

Cross-cutting thematic budget tagging. The International Monetary Fund recommends that cross-cutting priorities, including the SDGs, be integrated throughout the different stages of the budget cycle, from formulation, approval, and execution to the audit stage. This means that the different actors/institutions that play a role in the process, including budget offices or parliamentary commissions and supreme audit institutions, would have to engage in a process traditionally reserved for finance ministries. Likewise, it points out the need to include non-financial and/or performance objectives, and to consider both positive and negative links, as well as indirect effects, in the mapping of priorities.

International challenges in thematic budget tagging. There is a wide variety of methods for linking budget systems and cross-cutting policy objectives – such as gender equity, inclusion, climate change, or governance. However, the information generated does not always become public domain (in friendly formats and open data) and is rarely used in decision-making processes. The information is available, but is it accountable in terms of efficiency, sustainability, and equity? Are control and social participation enabled? and more importantly, does such information really inform the actions of governments?

³ According to the recently published [Public Finance Module of the Global Barometer for Open Data](#), 22 countries publish information, even if partially, linking their budgets with cross-cutting programs or prioritized themes, including SDGs.

Analyzes based on this tagging information can potentially shed light and guide discussions on resource allocation towards the achievement of both specific cross-cutting priorities, as well as the SDGs, as described below.

1.1. Budgeting by priorities: international experiences

Among the examples to take into account that demonstrate progress is the case of Argentina's Ministry of Economy, which adapted its current financial management information system to generate data on national budget allocations to priority areas, such as gender equity, and child and youth protection. This allows analyzes on budget transversality under specific umbrellas, facilitating the understanding of how budget allocations are directed to these areas. These reports are presented in open data formats, enabling social monitoring, and providing tools for public administration agents to design, share and publish dashboards that show progress towards meeting cross-cutting priorities. Thus, the public (user of this information) exercises social control over budget execution in priority areas.

The Philippines is developing a unified code that links its budget programs with performance indicators, as well as investment projects, directly to the SDGs, with the aim of enabling the prioritization of public resources towards programs that will have the greatest impact. This will facilitate the identification of gaps and financing opportunities to accelerate compliance with the SDGs. It should be noted that The Philippines has committed to making the information derived from this process part of its open data and government policy, which involves both the proactive publication of information and the involvement of users.

Mexico and Paraguay have been publishing information for several years linking the SDGs with their national planning, budget programs, and results-based frameworks, including performance indicators. In the case of Mexico, the financial management information system makes it possible to link the cross-cutting budget areas with the indicators of the performance evaluation system. This approach allows budgets to be examined in relation to monitoring and evaluation mechanisms, including complex impact evaluations that assess the relevance of a program to a specific target population, using control groups, but also allowing the SDGs to be considered in the daily operation of the official areas in charge of the budget cycle. All the above is parallel to a constant open-format data sharing strategy.

Aside from the important role that governments play, civil society organizations and research centers (think-tanks) have developed methodologies to track and supervise development-oriented spending, often in a joint approach with specialized international organizations. For example, [CIEP](#) in Mexico and [ICEFI](#) in Central America have developed robust methodologies for analyzing budget allocations and execution, including implications from an intergenerational perspective. On these bases, an informed dialogue between experts and those responsible for government decision-making could encourage important changes in the allocation and execution of public spending.

1.2. Priority Budgeting Considerations

Budgeting by priorities thus includes (i) labeling by cross-cutting priorities and by SDGs, and (ii) the establishment of a coherent, continuous, and direct approach to link budgeting decisions public financial management and sustainable development results. In an environment of transparency, this allows for the identification of costs and collateral

effects of budget allocations, in terms of economic and social implications for specific groups and agendas, using the same methodology and the same data.

Additionally, it has been shown that there are endogenous and exogenous benefits of designing the budget based on development priorities and publishing the process. Among the endogenous benefits, and within the government itself, priority budgeting facilitates internal reviews and the adoption of justifiable and timely corrective measures. On the other hand and based on proactive publication as part of a comprehensive policy of budget transparency and citizen participation, the debate is opened to the interested parties, which allows civil society as a whole to supervise the execution, advocate for corrections and exercise social control. Finally, at a midpoint between both types of benefits, priority budgeting facilitates the implementation of monitoring measures and follow-up of the budget by objectives in daily operations. It also facilitates prospective analysis and to a certain extent, international comparisons that foster cooperation and peer learning.

From budget tagging to strategic decision-making. Despite the benefits of priority tagging, there are limitations, among them that in most cases the exercise focuses on reporting, as opposed to generating informed processes for decision-making. Limiting the exercise to the publication of reports increases the risks of loss of confidence on the part of the citizenry, as it is interpreted as a demagogic exercise by the authorities, who pawn the word and compromise the discourse, but do not put the necessary resources to achieve promised priorities. Additionally, the information will be as good a tool as its quality allows for, and it is well known that the quality of the information varies between line ministries and often depends on those in charge of managing the records, for whom the balance between the administrative burden of generating such data and its added value is not always clear.

Limitations of budget tagging and the importance of disaggregated budget information. On the other hand, it is important to note that international experience shows that not all public resources are likely to be incorporated into a labeling methodology. For instance, depending on the level of disaggregation and the interoperability of the information, the resources used for the financial management of the debt are potentially outside the scope of the labeling⁴. The same goes for contingency resources set aside to deal with unforeseeable and unavoidable emergencies or disasters. Thus, the scope in terms of decision-making will depend on the disaggregation achieved, and generally the information is either too aggregated, or the labeling is limited to the 17 SDGs or a handful of highest priorities, limiting the necessary detail available for effective decision making.

Labelling does not imply closing gaps in development themes. While the success of labeling is to provide a diagnosis, it will never, by itself, accelerate the closing of development gaps. It should be understood as a tool for governments to make the necessary adjustments in favor of the public interest and accountability in terms of effectiveness, sustainability, and equity. This constitutes a key opportunity for Colombia, by offering an evidence-based justification for indispensable budget adjustments that accompany the political decision to work for priorities and openly share the methodology through which the decisions were made. This will allow for the identification of groups of people and themes that constitute potential winners and losers, from spatial, social and intergenerational perspectives.

⁴ Regarding resources oriented to cover debt service, it is important to note that it would be expected that the capitals obtained by public indebtedness were executed in past fiscal years, which are budget that are susceptible to labeling.

2. NATIONAL CONTEXT

The Government of Colombia currently has mechanisms in place to identify and make visible the financing directed towards specific policy themes. The five existing mechanisms have been under construction since 2011 and were more recently included in the 2018-2022 National Development Plan, which allow civil society and the Colombian Congress to identify and openly share information of the resources that the State dedicates to specific themes.

A budget tracker is a process that allows the identification of the proportion of resources of a budget that is directed towards a particular theme. Unlike other countries where budget identifications can be more of an *ad hoc* zoom without a specific reporting frequency, Colombia has an institutional framework derived from legal and/or political mandates that formalize the procedures for budget labelling. These procedures established by the government of Colombia to periodically report on specific themes are known as budget trackers. The different budget trackers that currently exist are compiled under different mechanisms but have in common the intention of making thematic public financing visible.

The INFF (Integrated National Financing Frameworks for SDG) global strategy aims at strengthening financing frameworks for the SDGs to accelerate the path towards the 2030 Agenda. The strengthening of SDG financing frameworks is strongly related to (i) the identification of all funding sources and the mapping of current SDG financing, (ii) the design of a roadmap for the establishment of a financial strategy to accelerate the achievement of the Sustainable Development Goals (SDGs), and (iii) the establishment of an integrated monitoring platform for the thematic progress and financing of SDGs.

