

Research Article

Budgetary Practices and Social Spending: Analyzing the Role of Public Finance in Achieving Sustainable Development Goals (SDGs)

Dr Sonia Kumar¹ and Prof. Fatima Kaniz Sayed²

¹Associate Professor, HOD Public Administration, Post Graduate Government College, Sector 11, Chandigarh, Punjab University

²Assistant Professor, MMS - Finance, Allana Institute of Management Studies, Mumbai University

Received: 12/09/2025;

Revision: 23/09/2025;

Accepted: 04/10/2025;

Published: 16/10/2025

*Corresponding author: Dr Sonia Kumar (soniabehl39@gmail.com)

Abstract: This study explores the vital role of budgetary practices and public finance in promoting the Sustainable Development Goals (SDGs), with a focus on social spending and developmental outcomes in developing countries. By combining theoretical frameworks with comparative analyses, the research shows how transparent and accountable fiscal systems can improve SDG alignment and resilience to external shocks like the COVID-19 pandemic. Evidence from Sri Lanka and Bangladesh reveals notable changes in domestic tax revenues, highlighting both vulnerabilities and adaptive capacities of national budgets during crises. The findings emphasize the need for strong, participatory, and integrated public finance strategies and policy reforms to boost the developmental impact of fiscal priorities. Recommendations include encouraging inclusive budget processes, utilizing digital tools, and strengthening international cooperation to support sustainable and predictable progress toward SDGs.

Keywords: Public finance, Budgetary practices, social spending, Sustainable Development Goals (SDGs), Tax revenue, Policy reform, Accountability, Developing countries, COVID-19 pandemic, Participatory budgeting.

INTRODUCTION

To analyse the role of budgetary practices to determine how public finance can promote social spending in developing countries and thereby influence the achievement of the Sustainable Development Goals (SDGs). Whereas many studies focus on the SDGs themselves, policy-makers still face a tangible governance problem—how governments can invest enough to achieve them. Domestic resource mobilisation and fiscal discipline remain limited in many developing countries, even when official development assistance (ODA) is plentiful. The challenge is how governments face these twin constraints in the medium to long term. In the 12 months before the Covid-19 crisis, increasing external and internal fiscal pressures presented a resourcing and coordination challenge likely to become more acute in the coming decade. Public finance, coupled with strong budgetary practices, therefore has a crucial role in facilitating both the quantity of investment and its allocation to the most pressing priorities (Hege et al., 2019). The resolution of the United Nations General Assembly in 2019 emphasized that achieving the Sustainable Development Goals (SDGs) requires adequate budgetary and fiscal policies harmonized with overarching development objectives. The challenges of increased social spending on public budgets are not new and have consistently accompanied efforts to transform societies in more equitable, inclusive, and sustainable directions. Although the COVID-19 crisis has severely tested the fiscal sustainability of many developing countries, public finance remains the principal instrument capable of mitigating cyclical instabilities, safeguarding social spending, and

promoting long-run sustainable development. This fundamental role is underscored by studies advocating the use of primary budget surplus during expansions to reduce macroeconomic vulnerabilities.

Given the scale of financing needs, a significant portion of resources must be sourced domestically through increased tax revenues. These requirements suggest a realignment of taxation within each country, not merely to achieve higher tax-to-GDP ratios but to design progressive tax systems capable of generating additional resources while reducing market inequalities. Because the SDGs encompass a wide range of economic, social, and environmental objectives, a comparable analytical framework can guide fiscal authorities in evaluating all of them simultaneously. By linking budgetary practices with developmental outcomes, disparities in health, education, and climate action—among others—can be more clearly identified, summarized, and contrasted. This approach also facilitates the establishment of priorities and effective budgetary tools for steering countries toward sustainable futures. Notably, various countries are already integrating the Sustainable Development Goals into their budgeting processes, particularly through annual spending reviews and public investment programming.

Securing adequate financial resources is essential for the achievement of the Sustainable Development Goals (SDGs). Objective 17 of the 2030 Agenda mandates Member States to ‘strengthen the means of implementation and revitalize the global partnership for sustainable

development', endorsing public finance as a principal means of implementation. At the global level, sustainable financing and debt sustainability are among the pressing concerns due to the major financing gap that leaves poor countries vulnerable to the recent rapid increases in interest rates and inflation levels (Cassimon et al., 2008). This calls for debt restructuring and innovative financing instruments to ensure uninterrupted progress at a global scale.

