

SDG indicator metadata

(Harmonized metadata template - format version 1.1)

0. Indicator information (SDG_INDICATOR_INFO)

0.a. Goal (SDG_GOAL)

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

0.b. Target (SDG_TARGET)

Target 16.6: Develop effective, accountable and transparent institutions at all levels

0.c. Indicator (SDG_INDICATOR)

Indicator 16.6.1: Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)

0.d. Series (SDG_SERIES_DESCR)

Applies to all series

0.e. Metadata update (META_LAST_UPDATE)

2023-03-31

0.f. Related indicators (SDG_RELATED_INDICATORS)

0.g. International organisations(s) responsible for global monitoring (SDG_CUSTODIAN_AGENCIES)

World Bank (WB)

1. Data reporter (CONTACT)

1.a. Organisation (CONTACT_ORGANISATION)

World Bank (WB)

2. Definition, concepts, and classifications (IND_DEF_CON_CLASS)

2.a. Definition and concepts (STAT_CONC_DEF)

Definition:

Primary government expenditures as a proportion of original approved budget

This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. The coverage is budgetary central government (BCG) and the time period covers every fiscal year for the countries..

Concepts:

Aggregate expenditure includes actual expenditures incorporating those incurred as a result of unplanned or exceptional events—for example, armed conflicts or natural disasters. Expenditures financed by windfall revenues, including privatization, should be included and noted in the supporting fiscal tables and narrative. Expenditures financed externally by loans or grants should be included, if covered by the budget,

along with contingency vote(s) and interest on debt. Expenditure assigned to suspense accounts is not included in the aggregate. However, if amounts are held in suspense accounts at the end of any year that could affect the scores if included in the calculations, they can be included. In such cases the reason(s) for inclusion must be clearly stated.

Actual expenditure outturns can deviate from the originally approved budget for reasons unrelated to the accuracy of forecasts—for example, as a result of a major macroeconomic shock. The calibration of this indicator accommodates one unusual or “outlier” year and focuses on deviations from the forecast which occur in two of the three years covered by the assessment.

Very detailed resources are available at www.pefa.org. The document directly related to the SDG Indicator 16.6.1 is the “PEFA Framework for assessing public financial management” : <https://www.pefa.org/resources/pefa-2016-framework>). There are seven Pillars in this document containing a total of 31 indicators. The pillar containing the indicator PI-1 corresponding to SDG 16.6.1 is part of Pillar I which measures Budget reliability.

The SDG 16.6.1 Indicator follows the definition and concept for PEFA PI-1 Indicator in PEFA Framework with the only difference that the budget deviations for PI-1 are computed based on three years country performance, while the SDG 16.6.1 indicator is based on the annual budgets deviations.

2.b. Unit of measure (UNIT_MEASURE)

Percent (%)

2.c. Classifications (CLASS_SYSTEM)

3. Data source type and data collection method (SRC_TYPE_COLL_METHOD)

3.a. Data sources (SOURCE_TYPE)

The raw Data collected in order to calculate indicator 16.6.1 are the initially Approved and Executed Budgets. Budget Laws of countries is the usual source of the approved budget of countries. The end-of-year fiscal reports (/budget execution reports) are the sources of the actual spending. This data is typically obtained from websites of the Ministry of Finance (MoF) or the national Parliament, or data are collected through communication with the MoF. Based on the SDG Data collected since 2017 the main sources of information are the Ministry of Finances in countries and additional sources could be:

- ✓ End of the year Fiscal reports
- ✓ Annual Financial Statements
- ✓ Controller General Accounts
- ✓ Federal Government Data
- ✓ Department of Budget and Management
- ✓ Supreme Audit Institutions
- ✓ Federal Finance Administration /FFA
- ✓ Statistics Institutions

3.b. Data collection method (COLL_METHOD)

PEFA Secretariat, a unit hosted by the WB, is collecting the data in cooperation with the WB Data department and using a collaborative approach using the WB network, that involves the WB Governance

Practice managers, in charge of the WB regions, and country economists from the WB country offices, that have better access to the budgets data in the countries and better knowledge where to find the information (sometimes is available only in local languages). This method proved to be very successful.

3.c. Data collection calendar (FREQ_COLL)

The data is collected in the beginning of the fiscal year, as requested by UN. Additional provided data during the year is updated and shared during the next year cycle of data collection.