As part of the diagnostics component of current SDG financing in Colombia, this document provides an overview of the five (5) budget trackers consolidated since 2011 and argues that they are steps towards fiscal transparency. These budget trackers consolidated within government systems in recent years in part because the 2018-2022 National Development Plan emphasized thematic budget identification, including for gender. This document provides the context, background, characteristics, and scope of the budget trackers, which are implemented by virtue of a mandate (e.g. law, administrative act, or by judicial sentence). The trackers thus constitute a tool to mark resources that inform policymaking and as input to in the compliance analysis for policy objectives for vulnerable communities.

The main achievement of existing budget trackers has been the institutional organization and intra-government coordination to comply with the order of the Constitutional Court regarding resources directed to the internally displaced population⁵ and the victims of the armed conflict⁶. As a result of these mandates, the coordination amongst different entities of the executive has formalized processes to compile budgetary information and present it to civil society and congress to highlight resources directed to specific vulnerable groups. The availability of multiple thematic budgetary reports has strengthened fiscal transparency in Colombia.

An additional achievement of the budget trackers in Colombia has been the creation of policy objectives for specific populations within the planning instruments. The 2018-2022 National Development Plan included cross-

⁵ The National Planning Department (DNP) and the Ministry of Finance (MOF) have developed since 2011 a process to identify resources devoted to the guarantee of rights for internally displaced population, in compliance to the follow-up Decision 2019 to Sentence T-025 of 2004.

⁶ Derived from Law 1448 of 2011, and starting in 2012, the National Government must present to Congress and regulatory bodies an annual report of the budgetary progress in the policies related to the Victims' Law.

cutting policy goals called -pacts-, and among these were included pacts for vulnerable populations with policy goals that stem from the experience of the government in the compliance with legal provisions related to the monitoring of resources. This is the case for the pacts for peace, pact for equal opportunities for indigenous groups, afro descendants, raizales, palenqueros, Rrom, pact for the equality of women, and rural population, that were all included in the Development Plan.

Thematic budget identification thus strengthens the public policy cycle. Specifically, this strengthening occurs through the generation of information that allows policymakers to have more realistic baseline metrics on which to create evidence-based and properly financed policies.

Colombia currently has five (5) budget trackers. With the experience accumulated by the Government in the institutional organization for budget identification, and with explicitly prioritized policy goals in the Development Plan for these populations, the identification of resources for particular themes has been strengthened across public entities of the national order that are involved according to their competencies. Currently, budget trackers are aiming at the following policies:

- a) **Victims of internal displacement and other victimizing acts.** Established to mark the budget allocations aimed at reparation policies and care for the displaced population and victims of the armed conflict.
- b) **Ethnic groups: indigenous, afro descendants, raizales, palenqueros, and Rrom communities.** Focused on marking budget allocations for the protection and development of vulnerable communities.
- c) **Peacebuilding.** Tags budget lines from both operating and investment expenses intended to comply with the implementation of the 2016 Peace Accord.
- d) **Women's equality.** Identifies budget allocations aimed at addressing actions oriented towards the closure of gender gaps and guaranteeing equality for women.⁷
- e) **Childhood.** A fifth budget tracker was consolidated in 2022 to identify expenditure for early childhood, childhood, and adolescence. The tracker is currently focused on labelling investment expenditure.

3. BUDGET TRACKERS IN COLOMBIA

Budget trackers are instruments designed to identify or mark resources destined for a specific population group or a specific policy objective that are not regulated within the framework of the Organic Budget Statute. Budget trackers have emerged with the purpose of (i) seeking an understanding of the budget; (ii) monitoring by civil society or congress to increase appropriation in specific themes; (iii) responding to the interest of the judicial branch in increasing the accountability of the executive; and in the case of gender; and (iv) political interest of advancing with concrete actions towards a policy of interest.

The particularity of having separate monitoring systems for the operating and investment budgets and in different ministries in Colombia also influence the compilation of budget information for the budget trackers. As occurs with the overall budget (except for the debt component), budget trackers in Colombia have two components:

⁷ It is important to note that during the process of designing and implementing the budget tracker for women's equality, UN-Women provided support to the National Government during the design and training process both in the use of the budget tracker and in the incorporation of the gender approach in the planning cycle of public policies.

investment and operation. Monitoring is carried out separately in the Ministry of Finance, for the operational component, and in the National Planning Department, for the investment component. This characteristic of institutionally separating the investment and operating budget is a unique characteristic of the Colombian budget system.

Box 1. The Role of the Constitutional Court in Budget Trackers

The 2011 Victims’ Law created a system to protect, assist, and repair victims of armed conflict in Colombia. More than a monetary compensation or asset restitution, law 1448 of 2011 created a mandate for government institutions to create a network of support through education, health, employment programs, and income generation, as well as series of activities to restore victims’ dignity, their memoirs, recover the truth and create the conditions for non-repetition of victimization acts (see <https://www.unidadvictimas.gov.co/es/servicio-al-ciudadano/abc-de-la-ley/89> for details).

According to the government’s registry system for victims, the internal armed conflict in Colombia generated over eight million victims of internal and forced displacement since 1985. Furthermore, given the vulnerability condition and the lack of multiple fundamental rights, the constitutional court mandated the executive to secure urgent access to preferential treatment from the state.

As a result of the prioritized safety treatment provided by the Law and the Constitutional Court mandate, the government of Colombia adopted protection and rights-restoration measures, such as the implementations of the Victims’ Law, the creation of government entities exclusively focused on their attention and protection, as well as mandates to aim budgetary resources to victims of armed conflict. However, despite these actions, budgetary measures have been considered as insufficient, in part due to fiscal restrictions.

One of the mandates of the Constitutional court was to identify and secure budgetary efforts to strengthen government support and response given to victims. This 2011 mandate pushed government entities to organize, in order to determine their current budgetary support provided to the integral support to victims of armed conflict, thus paving the way for Colombia’s first budget tracker.

In recent years, several budget trackers have been implemented by the government to comply with different legal and political mandates. The following table describes the different processes used by the government to mark resources within the national budget, their mandates, and their information platforms:

Table 1. Budget trackers in Colombia

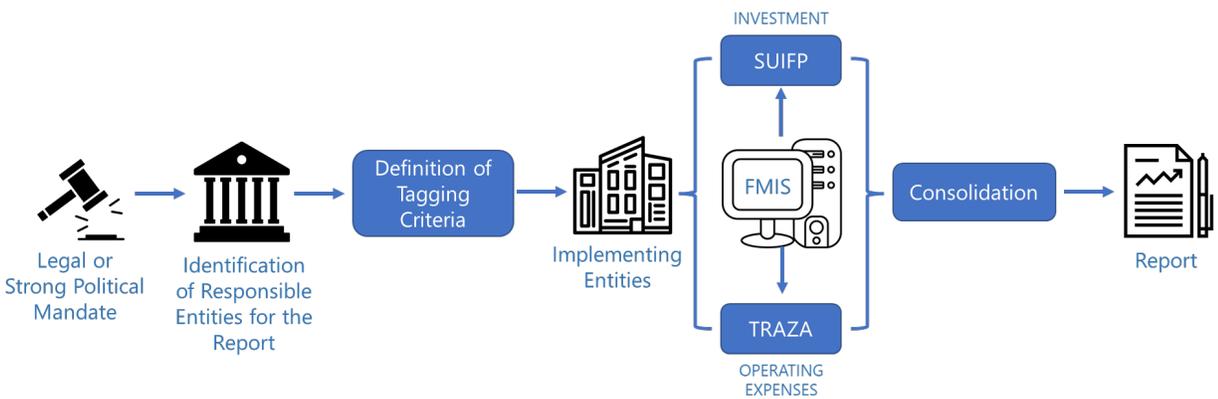
Targeted population	Mandate	Platforms for the compilation of information derived from budget tags
Internally displaced population	Constitutional Court mandate “Auto 219 of 2011”.	<ul style="list-style-type: none"> ▪ Traza platform ▪ SUIFP investment budget monitoring platform.
Victims of armed conflict	Victim’s Law and document CONPES 3711 of 2011.	<ul style="list-style-type: none"> ▪ Budgetary system information of victims.
Women’s equality and empowerment.	National Development Plan 2018-2022	<ul style="list-style-type: none"> ▪ Traza platform
Monitoring of resources for the Peace Accord		<ul style="list-style-type: none"> ▪ SUIFP investment budget monitoring platform.