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) identified debt restructuring, austerity reversal, and universal social protection as the top regional priority for 2023 (P. Masinde & E Ochieng, 2018). Nonetheless, developing countries confronted a massive setback for the progress of the 2030 Agenda due to the COVID-19 pandemic, thus calling for a sharper policy focus on investment in quality education, infrastructure development, and climate change mitigation efforts, among others. Indeed, there is a reform imperative to increase the share of natural capital in total wealth among those economies, coupled with a renewed push for green and sustainable investments in the post-pandemic recovery and beyond.

THEORETICAL FRAMEWORK

Public finance considerably affects developmental outcomes, both directly through financing public goods and services and indirectly via budgetary choices that establish a precautionary saving motive. These channels can be leveraged to the advantage of the scientific and political debate and work of international organizations. Exemplifying the budgetary transmission channels associated with SDG progress is particularly relevant given the intensive data collection undertaken by international institutions and the renewed interest in fiscal policy. Developing countries, for instance, face financing challenges stemming from far-reaching SDG ambitions and the COVID-19 crisis, whereas advanced economies can finance SDGs more easily as they enjoy a close-to-unit elasticity of substitution between government debt and private bonds in a liquidity trap. Investigating the mechanisms of budgetary transmission is crucial to inform the ongoing architecture of fiscal policies beyond the recovery of the current pandemic for developing and emerging countries with limited financing capacity, where public debt is close to the maximum allowed by the state-contingent debt capacity (Hege et al., 2019).

Public finance mechanisms serve as instruments through which public budgets influence developmental outcomes. Fiscal priority setting elevates specific social, economic, and environmental objectives, and thus establishes the foundation for public action. Social, economic, and environmental expenditures translate these priorities into concrete interventions designed to achieve set objectives. Budgetary concerns, public finance mechanisms, and related institutions determine the effectiveness of these actions. Although public finance broadly defines the process by which societies allocate resources to common-pool activities, contemporary budget theory emphasises the five functions of budgeting—allocation, stabilisation, distribution, strategic priorities, and institutional functions.

Budgetary practices directly affect developmental outcomes at the national level. When a country strives to achieve those outcomes, public finance mechanisms have been called upon to serve as strategic levers for development (Hege et al., 2019). Environment, economic, and social policy goals equally shape fiscal priorities, ranging from service provision (education and health) to social protection (through contributory as well as non-contributory schemes). Many of these developmental goals explicitly match the SDGs, including Goal 1 (ending poverty), Goal 2 (ending hunger), Goal 3 (health and well-being), Goal 4 (quality education), Goal 5 (gender equality), Goal 6 (water and sanitation), and Goal 7 (affordable and clean energy). Conversely, social, environmental, and economic budgetary actions form the basis upon which countries can assign responsibilities for SDG delivery at the subnational level. They also support policy development and implementation, monitoring, and reporting. Public finance is therefore critically important to achieving SDGs.

Tackling the global financing challenge of Sustainable Development Goals (SDGs) requires a rigorous analysis of budgetary practice. Public finance remains a vital policy instrument to translate the SDG agenda into concrete policy outcomes. This short paper presents conditional evidence on a variety of developing countries, before and during the COVID shock, and with and without IMF programmes. Budgetary practices and fiscal priority-setting remain essential safeguards of sustainability to the SDG agenda. Especially in developing and emerging economies, pre-COVID breakpoints in social spending finance limited income shocks, while multi-annual fiscal frameworks, fiscal rules, credible pledges, and contracted public expenditure underpin long-term investment (Hege et al., 2019). Adjusting multilaterally supported programmes during the pandemic has therefore maintained the space needed for national lockdowns and social protection measures, even as countries unlock the funds needed to implement their long-term recovery plans and realise their SDG priorities. Budgetary practices further form a key transmission channel: redistributing funds between expenditure sectors constitutes a more effective and durable means of addressing the social dimensions of the crisis, compared to the extraordinary budget reallocations made either before or during the COVID shock. The relative allocations matter: where permanent adjustment allowed the shift, long-term objectives are less likely to be harmed than under emergency reallocations. With reallocation, ongoing social programmes can remain in place, and efforts focus on addressing other development priorities, including the SDGs.