3.d. Data release calendar (REL_CAL_POLICY)

The data is updated to meet the deadlines for submission to UN.

3.e. Data providers (DATA_SOURCE)

WB country offices obtain the data mainly from the Ministry of Finances of countries. Additional sources are:

- ✓ End of the year Fiscal reports
- ✓ Annual Financial Statements
- ✓ Controller General Accounts
- ✓ Federal Government Data
- ✓ Department of Budget and Management
- ✓ Supreme Audit Institutions
- ✓ Federal Finance Administration /FFA
- ✓ Statistics Institutions

The provided raw data is processed by PEFA Secretariat/WB/ and submitted to UN

3.f. Data compilers (COMPILING_ORG)

World Bank

3.g. Institutional mandate (INST_MANDATE)

Not applicable

4. Other methodological considerations (OTHER_METHOD)

4.a. Rationale (RATIONALE)

The indicator attempts to capture the reliability of government budgets: do governments spend what they intend to and do they collect what they set out to collect. It is a simple and intuitive indicator that is easily understood and the methodology is transparent and every rating easily verifiable.

4.b. Comment and limitations (REC_USE_LIM)

Although not all countries have used the PEFA methodology on an annual basis for the PEFA PI-1 indicator, the methodology relies on standard data sets for approved and final budget outturns which are commonly produced at least annually in every country. The countries that have not used the methodology to date are primarily highly developed countries which would have less difficulty in providing the necessary data than

those in the lower and middle income categories that have been primary users of Public Expenditure and Financial Accountability (PEFA) to date.

One limitation of the indicator is that it is an aggregate indicator of budget reliability. While it can be disaggregated across regions, it is not disaggregated across various budget subcomponents. Different indicators are used for assessing changes in expenditure composition in the PEFA framework. Also, while this indicator is intended to measure budget reliability it should be understood that actual expenditure outturns can deviate from the originally approved budget for reasons unrelated to the accuracy of forecasts—for example, as a result of a major macroeconomic shock. However, the calibration of this indicator accommodates one unusual or “outlier” year and focuses on deviations from the forecast which occur in two of the three years covered by the assessment. Therefore, single year shocks are discounted allowing a more balanced assessment.

The broader context in which the indicator was developed is as follows. PEFA is a tool for assessing the status of public financial management and reporting on the strengths and weaknesses of Public Financial Management (PFM). A PEFA assessment provides a thorough, consistent and evidence-based analysis of PFM performance at a specific point in time and can be reapplied in successive assessments to track changes over time. The PEFA framework provides the foundation for evidence-based measurement of countries’ PFM systems using 31 performance indicators that are further disaggregated into 94 dimensions. A PEFA assessment measures the extent to which PFM systems, processes and institutions contribute to the achievement of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery.

4.c. Method of computation (DATA_COMP)

The PEFA PI-1 Indicator (described below) is used as a basis for the SDG 16.6.1 Indicator, following the measurement guidance and coverage. In order to make the computation and the analysis of data over time easy and applicable for all countries, it was decided that SDG 16.6.1 indicator will be based on the annual data collection on approved and executed budgets for all countries and will be calculated annually.

The simple calculation for every year for every country in the submitted excel sheet is for the
 Aggregate expenditure outturn = Executed Budget/Approved Budget*100

In the countries and regional groupings, analysis of the deviations are done according regions/years/countries, using the requirements of PEFA PI-1 indicator below.

Although the computation and scoring used for PI-1 indicator are not applied for the SDG 16.6.1 indicator, the categorization described below is applied and is the basis for the SDG 16.6.1 indicator.

PEFA Methodology

The methodology for calculating the PEFA PI-1 indicator is provided in a spreadsheet (titled “[En PI-1 and PI-2 Exp Calculation-Feb 1 2016 \(xls\)](#)”) and is based on the PEFA [Public Expenditure and Financial Accountability \(PEFA\) Framework](#).

Scoring is at the heart of the indicator. A country is scored separately on a four-point ordinal scale: A, B, C, or D, according to precise criteria:

(A) Aggregate expenditure outturn was between 95% and 105% of the approved aggregate budgeted expenditure in at least two of the last three years.

(B) Aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years.