Ethnic/indigenous groups, afro descendants, <i>raizales</i> , <i>palenqueros</i> , and Rrom communities.		
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3.1. Process to identify and mark resources

Legal or political mandates influence the process of budgetary identification. A high-level legal or political impulse leads involved institutions to define specific rules, which are then applied through parallel information tools or platforms that relate to the country’s Financial Management Information System (FMIS). The monitoring of the tagging parameters established in the intra-government coordination process for budget identification leads to the consolidation of reports. The following figure provides an overview of the process followed by budget trackers:

Figure 1. Process of Thematic Budget Tagging in Colombia



Source: elaboration by INFF-Colombia.

The first approach to an official budget tracker in Colombia occurred as a response to a legal mandate by the country’s constitutional court. Through ordinance 219 of 2011, the Court mandated the country’s two budgetary authorities (National Planning Department and the Ministry of Finance) to compile a report of the use of public resources that were aimed at internally displaced population. With this, executing entities of the budget began producing reports for review and compilation by the budgetary authorities.

The Budget Information System for Victims was the first technological tool developed for reporting resources allocated to cross-cutting policies. In the case of operational expenses, the tagging of resources was incorporated into the country’s Financial Management Information System (FMIS, or locally known as SIIF-Nación). However, government entities that had marked the budget reported having trouble activating the execution of resources across the fiscal year and this forced the Ministry of Finance to migrate the tagging to a different scheme outside the FMIS. As solution, the Ministry devised a reporting platform separated from the FMIS and dedicated to allowing reporting entities to consolidate information about tagged resources. The new and separate system became operational in 2017.

The following considerations of the budget labelling process or tagging in Colombia are relevant to understanding the context, the institutional organization and coordination, and the best practices to generate an adequate budget tagging:

- a. **Budget trackers are legitimized by an initial mandate** (e.g. in the law, in court rulings) that leads the budgetary authorities to coordinate the institutions involved. This initial element is of the utmost relevance since it determines the degree to which the process has legal or political support that persuades government officials and institutions to carry out a detailed budget identification and comply within established timeframes.
- b. **Budget identification or tagging is defined as a series of steps and rules** that are executed with or without the support of the official budgeting applications. Budget tracking is therefore a process that is constantly prone to improvement by institutions involved.
- c. **The quality of budget tagging ultimately depends on the quality of information reported by involved government agencies.** Even though budgetary authorities (Ministry of Finance and National Planning Department) have the technical capacity to estimate expenditure on cross-cutting issues, the process is legitimized and is carried out primarily by the executing entities (line ministries and other agencies involved). The latter executing government agencies are responsible for deciding how to use sectoral resources assigned by the National Government.
- d. **The budget report compiled from executing entities has two parallel components: investment expense report and operating expense report.** The SUIFP investment budget monitoring system, managed by the DNP, is the official tool for identifying investment spending, while the Victim Budget Information System (SIPV) and the Traza platforms, managed by the MHCP, allow operating expenses to be identified (starting in 2017 and 2020, respectively). Involved line ministries and agencies therefore do parallel budget tags on the investment as well as operating budget of the agency.
- e. **The budget trackers should function as support tools for monitoring the execution of resources and not become an obstacle for the executing units.** As mentioned above, the first approach taken for the implementation of the Victims' budget tracker was through a direct tagging within the country's Financial Management Information System (FMIS, or locally known as SIF). However, the executing agencies reported that, after allocating resources destined to care for this population, and when they needed to execute resources that were not oriented to this purpose (for example, expenses destined to the entity's own management), the system did not allow them to proceed with the execution of the resources. Therefore, it is important that this process does not become an obstacle for the correct operation of the entities involved.

Box 2. Budget marker or tracker? Criteria to identify a formal budget tracker

The words -marker- and -tracker- are frequently used, in some cases to refer to the same process. For the purposes of this document, a budget tracker is considered as an institutionalized tool by the Government if there is a clear and approved process to mark resources and to report accountability on the topic to a specific government agency. In other words, a budget tracker is considered as such when the process includes the following:

- Legal mandate that orders its design and implementation.
- Responsible parties for the report and maintenance of the information.
- Guidelines for the tagging process.
- The tagging is carried out on both the investment as well as the operating expenses.
- A platform to report/compile the information; and
- Institutions or agents with technical capacity to monitor/audit the results presented. This usually makes reference to a fiscal or other accountability agency (e.g., congress).

If, on the other hand, the budgetary tool being analyzed does not meet the criteria listed above, it is considered an *ad hoc* budget labeling exercise or marker. These markers have some benefits, including making budget visible to civil society, but without having a specific reporting frequency or a legally defined process.

3.2. Reporting platforms

To compile information reported from line ministries or government agencies, the national government of Colombia currently has three (3) reporting platforms to consolidate information. The following reporting platforms are used to monitor resources for cross-cutting policy themes:

Table 2. Reporting platforms used in Colombia to compile budgetary information

Platform	Budget tracker	Type of expenditure captured	Criteria for registering information
	Internally displaced population, and victims of other offenses.	Operating expenses	Platform designed and administered by the Ministry of Finance where government agencies must register, for each operating expense account, the amount of resources destined to aid victims.
	<ul style="list-style-type: none"> • Ethnic and indigenous groups, afro descendent raizales, palenqueros, and y Rrom • Peace Agreement implementation. 	Operating expenses	Platform designed and administered by the Ministry of Finance with the purpose of allowing government agencies to register budgetary information related to cross-cutting policies defined and prioritized within the 2018-2022 National Development Plan.

Platform	Budget tracker	Type of expenditure captured	Criteria for registering information
	<ul style="list-style-type: none"> Gender and Women empowerment. 		
	<ul style="list-style-type: none"> Victims. Ethnic groups. Peace Accord implementation. Gender Childhood. 	Investment budget	The Unified Investment and Public Finance System (SUIFP for its Spanish acronym) is an information platform that integrates all stages of the investment budget cycle with information from project formulation to the delivery of investment products. Within the budgeting cycle, each government agency must identify investment resources that aim at addressing the prioritized themes.

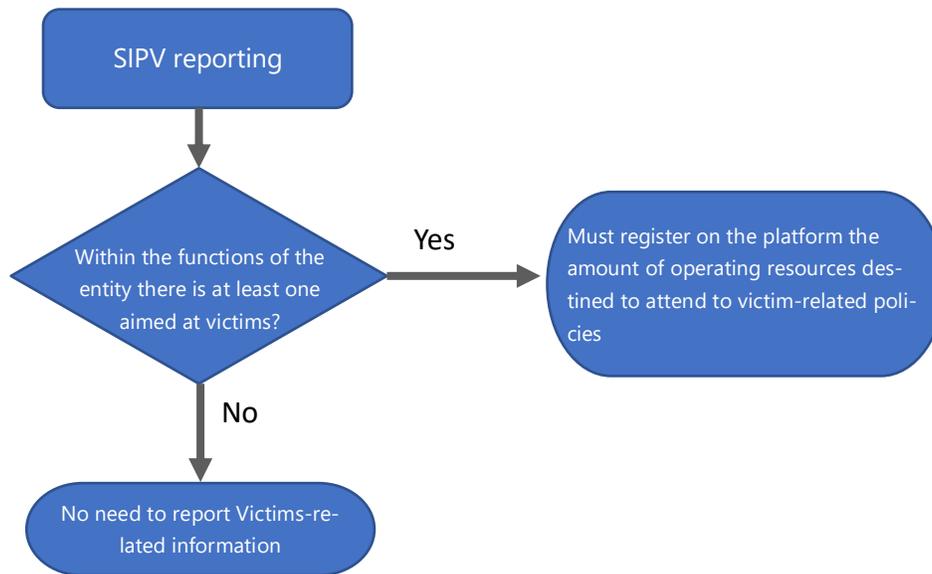
Information uploaded to these platforms is compiled using previously established criteria defined by the Ministry of Finance and National Planning Department⁸. Following the upload of information in these platforms, these institutions consolidate the information and send reports to auditing institution, the legislative branch, or the public. Below is a description of the process to upload information in each platform.