Budgetary Practices and Social Spending

In its fundamental principles, social spending must be accompanied by transparency, participation, and accountability. It is contingent upon the mobilization of domestic resources, particularly fiscal ones, by articulating a strategy for domestic resource mobilization alongside a budgetary framework and financing mechanisms aimed at better resource allocation. In this context, dedicated to the preservation of tax revenues, results-based budgeting is one

of the primary approaches capable of enhancing the relevance of public expenditures. It will be necessary to adapt the budgeting system to empower states to execute and manage budgets that take the Sustainable Development Goals (SDGs) into account. The proposed approach involves identifying and rigorously analyzing the relationship between the causal chain of "budget—activities—products/services—impact" and the systematization of performance indicators associated with the SDGs. Indeed, the causal chain encompasses all aspects of the budget, clarifies budgetary choices and priorities (by reinforcing analyses), and entails accountability for managers within a results-oriented management framework. This assessment is particularly relevant in a context characterized by the increasing pressure on state funding, underscoring the need for public resource management that aligns with a demanding results agenda focused both on the "post-pandemic" period and the long term. (Hege et al., 2019)

Social spending is at the core of the development effort, for development that is socially equitable, i.e., sustainable in the broadest sense (Hege et al., 2019). Three principles can guide its use: transparency, inclusiveness, and accountability. Efficiency and equity are often part of analytical frameworks, but transparency, inclusiveness, and accountability are more operational and more directly related to governance and institutions.

Transparency means that the budgetary process is open to public scrutiny, so that a wide audience can get the information they need to know what has been done. Budgetary information should be clear, available, and understandable. Budgetary aggregates and transactions should be processed and disclosed in a timely manner according to a regular and known schedule. Budgets are often deemed useless because the date of presentation, enactment, and effectiveness is not well known or observed. Accessibility is also a component of transparency: information should not be kept secret and it should be easily accessible; much effort has been devoted to online publication of budgetary information, but there is often a lack of accessibility and clarity, at the government websites, the official gazette, or elsewhere. Publishing budgetary information in a clear, understandable, and extensive way and disseminating it, therefore, contributes to transparency.

Disaggregated information on the impact of spending – how social budgets are used or how social outcomes depend on social spending – is indispensable for building accountability and providing other relevant stakeholders with suitable indicators to detect inefficiencies and corrupt practices. Thus, it contributes to transparency and plays a vital role in ensuring social budgets are effective. Aggregated budgetary data (e.g., at budget classification level 1 or 2) is often fairly easy to collect, but it has limited use in terms of management and control. At the other end of the spectrum, very detailed data is not always very useful because it often requires a significant amount of effort to collect and still only occasionally leads to efficient management.

Public finance is a channel through which policymakers can affect developmental outcomes. Budgetary decisions provide governments with the ability to prioritise funding towards objectives such as poverty reduction, health, education, and infrastructure provision. There is thus a direct link between the fiscal priorities articulated through the budget and progress on a broad range of Sustainable Development Goals (SDGs).

Budgetary practices in support of social spending, therefore, have a key role to play in the alignment of public finance and development aspirations. Key principles guiding the implementation of social spending programmes include transparency, inclusiveness, and accountability. When complemented by a complementary domestic resource mobilisation strategy, these principles provide an effective framework through which governments can finance improvements in service provision and expansion of social support systems. Budget systems can be adapted to provide enhanced information on the level and distribution of social expenditure and to support more informed resource allocation decisions. When combined with a framework for tracking the socio-economic impacts of social spending, budgetary practices facilitate a targeted approach through which governments can identify priorities, allocate funds, and monitor SDG-related progress (Adesuwa Akhigbemidu et al., 2017).

Budget allocation decisions that centred exclusively on economic growth at the expense of social and environmental dimensions may compromise the achievement of progress on many SDG indicators (Hege et al., 2019). Ensuring sufficient social spending in a context of fiscal consolidation is, however, a major challenge. Past experiences of fiscal adjustment suggest that when pursued in a tighter budgetary context, social expenditure becomes more vulnerable, and growth-enhancing spending remains the least affected by budgetary restrictions. Different approaches can be mobilized, such as shifting the orientation of social policies towards better-targeted schemes and focusing social expenditures on the poor to reconcile budget consolidation with the preservation of growth and poverty-reduction objectives. The choice of instruments will depend on the country's institutional and evolutionary context.

A few country examples illustrate how this plays out in practice. Whereas Cambodia adopted a contracting and performance-oriented approach aimed at reducing the number of programmes and improving the efficiency and effectiveness of a selected number of them, Colombia's approach was guided by a model linking social programmes to household income and other criteria: remaining fragmentation of the social apparatus notwithstanding, social assistance schemes are therefore guided towards the poor. Ghana's example similarly shows how targeting mechanisms can use proxy means tests or community targeting to identify vulnerable groups and set appropriate social protection measures.