(C) Aggregate expenditure outturn was between 85% and 115% of the approved aggregate budgeted expenditure in at least two of the last three years.

(D) Performance is less than required for a C score.

In order to justify a particular score, every aspect specified in the scoring requirements must be fulfilled. If the requirements are only partly met, the criteria are not satisfied and a lower score should be given that

coincides with achievement of all requirements for the lower performance rating. A score of C reflects the basic level of performance for each indicator and dimension, consistent with good international practices. A score of D means that the feature being measured is present at less than the basic level of performance or is absent altogether, or that there is insufficient information to score the dimension.

The D score indicates performance that falls below the basic level. 'D' is applied if the performance observed is less than required for any higher score. For this reason, a D score is warranted when sufficient information is not available to establish the actual level of performance. A score of D due to insufficient information is distinguished from D scores for low-level performance by the use of an asterisk—that is, D* at the dimension level. The asterisk is not included at the indicator level.

The coverage is budgetary central government (BCG) and requires data for three consecutive years as a basis for assessment. The data would cover the most recent completed fiscal year for which data is available and the two immediately preceding years.

4.d. Validation (DATA_VALIDATION)

The collected data cannot be directly validated, however using the WB network of experts at local level to collect the information from local sources gives a high potential of the credibility of the collected data. Another approach that confirms the validity of data is sharing the existing information during the following years of annual circulation to double check if the provided data is correct.

4.e. Adjustments (ADJUSTMENT)

If additional information is provided from the data source the data is adjusted every year.

4.f. Treatment of missing values (i) at country level and (ii) at regional level (IMPUTATION)

- **At country level**

As the data collection is a complex process in finding the sources of information, the number of countries increases every year and the missing values are constantly filled. The target is to collect data for new countries and to fill the gap years for existing countries. Example: in 2018 the available data was for 60 countries, in 2023 the data is available for 171. In the current 2023 annual data collection - 16 new countries were added to the existing pool of data. It is expected that based on the created network, in the future data will be collected only for the last fiscal year.

- **At regional and global levels**

The regional aggregation according the UN regions is done annually, based on the collected data.

4.g. Regional aggregations (REG_AGG)

Not applicable

4.h. Methods and guidance available to countries for the compilation of the data at the national level (DOC_METHOD)

Not applicable

4.i. Quality management (QUALITY_MGMNT)

Not applicable

4.j Quality assurance (QUALITY_ASSURE)

Not applicable

4.k Quality assessment (QUALITY_ASSMNT)

Not applicable

5. Data availability and disaggregation (COVERAGE)

Data availability:

Data Availability 2010 to present as at February 2023 (in terms of how many countries have at least 1 data point after 2010 for this indicator)

New Zealand and Australia:1; Oceania:13; Central and Southern Asia:13; Eastern and South Eastern Asia: 12; Europe and North America: 37; Western Asia and Northern Africa: 18; Latin America and Carrebean: 30
Sub-Saharan Africa: 47

Data Availability 2000-2009:

New Zealand and Australia:1; Oceania:13; Central and Southern Asia:13; Eastern and South Eastern Asia: 11; Europe and North America: 28; Western Asia and Northern Africa: 16; Latin America and Carrebean: 30
Sub-Saharan Africa: 45

Time series:

On average all data available for 171 countries is for an average of 12 year period of time.

Disaggregation:

This is an aggregate national level figure. However, subnational figures can be obtained for countries with decentralized government systems.

6. Comparability / deviation from international standards (COMPARABILITY)

Sources of discrepancies:

Not applicable as all figures are obtained from national budget data.

7. References and Documentation (OTHER_DOC)

URL:

www.worldbank.org

[World Bank Data Portal for SDG 16.6.1](#)

References:

Very detailed resource on which is based the methodology of the indicator is the latest 2016 version of the “[PEFA Framework for Assessing Public Financial Management](#)” that is available on PEFA Website: www.pefa.org

Data about PEFA Assessments could be found on [PEFA Assessments Portal](#)

Additional source of information on budget reliability is the [PEFA Global Report on PFM](#)

Publications on the SDG 16.6.1 Indicator are:

[Government Budget credibility and the Impact of COVID-19](#) – published on the WB Story Site

[SDG Indicator 16.6.1 Speaks how Budgets are Affected by COVID-19 Pandemic](#)