3.2.1. Victims' budgetary information platform (SIPV)

To proceed with information upload in this system, implementing entities must identify if within their functions there are activities directly aiming at addressing policies related to population that has been a victim of armed conflict, and, therefore, allocate operating resources to comply with these activities (MHCP, 2017).

⁸ The Ministry of Finance and National Planning Department have operating manual with public access to support the uploading of information. These can be found at: https://www.minhacienda.gov.co/webcenter/portal/SIREC/pages_sistematraza/capatraza/manualestraza y <https://colaboracion.dnp.gov.co/CDT/Inversiones%20y%20finanzas%20pblicas/Manual%20trazadores%20presupuestales.pdf>

Figure 2. Information flow in the Victims' Platform



Once the entity identifies that it allocates operating resources to policies for victimized population, it must enter the following information into the system:

- Are there people in the entity dedicated full time to perform functions related to the victim population? If the answer is yes, the agency must indicate how many people are dedicated full time to these activities.
- Are there people in the entity who partially dedicate their time to performing functions related to the victim population? If the answer is yes, the entity must indicate how many people spend part of their day attending to these activities.
- Of the appropriate resources in each of the expense accounts, how much does the entity allocate to attend to policies aimed at the victim population? it is important to indicate that, even when the application brings the information of the initial appropriation from the FMIS (SIF), the entity must manually record the amount of the current appropriation, commitments, and obligations destined to meet the policy.
- Finally, the entity must indicate to which civil rights of the victim population these resources were allocated (eg, food, health, collective reparation, among others).

3.2.2. TRAZA platform

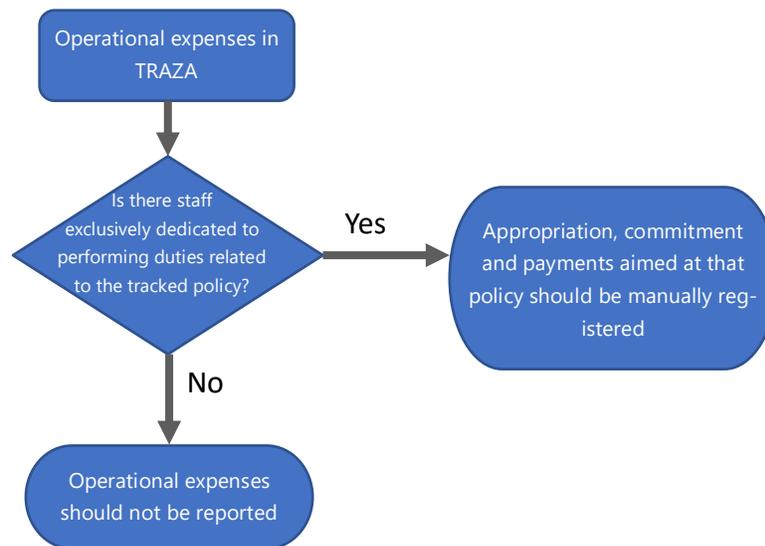
To upload information in this platform, the executing entities must identify if there are resources within their operating expenses aimed at addressing the following cross-cutting policies: Indigenous, Afro descendent, Raizal, Palenquero, or Rrom groups; Peacebuilding; and/or Gender Equity. If the entity identifies that it allocates resources to one or more of these policies, it must record the information in the TRAZA application, according to the following criteria:

- **Personnel expenses:** it must be listed if the entity has one or more people who dedicate themselves full time to address the selected cross-cutting policy⁹ and manually associate the available appropriation, commitment,

⁹ If the entity has personnel dedicated only part-time to support the policy then it should not register it in the system.

obligation, and payment of this account destined to this policy¹⁰. In this case, the government agency should not register information if it has personnel that is part-time dedicated to the policy.

Figure 3. Information flow for operational expenses in the TRAZA platform



Fuente: Elaboración propia con base en información del Ministerio de Hacienda y Crédito Público.

- **Acquisition of Goods and Services:** If the entity has professionals through personal service contractual modes that are dedicated full time to attend to the selected transversal policy, it must manually record the current appropriation, commitment, obligation, and corresponding payments. As in the case of personnel expenses, if the professional dedicates part-time, the resources should not be registered.
- **Current transfers:** the entity must manually record the current appropriation, commitments, obligations, and payments of this item for each cross-cutting policy.

For each of these information uploads, and depending on the cross-cutting policy that is addressed, additional specific topics must be detailed, among them:

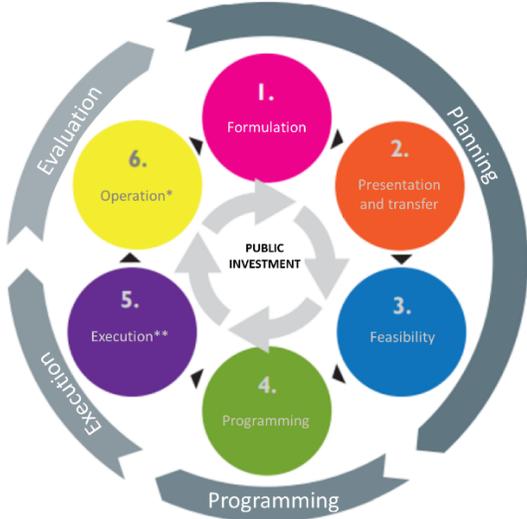
- **Peace building:** reported expenditure must be associated with the pillars of the Framework Plan for the Implementation of the Peace Agreements.
- **Gender:** spending should be associated with the gender targeting categories designed in collaboration with UN Women: economic autonomy and access to assets, institutional development and cultural transformation, education and access to new technologies, and women free of violence.
- **Ethnic/indigenous groups, afro descendants, raizales, palenqueros, and Rrom communities:** no extra steps are needed in this case. However, when uploading resource information for this tracker, the agency must select the ethnic or vulnerable subgroup to which the resources are being directed.

¹⁰ The platform displays the initial appropriation from the Financial Management Information System (FMIS).

3.2.3. SUIFP investment platform

Unlike the two platforms mentioned above which focus on operating expenses, the Unified System of Investments and Public Finances (SUIFP) compiles investment expenses associated with thematic tagging. In addition to recording executed expenses, the reporting agency must record budgetary evolution across the planning and budget cycle phases (Planning, programming, execution, and evaluation). The incorporation of the legally defined budget trackers into the SUIFP allows: (i) targeting resources from the investment project formulation stage, that is from the design stage in case the project has components that aim at the thematic policy of interest; and (ii) identify and monitor resources associated with cross-cutting policies in each of the phases of the investment cycle.

Figure 3. Investment Projects' Cycle



Source: National Planning Department’s Public Investment Directorate

More specifically, the reporting entity, with support from the National Planning Department (DNP), must take the following steps to tag investment budget as resources devoted to cross-cutting policies:

- **Planning:** during the formulation phase of the investment projects, it must be identified if the project is oriented (either in its entirety or in part) to address any of the cross-cutting policies. The cross-cutting policy must be selected in the SUIFP and the targeting category that will be addressed through the investment project.
- **Programming:** since the policy and the targeting category were already identified during the formulation, the amount that is expected to be allocated is specified in this programming stage.
- **Execution/Monitoring:** during this stage the entity must manually fill out the current appropriation, commitments, obligations, and payments within the investment project that are aimed at the selected cross-cutting policy (DNP, 2019).