Tracking has been identified as a major impediment to Sustainable Development Goals (SDG) alignment. Budget

systems may thus require adaptation to allow elaborated indicator frameworks to be linked to medium-term expenditure frameworks and tracking systems, and ensure that SDG-related expenditure reporting can be mainstreamed into existing budget reporting (Hege et al., 2019). Budget systems also need to be adjusted to allow work on social spending, public finance, and SDG financing to be properly oriented. Because these elements of work are found fairly frequently, an analysis now follows of which budgetary practices are consistent with enhanced social spending, and what steps are necessary in

order to align public finance with SDGs (cf. Public Finance and SDG Outcomes). For the benefit of readability and highlighting critical points, budgetary practices, social spending, and public finance are dealt with separately in the following discussion (expressing a shared need for harmonization with SDGs). Table S4 provides a synthetic presentation of the measures and practices recommended in each case; at the outset of the collection of measures and practices, budgetary transparency emerges as a critical principle.

PUBLIC FINANCE AND SDG OUTCOMES: COMPARATIVE ANALYSIS

In developing countries, the combined shock of the COVID-19 pandemic and a precipitous decline in primary commodity prices forced extensive fiscal adjustments. Many countries continued to allocate scarce fiscal resources to SDG-related expenditures despite deepening economic crises. In contrast, a sample of industrial countries experienced smaller fiscal shocks from the commodity price decline, partly owing to a more diversified economic structure; these economies often leveraged financing markets to offset fiscal pressures. When high-frequency government budget data are available, tracking impacts from the pandemic on fiscal space by examining monthly expenditures highlights the resultant significant budget reductions in response to the pandemic. Prioritization of expenditures in these periods favours SDG objectives related to gender equality (Hege et al., 2019). There are mechanisms through which budgetary stress can affect SDG outcomes. These include a reduction in the means of implementation and shifts in fiscal priorities, with corresponding changes in the allocation of public resources. Graduated shock-weighted fiscal multipliers illustrate the impact of fiscal shocks on growth. Countries with a more even sectoral diversification face relatively reduced prospects for fiscal consolidation in the event of a commodity price collapse. Tighter fiscal constraints, associated with the rates of adjustment consistent with a three-year adjustment period, also indicate a substantially reduced contribution of fiscal support to growth during the COVID-19 pandemic, reflecting a diminished ability of budgetary policy to provide countercyclical demand support post-commodity price collapse.

Table: Impact of COVID-19 on Domestic Public Finance Sources

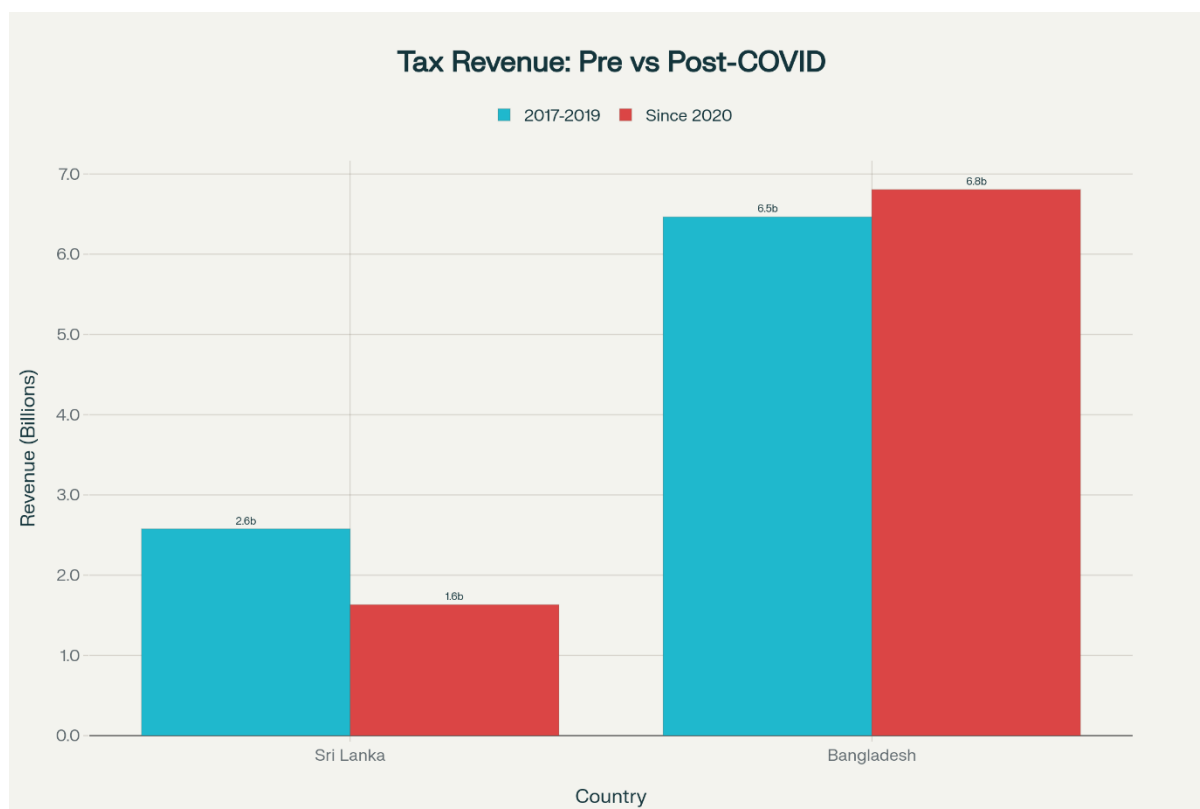
Country	Income Tax Difference	VAT Difference	Import Duty Difference	Total Tax Revenue Difference
Sri Lanka	–143.5	–366.8	–15.5	–945.4
Bangladesh	150.2	159.0	151.0	341.1

Values indicate the mean difference of quarterly averages since 2020 compared to 2017–2019; negative means a decline in the post-COVID period.

Empirical evidence from developing countries (e.g., Sri Lanka and Bangladesh pre- and post-COVID-19).

Potential external shocks, such as an economic downturn or pandemic, can rattle the fiscal balance sheets of many developing countries. How countries react to such threats will influence the general government fiscal sustainability and the prospect of achieving the SDGs. Fiscal shocks may force governments to reassign limited scarce funds away from recurring expenditures to areas such as emergency healthcare and social protection to protect the vulnerable. However, a sudden change in the allocation of scarce resources between recurrent and capital expenditures may have long-term scarring effects. When public health and education recurrent expenditure—two key components of SDG achievement—is drastically reduced, the government may have to either reduce or keep unchanged the overall allocation toward capital expenditure in a solvent situation, or even reduce capital expenditure below the level projected to accumulate government debt.

Graph: Change in Total Tax Revenues (Sri Lanka vs Bangladesh)



Impact of fiscal shocks and rerouting priorities in crises.

Fiscal redistribution goes beyond compensation and emerges as an independent force influencing the COVID-19 pandemic (Estevão, 2020). Fiscal shocks profoundly affect budget allocations in social sectors; nevertheless, efficient social spending remains vital for maximizing the Sustainable Development Goals (SDGs) multiplier effect.

Fiscal notifications signal that, as the pandemic recedes, emerging economies confront intensified external shocks (Cassimon et al., 2008). The abrupt retreat in international funds to emerging markets occasioned a balance of payments crisis, undermining economic recovery and reducing the authorities' room for maneuver. Fiscal space started to close.

Quantitative analysis of budget allocation changes and corresponding SDG progress.

This section quantifies how shifts in budget allocations towards social spending influence progress on selected Sustainable Development Goals (SDGs). Analysis of developing economies from 2014 to 2019 reveals that elevated social expenditures tend to increase the likelihood of achieving significant improvements in SDG indicators. During the COVID-19 crisis, governments generally incorporated fiscal support measures; however, financing restrictions frequently reversed pre-crisis spending gains, thereby damaging progress on social goals. To sustain recovery and the development agenda, many countries reverted to pre-pandemic fiscal strategies, and only a minority began adjusting budget allocations to prioritize policies addressing pandemic-induced challenges. The effectiveness of these strategies varies by country, contingent on the consistency of public finance policies and the pace of social spending recovery (Hege et al., 2019).