3.3. Reports and amounts tagged for cross-cutting policies

Each budget tracker has the purpose of producing information that fosters transparency and accountability in the use of public resources destined to specific cross-cutting policies. The type of information and the intended first-order user are defined in each of the mandates that define the budget trackers. Below is a description of the information produced for each tracker.

In the case of the budget tracker for victims, and according to the most recent version for the report, around 5.9% of the 2020 budget was tagged as being associated to Victims' attention, with 5.7% as final appropriation for fiscal year 2021. As originally conceived, the Constitutional Court ordered the Government, through the Ministry of Finance and the National Planning Department, to present to Congress reports detailing: i) the resources of the National Budget executed in the previous fiscal year to meet the victim attention policy and ii) the amount of the budget appropriated for the policy in the current fiscal year. The Government, through the Ministry of Finance and the National Planning Department, submits the report to Congress no later than March 1st of each year. The most recent report outlined COP\$13.7 trillion pesos in 2020 for the victim policy and a final appropriation for 2021 corresponding to COP\$15.25 trillion.¹¹

The gender budget tracker classified 1.4% of the resources for fiscal year 2020 as supporting women equality and empowerment, with 1.2% for fiscal year 2021, which is near the equivalent of the budget of the justice sector¹². Originally established through the Law for the 2018-2022 National Development Plan, the law mandates the Ministry of Finance and National Planning Department to design a resource marker in which executing line ministries must report the execution of resources for women's equality and empowerment. The report is required to identify resources and results obtained in the previous fiscal year, and state appropriated resources for the current fiscal year.

Further government support for the gender budget tracker. Aside from marked resources reported by line ministries and government agencies as established by law, the Presidential Counsel for Women, along with the Vice-president and with support from UN-Women have consolidated a report with information compiled from the Ministry of Finance and the Planning Department. The budget tracker for women's equality and empowerment reported an amount of COP\$ 3.3 trillion for 2020 and COP\$ 3.2 trillion for 2021, tagged as associated with advancing the theme. These reports can be accessed at: [Publicaciones \(equidadmujer.gov.co\)](https://publicaciones.equidadmujer.gov.co).

The 2022 gender tag was estimated to be 0.97% of the 2022 budget. An additional milestone for the case of gender is that the annual presentation of the budget law to congress includes an annex specifying milestones achieved for gender and a description of tagged resources. More recently, and for fiscal year 2022 the Colombian government announced, as part of the presentation of the 2022 budget law, a COP\$ 2.7 trillion resource tag for gender and women's empowerment, disaggregated by theme and by implementing government agencies, corresponding to 0.97% of the 2022 annual national budget.

¹¹ These reports may be consulted (in Spanish) on: [https://colaboracion.dnp.gov.co/CDT/Politica de Vctimas/Informe Presupuestal de la Política de Víctimas 2020-2021.pdf](https://colaboracion.dnp.gov.co/CDT/Politica%20de%20Victimas/Informe%20Presupuestal%20de%20la%20Pol%C3%ADtica%20de%20V%C3%ADctimas%202020-2021.pdf).

¹² 1.2 and 1.4% of the national budget when considering only investment budget and operating expenses, without considering debt service.

3.9% of the 2022 budget were tagged as resources for the implementation of the Peace Accord. The budget tracker for the implementation of the Peace Accord was created as part of article 220 of the Law for the 2018-2022 National Development Plan. The law mandates government entities to identify through a budget marker the items destined to comply with the implementation of the Peace Agreement. For the 2022 fiscal year, COP\$ 11 trillion were tagged for the peace process and the item was disaggregated by themes within the peace agreement and by responsible entity. (Ministerio de Hacienda y Crédito Público, 2021).

Aside from the budget tracker for the Peace Accord, the government of Colombia monitors budgetary efforts for post-conflict policymaking. The law enacting the 2018-2022 National Development Plan determined responsible entities in reporting progress in indicators for post-conflict implementation. With this the national government designed and implemented a system to monitor resources for each theme (called SIPO, Sistem for Post-Conflict Information) led by the National Planning Department and the Presidential Counsel for Stabilization. Although not a budget tracker, the SIPO platform to monitor resources for post-conflict marked COP\$ 4.9 trillion for 2020, corresponding to 2.1% of total budget¹³.

Figure 4. Total Thematic Resources Identified by Existing Budget Trackers (as % of National Budget)

Budget tracker	% of Annual Budget	Reference year
Victims	5.7%	2021
Women's equality (Gender)	0.9%	2022
Peace Accord	3.9%	2022
Ethnic Groups	Ministerial reports not consolidated by government	
Childhood	3.8% (of investment budget)	2022

Source: elaborated by UNDP-Colombia (INFF), using publicly available information.

Although mandated by law, the budget tracker for ethnic population (indigenous, afro descendent, raizales, palenqueros and Rrom) determined the MOF and the NPD to be the recipients of reports but did not establish a responsible institution to consolidate reports from government agencies in a single report, making it difficult to come up with a total amount. Created through article 219 of the Law of the 2018-2022 National Development Plan, which establishes that national government entities must identify, through a budget marker, the resources destined to policies focused on supporting and protecting indigenous people, black communities, afros, raizales, palenqueros, and Rom. As is the case with other trackers derived from the 2018-2022 Development Plan, the reported information is to be compiled annually and presented as resources executed from the previous fiscal year, as well as appropriated resources for the current one. The law mandated each government agency to send its report to Congress on an

¹³ For more information on the compliance with the Framework for the Implementation of the Peace Accords, see: <https://siipo.dnp.gov.co/recur-sos>.

annual basis and before April of each year. However, in contrast to other trackers, the law establishing the budget tracker did not identify a responsible institution for consolidating the information. For this reason, the information related to this budget tracker is scattered and incomplete.

A fifth budget tracker for early childhood, childhood, and adolescence was consolidated in recent years. The Government, with the support from UNICEF, has aimed at identifying public resources destined to attend to the needs of Colombian children and adolescents. As part of this effort, a budget tracker for public investment resources was designed to monitor investment resources for national and territorial resources. Aimed at the comprehensive care and development of early childhood (pregnant women, and girls and boys from 0 to 5 years old), childhood (6 to 11 years old) and adolescents (12 to 17 years old), the tracker is part of the activities within the framework of the State Policy for the Comprehensive Development of Early Childhood from Zero to Forever - Law 1804 of 2016- and the National Policy for Children and Adolescents.

The first version of the childhood budget tracker identified an amount of 3.8% of the total national budget for 2021 and a similar amount for the 2022 public budget. Starting in the second semester of 2021, investment resources of the national and territorial order for the implementation of the Policies of Early Childhood, childhood and Adolescence are registered and monitored destined. This tracker has been developed in compliance with commitments established within the framework of the comprehensive development from early childhood to adolescence, from the 2018-2022 National Development Plan¹⁴. The tracker is expected to be complemented soon with the tagging component from operating expenses under the responsibility of the Ministry of Finance and Public Credit. The first report issued in mid-2022 highlights COP\$ 10 trillion for 2021 (3.8% of total budget) and COP\$ 10.7 trillion for 2022, stemming from the tagging of investment resources.

Box 3. Budget marker for Infancy, Childhood, and Adolescence

- **Global references:** Convention of the Rights of the Child, SDG targets related to pregnancy, childhood, and adolescence.
- **Context:** articulated work with the National System for Family Welfare (Childhood Committee), technically led by the NPD with the support from UNICEF.
- **Information sources:** data corresponding to public investment, available in SUIFP and Formulario Único Territorial (FUT). These tools are managed by the NPD.
- **Structure:** The marker uses a double classification (age group + expense categories) for information gathering, processing, and analysis (DNP, 2021):

¹⁴ Additionally, these government efforts are in accordance with the provisions of paragraph 2 of article 2.4.4.2. of Decree 1336 of 2018. This instrument also responds to the commitments of Art. 4 of the Convention on the Rights of the Child and a part of the recommendations developed in General Comment No. 19 of the same CRC.

Age group or Component	Expense categories
1. Children between 0 and 5 years of age – Pregnant mothers	<ul style="list-style-type: none"> i. Healthcare ii. Food and nutrition iii. Education and integral development iv. Citizenship and participation v. Identity and diversity vi. Prevention and protection from vulnerabilities vii. Sports; recreation; culture; play; science, technology and Innovation (STI); and environment
2. Children between 6 and 11 years of age	All the above, plus Autonomous and responsible sexuality.
3. Adolescents between 12 and 17 years of age	All the above, plus opportunities for transitioning towards adulthood
4. Cross-cutting component	<ul style="list-style-type: none"> i. Family care ii. Government and strengthened capabilities iii. Poverty alleviation iv. ICTs and virtual care

Source: Elaboration by INFF-Colombia. Adapted from DNP (2021: 25-30).

Opportunity to use the childhood budget marker as input in policymaking. Given the consolidation of the monitoring of public social spending on children through the budget marker for investment resources, the next step in childhood public policymaking is to incorporate these annual reports as inputs into decision-making of the Executive Committee of the National Family Welfare System, as well as the programmatic adjustments within the National Social Policy Council.

The childhood budget marker can now support budgetary discussions of interested policymakers and in congress. The budgetary allocations identified in the first version of the childhood tracker and its possible future complement with operating expenses are efforts comply with Article 4 of the Convention on the Rights of the Child, specifically by making visible national investment resources addressing the comprehensive protection of children. With recent efforts to consolidate the budget marker, an integration of the rights and life-cycle approach can be guaranteed in the planning, debate, and approval stages of the public national budget.

The childhood tracker still has a road to travel before consolidating an institutional arrangement similar to the other four trackers: gender, ethnic groups, peace, and victims. As of November 2022, the childhood tracker tags investment resources and there is currently no institutional arrangement with the Ministry of Finance to tag operating expenses. Stronger coordination between interested stakeholders can lead to discussions with the national government to implement the operating-expenses component that the marker is missing. As mentioned in section 3.1, a budget tracker in Colombia is successful as long as there is a legal or strong political mandate that incentivizes budget authorities to put in place platforms and request government coordination for thematic tagging.

4. BUDGET TRACKERS: CHALLENGES AND RECOMMENDATIONS

Budget trackers in Colombia are tools designed to meet the requirements of legal and/or political mandates. Trackers are established to meet specific purposes and provide information that serves as a basis for accountability to the legislative branch, control agencies, and the public. Budget trackers have been proven as effective measures

to increase fiscal transparency, as long as there is a solid coordination process amongst government entities that includes a centralization or information consolidation by budgetary authorities, which usually depends on a solid legal mandate.

Quality of tagged and reported information depends on adequate training and reporting capability within line ministries. Due to the high dependence of budget trackers on the manual recording of information by the officials of the executing entities, quality of the information ends up depending in turn on the capacity of the officials to identify resources associated with specific topics. This capacity varies across ministries and depends on the training received by officials in the theme of interest. This is not a minor issue and despite thematic training given to the entities, the quality of the labelling and the information reported will continue to be a risk factor for the accuracy of the final reports.

Risk of errors and inconsistencies. By depending on the manual registration of information in the monitoring systems and given that the process does not require reporting entities to present evidence to budgetary authorities that would allow for traceability of transactions, there is a risk of error and inconsistencies in the information uploaded. Not requiring the presentation of evidence also inhibits the ability of budgetary authorities to -audit- the tagged information. At the same time, budgetary authorities do not have incentives to put in place processes to audit the information reported.

There is a strong trade-off between having strict technical criteria that limit the definition of what contributes to advancing the theme and allowing thematic expenses to have a flexible narrative support to the topic of interest. Strict budget allocation criteria limit the government's ability to measure its financial effort on certain issues. For some topics, there are guiding questions that allow determining how restrictive the character of the budget identification is: How will personnel expenses be treated? Will the tracker only count personnel expenses of the people that have exclusive dedication to the topic of interest? How is the tagging process going to treat partial dedication of personnel to the topic of interest? How will operating expenses be treated? Are operating expenses shared with other topics considered to contribute to the topic of interest?

The risks of inclusion and exclusion must be considered by budgetary authorities as coordinators of the trackers and by reporting government agencies. Budget trackers are prone to counting expenses that should not be reported (inclusion risk) and to omitting others that should be counted (exclusion risk). A treatment of these risks must be included in the budget tracker guidelines to line ministries, so that the end users of the information can have a sense of whether the thematic report could be over or underestimated.

Box 4. Fiscal transparency: *top-down vs bottom-up approaches.*

The approach to the need to identify targeted resources for a specific theme is not trivial and, as previously mentioned, requires the establishment of reporting criteria and inter-institutional coordination. Faced with this scenario, there are two ways of addressing the need: (i) a *top-down approach*, in which budgetary authorities and/or national planning entities are responsible for the tagging of resources; or (ii) a *bottom-up approach*, in which the budget authorities establish general criteria for identifying resources, but the executing government units oversee the tagging. Both methodologies are valid and complementary, but have differ in terms of quality of information, objectivity, and follow-up. To better understand the differences, it is important to review the identification and reporting mechanism in each of the approaches:

Top-down approach: budget identification from the budget authorities. Under this approach, the entities in charge of managing the budget (e.g. Ministries of Finance and/or Planning Departments) assume the task of identifying resources for a cross-cutting theme. After defining identification criteria, usually agreed with executing entities, and based on the available expenditure information, they proceed to mark the resources, a process that is initially carried out manually. After some initial experience, budgetary authorities tend to look for the automation of the process to minimize human error. This is an iterative process, whose accuracy in the medium-term depends on inter-institutional coordination necessary to make adjustments within a general framework.

A centralized marking of resources has two advantages: (i) a comprehensive review of the entire budget is guaranteed given the mandate of budgetary authorities; and (ii) a higher-level consistency is maintained in the usage of criteria given that a single entity oversees the identification of resources for the cross-cutting theme. On the other hand, a top-down approach has two disadvantages: (i) executing units usually have more accurate and up-to-date information on the final execution and details of final expenditure are not always easy to transmit to the budget authority; and on a more practical level, (ii) a significant workload is generated for the budget authority, which discourages them from choosing this approach. This additional workload can be reduced through the automation of the process, but requires agreed IT procedures, budget, and harmonization of platforms.

Bottom-up approach: budget identification by executing government units. Under this approach, the executing units assume the task of identifying and uploading the resources they consider are being oriented to the specific themes. National budget authorities and/or the planning entities establish general criteria for identifying resources, and train officials from the executing government units to carry out the identification of resources.

As in the centralized model, the decentralized marking of resources for cross-cutting themes has advantages and disadvantages. On the one hand, and in theory, the marking should be more precise since executing government units doing the marking are the same ones who execute the resources. Likewise, there is not an extra workload for budgetary authority(ies) since the reporting criteria has been previously defined and the executing units do the marking process. On the other hand, it is difficult to guarantee a comprehensive view of the entire budget, given that some executing entities may be more (or less) committed to doing a detailed and judicious marking, generating information gaps across line ministries or agencies, even if the same person remains across fiscal years. Additionally, subjectivity is likely to increase given that different officials, from different entities, oversee the marking process. Training can reduce but not eliminate commitment to the theme across government units or consistency across fiscal years within these.

Top-down versus bottom-up budget tracking. As part of the implementation of the INFF-Colombia Joint Program, budgetary authorities of the Government of Colombia, with the support of the UNDP, UNICEF, and UN-Women offices in Colombia, applied SDG tags to the national budget for three fiscal years (2020, 2021 and 2022)¹⁵. This top-down approach (i.e. budgetary authorities tagging the entire budget) was carried out using the 169 SDG targets as an anchor or guide. The method contrasts with the compilation process of reports from line ministries or executing entities that is then centralized by budget authorities (bottom-up).

These different approaches create strong differences in the total financing observed. In the case of Colombia, established budget trackers calculate total thematic financing using a bottom-up approach (information flows from line ministries and government agencies to budgetary authorities), and their totals differ significantly with respect to SDG budget tagging done directly from budgetary authorities. In the case of gender, there are three times more resources identified by budgetary authorities using the SDG tagging, as opposed to using the criteria defined jointly

¹⁵ See details of the SDG tagging methodology in <https://www.co.undp.org/content/colombia/es/home/library/poverty/SDG-Alignment-Budget-Tagging-Colombia.html>

by the government and UN Women and reported from executing government agencies. In the case of childhood there are 20% more resources identified through the SDG tagging. These differences can be a result of three factors:

1. Bottom-up reports from line ministries can have different quality of data reporting. Some ministries could overestimate while other underestimate, especially if the tagging process does not have a comprehensive thematic guideline for reporting entities. Top-down tagging done by budgetary authorities reduces the array of reports with varying quality.
2. Approaching from a single theme in mind can lead involved supporting agencies to implement strict guidelines on what can be counted as supporting the policy, which can lead to a strict filter that limits the amounts of budgetary support included. Additionally, and in some cases, these guidelines can be very local, fragmenting the global or regional analytical approach and impeding comparability across countries.
3. An SDG tagging is anchored on the globally agreed 169 SDG targets and thus do not rely on country-level interpretations or country-tailored thematic taxonomies.

Differences in estimated resources should lead the end user of the tagged information to remember that the budget identification exercises are of an indicative nature, and that instead of searching for a single budget total for a theme, policymakers should tend to estimate a band or range between an underestimation and an overestimation of resources for the theme, upon which to have more detailed thematic budget conversation.

Even when the National Government has made progress in the development of tools that allow for the registration and monitoring of resources focused on cross-cutting policies, these have a high dependency on the manual reporting of information. Reporting platforms (TRAZA, SIPV, and SUIFP) only import from the financial Management Information System (FMIS) the information corresponding to the initial appropriation, and the rest of the information associated with the budget cycle (current appropriation, commitments, obligations, and payments) must be manually registered by each of the executing entities of the national budget. The latter relates to the budgetary autonomy that executing units have, making them responsible for deciding how to execute assigned resources.

The government of Colombia has solid institutional experience in constructing budget markers, but the information generated does not always become public domain (in friendly formats and open data) and is rarely used in decision-making processes. Although reports are publicly available as part of the presentation of the budget to congress, there is little evidence of their availability or outreach conversations between the executive or legislative in civil society around prioritized policy themes. Ideally, proactive publication of thematic budgetary reports would be part of a comprehensive policy of budget transparency and citizen participation, where debate is opened to interested parties, which allows civil society to supervise the execution, advocate for corrections, and exercise social control.

Box 5. Risks in the reporting process of budget trackers

As mentioned throughout the document, budget trackers are conceived as tools that allow monitoring of the resources executed for the fulfillment of different public policies. There are, however, several risks associated with the reported information.

Underestimation of executed resources: taking into account that there are no defined criteria to identify resources that serve more than one cross-cutting policy, and that such identification is at the sole discretion of the executing entity, it is possible to find, during the consolidation of reported data, that there are policies with fewer resources than those actually executed. For instance, an expenditure aimed at indigenous women victims of armed conflict could be labelled by a line ministry as resources aimed at indigenous groups, and this could leave the expenditure outside of the labelling for peace and the gender trackers.

Double accounting of resources across government levels: when consolidating resources associated with compliance with cross-cutting policies, it is important to take into account which level of public administration is reporting the information. It is possible for a national-level entity to report to a tracker the transfer of resources, within its regular budgetary execution, to other entities, the latter of which also report budgetary resources to the same cross-cutting policy. This could be the case of subnational entities (cities, municipalities, or *departamentos*), where the tracker could capture twice resources: once from the reporting of subnational entity to the cross-cutting theme, and second from the national entity that transferred the resources. For instance, the Royalty system in Colombia that centralizes resources from the exploitation of natural resources and transfers resources, or the case of transfers from budgetary authorities destined for health expenditures at the subnational levels.

Technical capacity to identify resources: considering that the entity responsible for reporting information is in charge of delegating this activity to the official it deems pertinent, it is important to consider that, unless regular training is provided, it is likely that the officials in charge of these activities do not have sufficient clarity on the subject of interest or that, due to natural rotation processes of these positions, the institutional memory for the purpose of the budget tracker is not maintained over time. This can lead to lower quality of in the reported, with a risk of overestimation or underestimation.

Inflexibility in the identification criteria: the definition of very rigid criteria can generate underestimation in the amount of resources reported. An example of this is related to the identification of personnel expenses associated with the attention of a cross-cutting theme, since established criteria could define that only expenses destined to officials who are exclusively dedicated to attending to the theme should be reported. In practice, line ministries or entities may have staff that dedicates only part time to the attention of these policies and these resources would not be considered within the tracker.

Choosing between centralized or decentralized budget marking. As stated before, top-down and bottom-up approaches are valid, as long as well-defined implementation criteria are established and limitations of both approaches are taken into account. An identification of resources using the centralized option (top-down approach) can generate a budget overestimation given the centralized nature of the first approach, while an identification using the bottom-up approach can generate a budget underestimation.

Based on the experience of Colombia with five (5) budget trackers/markers, a centralized process (top-down approach) generates better results in the short term and is useful when there is no institutional arrangement (or agreed methodologies) to support an exhaustive budget identification. Additionally, the top-down approach generates economies of scale when identifying multi-thematic resources (e.g. aligning a budget to all the SDGs) since resources with different priorities could be identified within the same workload to tag the budget. This is also valid when governments transition from interest in a single cross-cutting theme, to multiple themes of interest.

On the other hand, a decentralized approach (bottom-up approach) generates more precise results in the long term when there is a strong institutional arrangement or structure for identifying resources for cross-cutting themes. This is due to the deep knowledge that executing units have regarding details of the end destination of resources. However, to guarantee the success of this approach and to fully mark a budget, an identification process must be established from the planning (ex ante) and not after appropriation (ex post), and the overall process must be a legally binding requirement. Additionally, there should be a plan to reduce the manual component of reporting and aim at designing automating tools to carry out the marking of resources from the design phase of the budget. Automation would combine the benefits of both approaches and guarantee the best possible report.

Overall, existing institutional framework for budget trackers in Colombia can become an unsustainable operational burden in the long-term for reporting entities, given the need to report to multiple platforms and the likelihood of new national themes of interest. It is important to evaluate the operational impact that these reports have within the entities and the quality of the information that is reported. Currently, government entities must report simultaneously to different applications (depending on the policy and the type of expense), and budgetary authorities (MOF and the DNP) do not have the legal mandate or sufficient information to audit the reported information.

Box 6. SDG Budget tagging implemented by budget authorities in Colombia with support from the UN.

As part of the strengthening of SDG financing optics, the government of Colombia with support from UN-Women, Unicef, and UNDP produced an SDG tagged 3 fiscal years (2020, 2021, and 2022). The approach used the 169 SDG targets to do a manual alignment of each of the 4,300+ budget lines for each year using a novel approach and allowing a single project to aim at multiple SDG targets. The SDG budget tag is a top-down approach and contrasts with existing procedures for budget tracking, which have a bottom-up procedure.

Although not derived from a legal mandate, the SDG budget tag allows the identification of budgetary support from the national budget for all 17 SDG and its 169 targets, including a gender and a childhood component. The SDG tag for the latter components allowed for a methodological comparison with traditional bottom-up budget trackers. The SDG budget tag filtered by SDG targets for gender equality shows three times more budget support than the national budget trackers, whilst showing 20% more tagged resources for the case of childhood. These differences highlight the different approaches, not only in the reporting scheme (centralized vs decentralized), but also in terms of criteria used. In the case of national budget trackers, SDG targets have not been considered as anchors of analyses, but rather depend on locally defined criteria for outlining what is considered (and what not) budgetary support for either gender or childhood. The SDG tag has the benefit of using globally agreed criteria, on top of the benefits of using a top-down approach managed by budgetary authorities and outlined in Box 4.

The SDG budget tag was later refined to allow for automation without modifying the FMIS. Specifically, the budget tag that was initially done at the project expense level was later re-done at a more detailed level for the catalog of deliverables of investment projects. This latter SDG-aligned menu of deliverables for government projects was later used by the National Planning Department to update its policy planning toolkit to include and make visible current levels of SDG financing. This SDG tag of the catalog of products allows for the understanding of potential SDG alignment and financing when creating investment projects.

The results from the SDG tagging at the budget line level can be accessed at <https://www.co.undp.org/content/colombia/es/home/library/poverty/SDG-Alignment-Budget-Tagging-Colombia.html>. For a simplified and interactive version of results see https://bit.ly/SDG_Taxonomy_CO.

Countries interested in budget trackers can be somewhere between two ends: little-to-no-experience in legally mandated budget trackers or moving towards more than a handful budget trackers. The former case is when budget trackers are most useful given the benefits of coordination amongst entities given by such budgetary exercises. In the latter case, when there are multiple and increasing national development themes of interest, as is the case with the globally agreed 17 Sustainable Development Goals, a more wholesome approach to budget tracking should aim for top-down approaches to reduce reporting risks from bottom-up reporting, whilst aiming at having legal or political mandates that can guarantee the continuity of tagging across fiscal years.

Budget trackers can thus be useful to increase fiscal transparency in a context with less than a handful of themes of national interest. However, as seen in the case of Colombia, once a development theme accumulates experience within a legally mandated and a well-defined process, there is increasing social interest and likelihood of using a similar process to make visible public financing for other themes. In these cases, if the overarching theme of interest

is increasing fiscal transparency, there should be a more specific and dedicated strategy for improving communication with civil society, including the use of a less technical language¹⁶.

Furthermore, the case of Colombia has shown that tagging itself, even under strict legal mandates, does not necessarily lead to strategic budgetary decision-making, as existing trackers that have consolidated reports for a few years show a very stable budgetary trajectory. If budget trackers were part of a strategy for better budgetary decision making, resources for prioritized themes should be increasing or new budgetary strategies would be underway for the themes of interest, including around the efficiency of public expenditure. So far there is no evidence for strategic decision-making using the four budget trackers that have been available for a while.

5. CONCLUDING REMARKS

With UN support, countries have transitioned from narrative interest in the Sustainable Development Goals (SDG) and towards strengthening sustainable financing to accelerate their achievement. After accumulating institutional experience since 2011 in five budget trackers to identify and communicate about the use of public resources for prioritized themes, Colombia took initial steps towards a more robust SDG financing by implementing a top-down SDG budget tagging that estimated public budget and development cooperation support for the 17 Goals and its 169 targets for three fiscal years (2020, 2021 and 2022).

The experience of the Government of Colombia in budget trackers has led the country to prefer a system based on legal and/or political mandates that activates coordination within the executive. From these mandates, budgetary authorities (Ministry of Finance and National Planning Department) define a reporting procedure and a platform for line ministries and government agencies to report thematic spending. The information is then compiled to produce thematic budgetary reports to congress. Successful thematic budget tracking has been strongly correlated to the pre-existence of a legal mandate that moves government offices.

Budget trackers are tools that strengthen fiscal transparency and allow civil society to identify how much budgetary support is being focused on a specific group or policy theme. This identification is of interest to the public but has challenges that must be considered. Among the existing challenges are the legal push necessary to activate intra-government coordination, the multiplicity of reporting platforms, the increasing number of policy themes of interest, the quality of internal procedures by reporting government entities to tag, the training received by the officials who mark budgets, and the level of rigidity in the criteria established to determine what counts.

Budget trackers are tools that lose accounting validity as the number of topics of interest grows. When establishing a properly institutionally and supported budget tracker, it must be considered that in accounting terms that adding the different pieces resulting from partitioning the budget into n-thousand thematic pieces invalidates the accounting principle of having a single public budget. This is because spending on one theme can benefit, even as second-order effects, multiple themes, depending on the criteria used for the report. For instance, interest in estimating the budget allocated to indigenous communities must take into account that part of that budget may also be reflected in a budget identification for rural childhood.

¹⁶ See or contact the Global Initiative for Fiscal Transparency <https://fiscaltransparency.net/> for open data strategies and fiscal portals, among others.

Budget identification or tracking activates issues of political economy in interest groups. The end users of the information must consider that thematic budget identified as a result of the budget trackers does not have the character of exclusivity (explained in the previous paragraph). For this reason, monitoring exercises by civil society should not have the character of an audit. To avoid a misalignment in expectations between budget authorities and civil society, the former should include an appendix for clarification explaining the indicative character and non-accounting nature of the budget trackers.

Limiting the exercise of budget tracking to the publication of reports increases the risks of loss of confidence on the part of the citizenry, as it could be interpreted as a demagogic exercise by the authorities, who pawn the word and compromise the discourse, but do not put the necessary resources to achieve promised priorities. Proactive publication should be a part of a comprehensive policy of budget transparency and citizen participation, where the debate is opened to interested parties, which allows civil society to supervise the execution, advocate for corrections, and exercise social control.

There are pros and cons of building a single budget tracker, as opposed to establishing a single identification procedure for multiple themes, such as the SDGs. Budget trackers are useful in the initial stages of nation-wide interest for thematic budget identification. However, when countries are interested in multiple themes, as is the case with the Sustainable Development Goals (SDG), other alternatives such as an SDG classifier inside the *Financial Management Information System* (FMIS) can be more relevant. A detailed procedure and criteria to follow in order to do a multi-theme or SDG budget tag were previously published by UNDP-Colombia¹⁷.

Budget trackers are one of the multiple strategies to increase fiscal transparency and strengthen the interest of civil society in the national budget. The Government of Colombia accumulated significant experience in the institutional framework for the reporting and monitoring of themes. The four existing trackers (for victims of armed conflict, ethnic communities, the peace process, and gender), as well as the ongoing work for the childhood budget tracker, demonstrate concrete action to strengthen fiscal transparency. In addition to existing bottom-up reporting budget trackers, the Government of Colombia developed, with the support of the United Nations office in Colombia, a “top-down” SDG budget tag for the 2020, 2021, and 2022 fiscal years, and using the globally agreed 169 SDG targets. These efforts have strengthened transparency in the country and allow the identification of lessons learned for other countries that seek to institutionalize similar processes.

Labelling does not imply closing gaps in development themes. While the success of labeling is to provide a diagnosis, it will never, by itself, accelerate the closing of development gaps. Budget labelling should be understood as a tool for governments to adjust in favor of the public interest and as a transparency mechanism for effectiveness, sustainability, and equity. This constitutes a key opportunity for Colombia and others to use evidence-based insights obtained from budget trackers to update budgetary processes and improve strategic decision-making, while at the same time identifying potential winners and losers, from spatial, social, and intergenerational perspectives.

¹⁷ See detailed criteria in <https://www.co.undp.org/content/colombia/es/home/library/poverty/SDG-Alignment-Budget-Tagging-Colombia.html>

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