CHALLENGES AND INNOVATIONS IN FISCAL POLICY

Exceptional events, including the 2007-08 financial crisis, civil conflicts in the Middle East since 2010, and the COVID-19 epidemic, profoundly disturb external resources mobilization and negatively impact developing

countries' fiscal capacity. As a consequence, sustaining choices made in favour of SDG attainment is a major challenge. Actions in response to the crisis may be delayed or cancelled, although they are crucial to governments' current and future development prospects. In such moments of shocks, countries must adjust the usage of existing funds, innovating in the governance and delivery of social policies. Fiscal rules and governance tools need to evolve, and reforms in public financial management are required to accommodate new needs. In the recovery phase, fiscal policy must contribute to maintaining development strategies and support innovative methods of social budgeting and policies for the coming years (Hege et al., 2019).

External shocks (pandemics, debt crises) and fiscal sustainability.

Promoting fiscal sustainability is a key public finance objective. Fiscal policies and governance systems must accommodate external shocks such as black swan events and provide a buffer against crises (Cassimon et al., 2008). National SDG-appropriate budgets must respond effectively to the distributional consequences that often result from tax and expenditure changes, including heightened fiscal vulnerability among certain groups. Sound fiscal policy design requires a balanced approach

that incorporates social, environmental, and economic considerations. Ensuring government responsiveness, accountability, and fairness helps manage the distributive impacts of adjustments. Financing emerging social risks in developing countries, which arise externally or through absent insurance mechanisms, demands a robust approach that maintains both fiscal stability and social protections. Policymakers should advance innovative governance tools, strategic budget reforms, and enhanced coordination to mitigate the impact of shocks and strengthen public finance sustainability in SDG contexts. Seamless coordination between macroeconomic and public financial management reform efforts enhances the credibility of fiscal frameworks. Public financial management systems should possess sufficient flexibility to accommodate sudden changes in spending priorities and revenue collections, allowing governments to absorb fiscal shocks without overburdening future generations. MDB commitment and cooperation play a crucial role in supporting countries in this pursuit. Developed countries can contribute by implementing supportive trade policies and reducing volatile foreign direct investment flows that may undermine macroeconomic and fiscal stability.

Innovations: digital tools, collaborative governance, multi-stakeholder engagement.

New budgetary tools include a major increase in digital tools, collaborative governance, and multistakeholder engagement, within and outside the public sector and across various domains. Several European initiatives illustrate how partnerships can foster transformative change and help achieve the SDGs (Mariani et al., 2022).

Institutional and structural reforms are required for effective SDG financing.

Institutional or structural reforms will be required to underpin the framework and deliver reallocation across budgetary components, reforms to increase budget flexibility or strengthen public asset mechanisms (either directly or through financial intermediaries) to enhance SDG-specific financing (Cassimon et al., 2008).

Such a fiscal policy framework can help to reduce the budgetary dilution inherent in current approaches, especially in economies where budgetary space is constrained or where social-spending priorities must compete against infrastructure or other development needs. It will also facilitate the implementation of priorities within regions or among groups of countries, where collaboration or sharing of individual-country templates might generate efficiency gains.

Policy Recommendations

The ongoing COVID-19 crisis, combined with prevailing financing challenges, could jeopardize the achievement of the Sustainable Development Goals (SDGs) unless macroeconomic and fiscal policies are fine-tuned. Since the financing dimension of the SDGs not only underscores the importance of mobilizing additional resources but also highlights the need to direct spending towards prioritized SDGs, two avenues for policy action emerge. First, investing in vulnerable sectors becomes crucial to ensure

the full recovery of the economy and to provide support to those most affected. Second, budgeting in response to a crisis requires the deployment of tools that enable governments to allocate and deallocate resources according to both short-term conditions and long-term priorities. In this context, fiscal and budgetary resilience rests both on the level of buffers, which can be implemented through well-targeted fiscal rules, and on adequate budgetary management frameworks.

Policy measures should promote an integrated framework that ensures that revenue and expenditure decisions contribute to each country's long-term developmental priorities. Budgetary frameworks need to be made more resilient and adjustable through the use of mechanisms and instruments such as contingency funds, reserve accounts, rolling forecasts, and medium-term plans. Domestic public resources must be expanded quickly and equitably, and these resources need to be oriented to achieve the sustainability objectives by strengthening social spending. Pathways for mobilizing social spending encompass increasing social expenditure and enabling pro-poor growth by reforming taxation to support greater social spending. Governance tools—such as participatory and gender-sensitive budgeting, public expenditure tracking, and citizens' monitoring of government spending—can also enhance the allocation and impact of social spending. International cooperation is critical to leverage the full set of sources and tools.

Integrated and resilient fiscal frameworks: aligning budgets with national SDG priorities.

Ensuring that budgets fully support social spending depends on building public finance systems (budget preparation, execution, monitoring) that are transparently directed towards sustainable development based on clear priorities (Hege et al., 2019). Numerous countries do not use their budgets to explicitly direct spending towards greater sustainability or specify clear priorities linked to their national SDG framework, which is a missed opportunity with potentially harmful consequences. Transparent and participatory budgetary frameworks are essential for monitoring social funding and tracking progress towards the SDGs. Establishing such frameworks is particularly important in low-income developing economies because these countries need to manage limited fiscal resources more efficiently, and the limited capacities of participants (public administration, parliament, civil society) require strong institutional support. Domestic resource mobilization—either by increasing tax collection or reallocating existing taxation revenues—is crucial for boosting social spending. Tax systems and related allocation mechanisms therefore have a fundamental role to play under SDG-based national development strategies. Sustainable development objectives can still be achieved in many developing countries if additional budget revenue from improved resource mobilization yields incremental social spending that is more cost-effective in promoting these objectives. Budgetary systems can be adapted to better highlight how budget appropriations contribute to the national priorities defined in the framework surrounding the SDGs. Groups of objectives and indicators can be

designed in various ways to track performance and provide appropriate signals to stakeholders over the entire budget course. Fiscal priorities are translated into concrete development outcomes within the SDG framework, which devotes attention to key issues such as health, nutrition, protection, education, employment, and the environment.

Encouraging participatory budgeting and citizen monitoring for improved developmental outcomes.

Participation enables citizens to share power, fosters good governance, promotes transparency, increases social justice by involving the poor and excluded, and helps individuals become better citizens. It can also curb clientelism, patronage, and corruption. Participatory budgeting (PB) is the most globally dispersed form of participatory democracy, offering opportunities for educating, engaging, and empowering citizens and strengthening demand for good governance. PB is a process where the population decides on the allocation of public resources, involving direct, voluntary, and universal democracy (Franklin et al., 2013).

Participatory budgeting programs often focus on discretionary spending, enabling citizens to influence policy outcomes directly, especially when financial resources are available. In financially constrained municipalities, participatory budgeting shifts the focus from specific projects to general discussions on debt, taxes, and resource use, requiring government effort to explain fiscal challenges and gather broad public input (Wesonga Awire & Nyakwara, 2019). Legal frameworks, such as Kenya's 2010 Constitution, the County Governments Act, and the Public Finance Management Act, emphasize open involvement in budgeting, including the establishment of County Budget and Economic Forums. Challenges include the scope of participation—whether it affects entire budgets or specific allocations—and ensuring wide representation to avoid cronyism. Participation requires time and effort, as citizens must learn government procedures, and officials need to educate and monitor participants. The impact of citizen input on budget outcomes and methods to judge participation success are also concerns. The attitude of government officials is crucial, as information sharing and consultation often occur more frequently than active decision-making participation. Resistance from officials, especially in technical areas like budgeting, can hinder citizen involvement.

International cooperation for sustainable and predictable financing.

Realizing the Sustainable Development Goals (SDGs) depends on international cooperation that sustains predictable financing over the long term, on mechanisms for supranational redistribution from wealthier to poorer countries, and on the involvement of both public and private business sectors (Hege et al., 2019). Official development assistance (ODA), external debt relief, and debt cancellation are key means for sustaining international cooperation without additional cost. Private financial flows, such as capital and financial markets and foreign direct investment, have played an increasingly important role in development cooperation over the past two decades,

and innovations in international development cooperation activities and strategies aimed at reducing the current financing gap should receive due attention. International financing for development frameworks will develop a set of common principles and a framework of actions for the pursuit of robust and sustainable financing for the development of all countries over the next decade and beyond.

CONCLUSIONS

Public finance that is based on domestic revenue mobilization and strategic use of tax expenditures has a crucial role to play in ensuring social spending contributes to achieving the Sustainable Development Goals (SDGs). This is warranted by the need to meet SDG-associated budgetary requirements and ensure fiscal sustainability. The alignment of fiscal policy with development outcomes enhances government accountability for the SDGs and facilitates stakeholders interested in monitoring progress. There is a wide range of options to modify existing budgetary systems, where SDG indicators can also be used to provide insights into the impact of major capital projects. Accordingly, a suite of fiscal reforms is discussed, including the development of national SDG financing frameworks and integrated fiscal strategy documents as a response to the return of fiscal space.

The global COVID-19 crisis and the commodity-market shocks that followed have had significant repercussions on fiscal sustainability and the availability of domestic resources for attaining the SDGs in developing countries. Limited access to the international capital market and the of export earnings from tourism and commodity exports have restricted governments' room to maneuver and potentially led to the reallocation of social-spending requirements. Consequently, the profile of social expenditures by destination and functional allocation is also expected to depend on the magnitude of the fiscal shock following the pandemic. Empirical analysis to test the effects of the pandemic and the determination of these spending strategies is therefore of considerable interest to understand how public money remains central when the scope for additional funding is limited.

Over the medium term, a renewed effort to align public finance with social spending provides support to developing countries in identifying how best to achieve the SDGs. This is particularly relevant given that many of the poorest countries have entered the financial markets through government-bond issues, despite a challenging external environment. While raising multi-year external support will require peace settlements, its effective implementation will still require the liberalization of tax systems and progressive tax structures to finance the large development projects associated with the SDGs (Hege et al., 2019).

REFERENCES:

1. Hege, E., Brimont, L., & Pagnon, F. (2019). Sustainable development goals and indicators: can they be tools to make national budgets more sustainable?. [\[PDF\]](#)

2. Cassimon, D., Moreno-Dodson, B., & Wodon, Q. (2008). Debt Sustainability for Low-Income Countries: A Review of Standard and Alternative Concepts. [\[PDF\]](#) <https://ideas.repec.org/a/ipf/psejou/v43y2019i4p423-444.html>
3. P Masinde, S. & E Ochieng, D. (2018). FINANCING STRATEGIES, MACROECONOMIC FACTORS, INSTITUTIONAL QUALITY AND THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS: A CRITICAL LITERATURE REVIEW. [\[PDF\]](#)
4. Adesuwa Akhigbemidu, S., Gershon, O., I. Onoja, B., & Makwal, I. (2017). DOMESTIC RESOURCE MOBILISATION AND HEALTH OUTCOMES IN NIGERIA. [\[PDF\]](#)
5. Estevão, M. (2020). Climate-Smart Fiscal Policy Can Foster a Lasting Economic Recovery. ncbi.nlm.nih.gov
6. Mariani, L., Trivellato, B., Martini, M., & Marafioti, E. (2022). Achieving Sustainable Development Goals Through Collaborative Innovation: Evidence from Four European Initiatives. ncbi.nlm.nih.gov
7. Franklin, A., Krane, D., & Ebdon, C. (2013). Multi-level Governance Processes - Citizens & Local Budgeting: Comparing Brazil, China, & the United States. [\[PDF\]](#)
8. Wesonga Awire, J. & Nyakwara, S. (2019). Analysis of Public Participation on Budget Implementation in Kisii County Government, Kenya. [\[PDF\]](#)
9. Hege, E., Brimont, L., & Pagnon, F. (2019). Sustainable development goals and indicators: can they be tools to make national budgets more sustainable? Public Sector Economics, vol.43, No.4. Link: <https://www.iddri.org/en/publications-and-events/scientific-publication/sustainable-development-goals-and-indicators-can>
10. Hege, Elisabeth, and Laura Brimont. Budgeting for the Sustainable Development Goals: Aligning domestic budgets with the SDGs. UNDP Guidebook, 2020. Link: <https://sdgfinance.undp.org/sites/default/files/2024-04/UNDP%20Budgeting%20for%20the%20SDGs%20-%20Guidebook%20Nov%202020.pdf>
11. Hege, E., Brimont, L., & Pagnon, F. Budget Financing of Sustainable Development Goals. IGI Global, 2019. Link: <https://www.igi-global.com/viewtitle.aspx?TitleId=355910&isxn=9798369321171>
12. Ishtiaq, M., Middlebrook, K., Gábor, R., Poghosyan, S., & Beloe, S. (2023). Automatic SDG budget tagging: Building public financial management capacity through natural language processing. Data and Policy, 2023. Link: <https://www.cambridge.org/core/journals/data-and-policy/article/automatic-sdg-budget-tagging-building-public-financial-management-capacity-through-natural-language-processing/77E9AE6ABBE6387A4C06A745ED33CA80>
13. Hege, E. (2019). Budgeting for the SDGs: an overview of technical and institutional challenges. Public Sector Economics Journal, 43(4), 423-444. Link: