

OPEN DIALOGUE: EYES ON THE BUDGET AS A HUMAN RIGHTS INSTRUMENT

MEETING REPORT



PROGRAMME DIVISION
DECEMBER 2007

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DIVISION**

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Acknowledgements

This paper summarizes the presentations and discussions of the Open Dialogue 'Eyes on the Budget as a Human Rights Instrument', organized by UNICEF on 30 January 2007. We would like to especially thank the World Bank and the UN Special Unit for South-South Cooperation for their support to this event. We would also like to thank the presenters and the participants for their valuable contributions which facilitated the sharing of experiences and perspectives on a human rights-based approach to public policies, in particular national budgets.

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Open Dialogue: Eyes on the Budget as a human rights instrument

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This is a meeting report. It has been prepared to facilitate the exchange of knowledge and to stimulate discussion.

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Executive Summary

The United Nations Charter, the Universal Declaration of Human Rights, the Convention on the Rights of the Child, and the Millennium Declaration articulate a vision of a world where the purpose of nations and societies is to guarantee the wellbeing and rights of all their citizens, starting in childhood. This in turn will provide the foundation for peace, economic and social development, democracy, and community. If this is so, all public policies, including budgetary and fiscal policies, must contribute to this objective.

Inspired by this vision, UNICEF organized an *Open Dialogue: Eyes on the Budget as a Human Rights Instrument*, held in New York on 30 January, 2007. Participants from over 60 UN Member State Missions, the World Bank, the UN Special Unit on South-South Cooperation, the Peace Building Commission, the Peace Building Support Office, the International Budget Project and various UN agencies, gathered to share experiences and perspectives on using public policies, in particular the national budget, as a vehicle for building a rights-based society.

This document is a report of that meeting and includes a summary of the presentations and discussions which took place. Additional information, including interviews with the presenters can be found on the meeting webpage at http://www.unicef.org/policyanalysis/index_40268.html.

UNICEF

UNICEF shared innovative experiences from two countries: Ecuador and the Democratic Republic of Congo (DRC). Each illustrates how public policies, including budgetary and fiscal policy, can be used as instruments for the realization of human rights, particularly the rights of children. The Ecuadorian experience in particular demonstrated how this can be accomplished through a process of broad based dialogue, participation and consensus building between diverse sectors of society.

World Bank

The World Bank presented their experience in social policy and budget work with examples from Latin America, a region where there are very high rates of inequality. The main lessons shared were that the human rights-based approach requires that governments empower citizens to demand access to social services and to information. The World Bank stressed that an understanding of the politics of the budget process is critical. However, this implies that the expenditure systems, institutional cultures and macroeconomic concerns should be understandable by all. The presentations emphasized broad engagement of civil society in budget advocacy. By working with parliaments, civil society groups can influence the formulation of the budget.

International Budget Project

The International Budget Project presented their work on promoting transparency and civil society engagement in budget work, in particular their work on the development of the Open Budget Index. The Open Budget Index is an internationally comparable dataset which collects together detailed information about the openness of each stage of the budget process from planning through to audit across 59 developed and developing countries. It highlights a wide variation in practice across countries. Is a useful tool to advocate for greater openness and to enable it to be measured objectively.

Why focus on the budget?

UNICEF's mission is to help countries to ensure that all children enjoy the right to conditions necessary for a safe and happy childhood, as well as those that will allow them to develop to their full potential as human beings and as citizens. Hence, we work with governments and civil society partners to position the rights of children among the highest priorities in the national and international agendas.

The budget is the ultimate embodiment of a nation's priorities, being a product of political decisions on what amount of resources it is willing to dedicate to a given policy or programme as compared to others. No matter how much importance we give to the rights of children in rhetoric, if we do not allocate resources for their fulfilment, they cannot be considered a real priority. Hence, we need to see beyond the budget's fiscal and macroeconomic functions to discern how much it is really contributing toward ensuring the necessary resources for realizing the rights of all citizens, beginning with children.

The budget must also be analysed both on the expenditure side and the revenue side, since, in order to allocate the necessary resources to the realization of children's rights, governments must have access to sufficient revenues for this purpose. We must also be sensitive to the fact that the way revenues are raised can also affect the realization of rights, depending on: how much resources it generates; whether or not it allows for predictable and sustainable revenues; and whether or not it contributes to an equitable distribution of incomes.

Finally, we must also look at the way that budgets are debated, formulated and monitored. In many countries, this is done by a limited group of experts, usually from the Finance Ministry and the budget commission of the legislature. However, to ensure that the budget really serves as an instrument for the realization of the rights of all citizens, it is always better to have the broadest possible participation in the process of debate, formulation of the budget and monitoring of its execution. This is also important for the empowerment of society and the exercise of citizenship.

Country Experiences

Ecuador

During one of the worst economic crises in Ecuador's history, UNICEF supported a process of broad civic participation in the debate, formulation and monitoring of public policies affecting children, including the national budget. This process brought together Ecuador's political parties, the business community, the indigenous movement and other social movements, NGOs, academia, and the media. Two key elements in this experience were the production of technical and communicational tools to make the budget understandable to non-experts, and the establishment of practical mechanisms and channels for civic participation. This dialogue contributed toward a significant and sustained increases in social expenditures over the past seven years (US \$629 million in 1999 to \$3,222 million in 2007).

Democratic Republic of Congo (DRC)

With DRC's recent emergence from a protracted and devastating civil war, it now faces significant challenges in its national reconstruction and reconciliation effort. In 2005, less than US \$1 billion was allocated to a national budget for 60 million people, significantly limiting the possibility for producing concrete peace dividends for its citizens, including its children. UNICEF and UN agencies worked to forge consensus among the international development actors in DRC, including the World Bank and bilateral donors, toward applying a human rights approach to the DRC Common Assistance Framework (CAF). As a result, the CAF now channels 90% of Official Development Assistance (ODA) for DRC to basic social services, including elimination of user fees.

Lessons and conclusions from the Dialogue

The budget as a political process

The budget is not a technical instrument whereby there is a technically correct answer for how revenues should be raised and resources allocated. It is a product of a political process of dialogue and conciliation of differing interests and priorities. Where this process is truly inclusive, with broad and plural civic participation, the budget should be a reflection of the how a society sees itself and its future, including the value it places on the fulfilment of children's rights. It should be, in a sense, the social contract of a nation made visible. Such a process of civic participation and dialogue also serves to promote values of solidarity, democracy and equality in a society. It also contributes to the strengthening of national sovereignty and ownership of a country's own development process, as well as continuity and sustainability of development policies.

Children and their rights are an ideal entry point for building consensus

Fostering and sustaining participation in dialogue can be difficult, especially when there are conflicting interests and viewpoints involved. But even people and organizations that would normally not talk to one another about other issues are often willing to talk about children. A focus on children's rights therefore makes it easier to bring together diverse, even conflicting social and political actors. The dialogue initiated around children's issues can then be gradually expanded to more contentious issues

Making information public and democratizing knowledge

In order for society to participate meaningfully in the budgetary debate, it is essential for everyone to have the necessary information in understandable form. As seen in the Ecuador case, developing visual representations of ideas and data helps to make them comprehensible to non-experts. This is a way of democratizing information and converting information into knowledge. It is also important to develop instruments to allow for regular public monitoring of the execution of the budget (e.g. the quarterly newsletter issued by the Ecuadorian Finance Ministry and UNICEF) and the outcome in terms of the realization of rights (e.g. the Child Rights Index). This is a way to ensure accountability of the relevant government institutions.

Role of UNICEF and UN

In the words of the Ecuadorian Ambassador to the United Nations, UNICEF and the UN have been '*the facilitators of a new social contract based on human rights*' in Ecuador, based on their embodiment of universal values such as human rights, and their impartiality vis-à-vis national political interests. In the same way, wherever there is agreement and support from the national government as well as civil society, the UN System can play a productive role as convener and facilitator of broad-based civic participation in the formulation and monitoring of rights-based public policies including budgets.

Rights-based Public Policy: Conceptual Framework

Mr. Jorge Enrique Vargas International Expert in Social and Economic Policy

***Abstract:** Mr. Jorge Enrique Vargas' presentation provided a conceptual framework of the issue of the budget as a human rights instrument, highlighting that the budget process is a political process and the expression of a given society's vision of its future. He emphasized that the budget can also become the main tool to achieve equality in a society. Finally, Mr. Vargas shared some observations on the Ecuadorian experience, drawing some important lessons learned.¹*

The budget as a political process

Although usually seen as a system of ordering information or as a managerial tool, the budget is, above all, a political process. Moreover, it is a central political process in society; because it is *par excellence* the means by which the implicit social contract made between all parts of society is made visible. Through the budget, we know what a society's vision of its future is; we know what priorities it has identified and how it distributes efforts to build that future. The way in which the budget is managed also illustrates how a society takes decisions. Therefore, better budget management is a means of building democracy, and identification of appropriate priorities in the budget is a means of building a more humane society.

The budget is the main tool available to a society to create mechanisms of solidarity and equality, to move toward the realization of collectively agreed objectives, and to create the dynamics of change.

While it is important to analyze the expenditures in the budget, in order to assure transparency in the process, a key aspect is to see what the budget is actually being spent on and how the resources are obtained. Who pays the costs of moving down a given development path? And, stemming from this, what mechanisms for transparency exist? In this sense, we should not only look at the transparency of the budget, but also at the transparency of the society in which it operates. In this regard, the budget gives substance to human rights.

The Ecuador experience

The Ecuadorian experience is one of a deeply democratic society that decided to make changes in its budget management system in a very open manner. Ecuador's main objective was not to include some lines in the budget that might be good for children, or focus on identifying expenditure for children. The government with UNICEF's support went beyond. In fact, the main objective was to make the entire budget understandable for all social actors. This would allow the latter to be in charge and be responsible for establishing priorities, define what they feel

^{1/} The content of this presentation has been translated from Spanish into English and adapted

is most important, and build new social agreements around the budget. After defining priorities, a monitoring mechanism was created with the participation of society as a whole.

Basic strategy: expressing the budget with images

UNICEF, with the support of many government officials, of some United Nations agencies – in particular UNDP – and in association with the World Bank, transformed the budget into an instrument that was easy to understand, so that society could be well informed in its discussion. A good way of making the budget understandable was to turn it into images, trying to ensure that society has an image of the desired goals.

As shown in the example of the proposed Ecuadorian budget for 2000 in Figure 1, the second column to the right indicates the total planned expenditure and the upper part of the first column indicates that the revenue is in fact lower. Therefore, there is a deficit, which includes not only expenditure that is not financed, but also the amortization of previous debt. The lower two boxes of the second column therefore represent the amount of current debt that society has to accept in order to continue to operate. This is an eloquent image of a budget in which expenditures are larger than revenues, and which consequently leads to indebtedness.

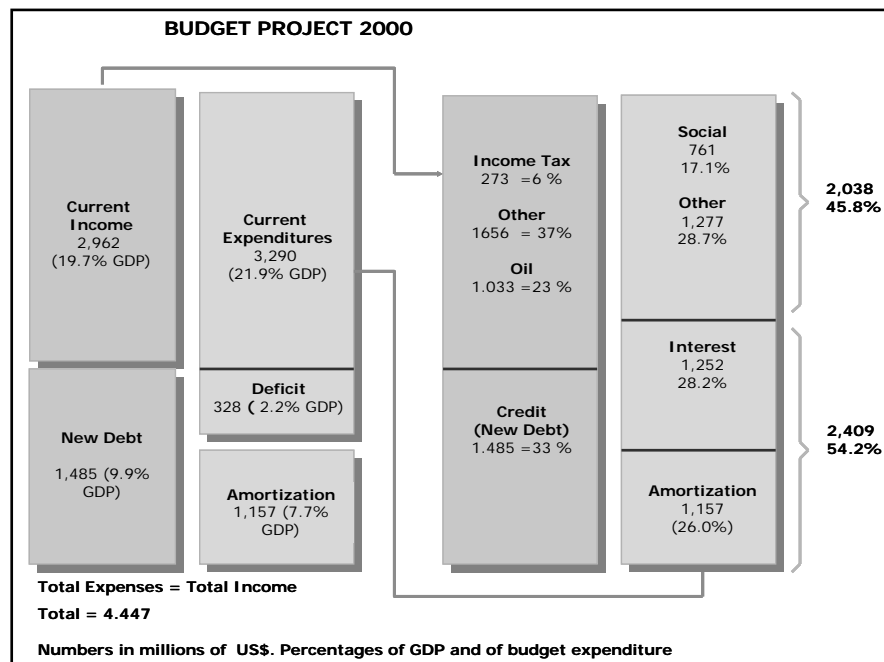


Figure 1

The third column in Figure 1 illustrates revenues, of which direct taxation only represents 6%, while oil revenues are far greater. The debt is as onerous as total tax revenues and it is larger than oil revenues. Such imaging illustrates that this fiscal structure is unbalanced.

When looking at the last column of Figure 1, it is possible to note that expenditures taken as a whole represent 45% of the budget, while the payment of interest and principal accounts for 54% of the budget. This signifies that out of all of society's revenue over a given fiscal period, 0.60\$ of each dollar is spent on debt repayment.

This simplified version of the information provided Ecuadorian society with elements to discuss many aspects of the budget and move onto an agreement on its priorities.

Agreement on priorities

Once the budget was understandable to all, the Ecuadorian society moved onto a second stage: reaching an agreement on priorities for the new budgetary exercises. UNICEF helped bring about such agreement following the five strategies listed below:

1. Call to all actors
2. Diagnosis based on exposed inequalities
3. Agreement on priorities
4. Identification of possible actions
5. Social Mobilization

Call to all actors

First of all, UNICEF called upon all of actors of society - not only economic actors, nor only the opposition – with the same discourse and the same simple and transparent presentation of the budget and desired goals. A presentation was made before Congress. Indeed, Congressional leaders meet periodically with UNICEF and the United Nations System in order to discuss the budget prior to its approval process. The government, particularly the Ministry of Finance, has been a fundamental ally in this process, drawing nearer to society and its needs. The media were another essential ally in order to reach all of society through different means. This required a wide range of communication strategies that were very demanding from a technical standpoint. When political parties, business organizations, community organizations and NGOs, have all heard the same discourse and shared the same information, they were then empowered to dialogue as equals.

Diagnosis based on revealed inequalities

The second strategy was to develop a diagnosis aimed at showing Ecuadorian society that there were inequalities that could be corrected.

This can be illustrated with a few examples of the work done by UNICEF in 2000, which have been continued since. Figure 2 compares the tax burdens of different countries. While the tax burden in some countries reaches 35%, it is lower than 11% in Ecuador.

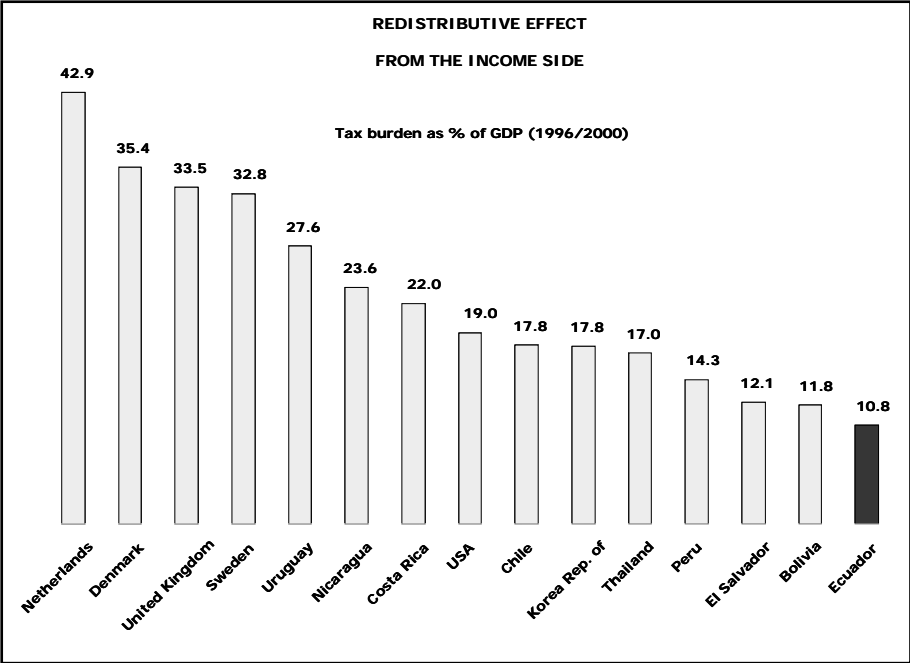


Figure 2

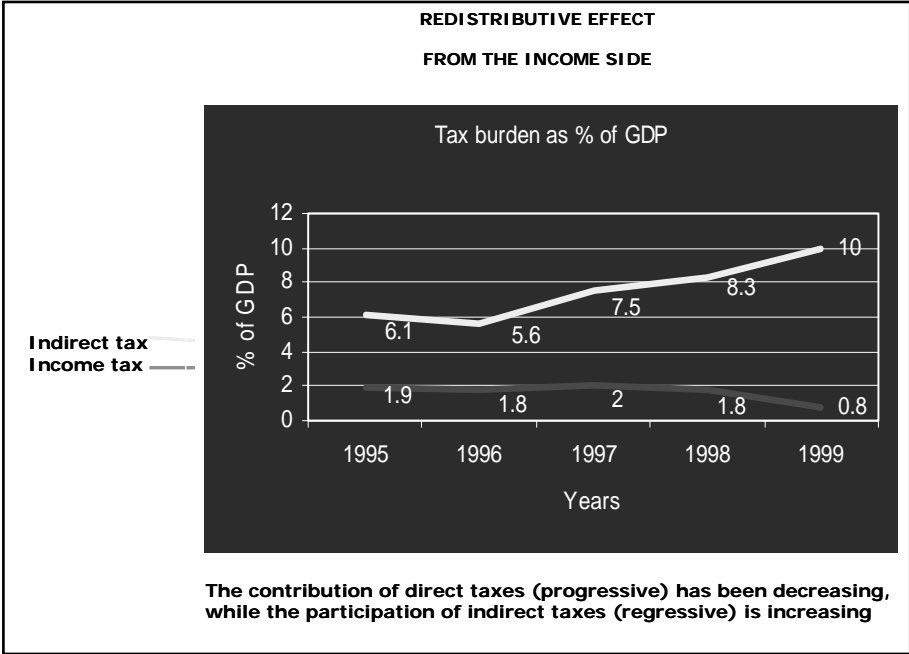


Figure 3

As seen in Figures 3 and 4, between 2000 and 2001, indirect taxes increased considerably, whereas direct taxes remained stagnant, leading to problems of equity.

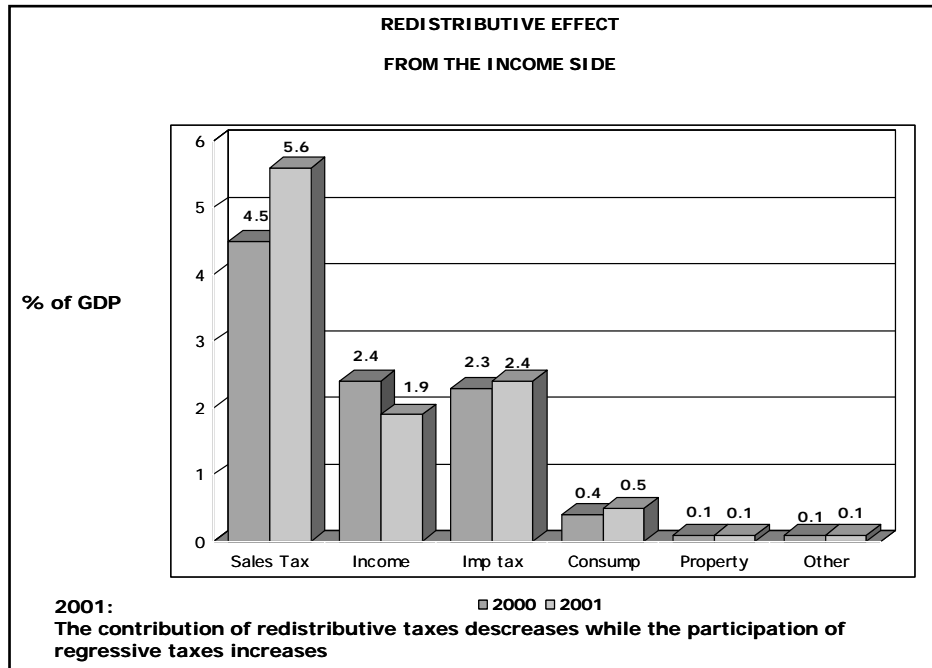


Figure 4

From the expenditure side, Figure 5 illustrates that in Chile, less than 5% of social expenditure goes to the wealthiest 20%, while over 30% of it is dedicated to the poorest part of the population. According to this graph, less progressive distribution can be seen in Colombia. This contrasts with the case of Ecuador in 1998, for which Figure 5 demonstrates that the richest part of the population benefits from social expenditure more than the poorest populations, thus highlighting the situation of inequality. This is mainly due to the fact that many poor families do not have access to social services.

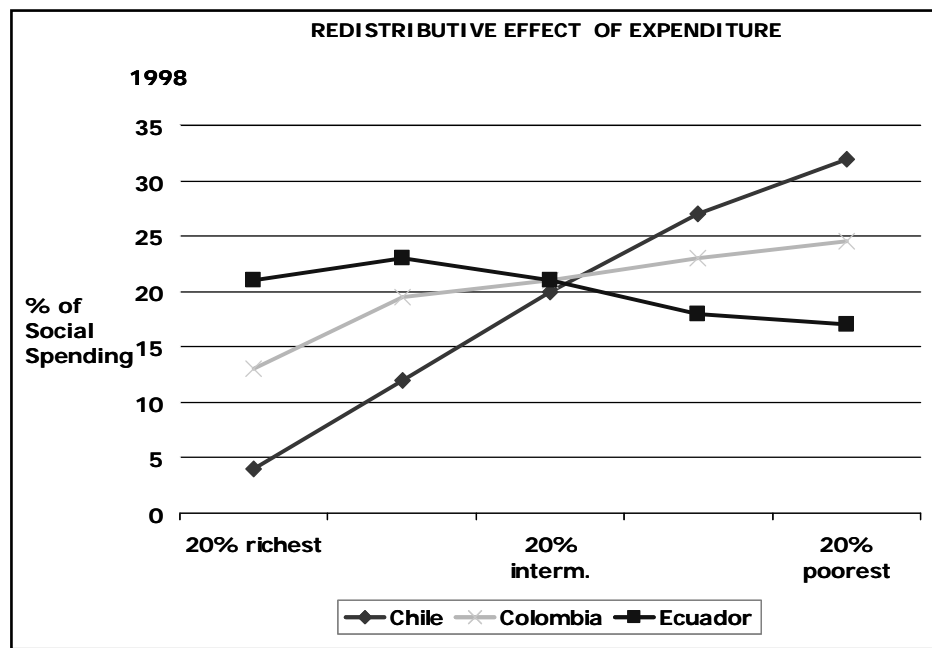


Figure 5

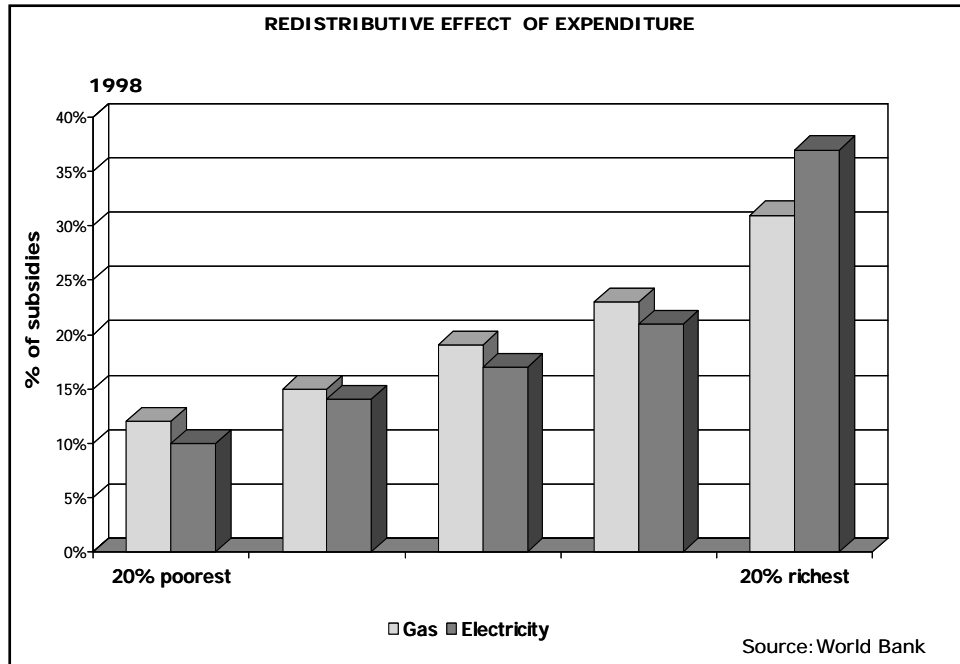


Figure 6

Nonetheless, this situation can be rectified through adequate expenditure structures. For example, as seen in Figure 6 above, gas subsidies per capita for the richest 20% of the population double those of the poorest 20%. This is not necessarily due to the fact that the government did not properly redistribute resources, but rather because the rich consume more gas than the poor. This is even truer in the case of electricity subsidies.

As graphically portrayed in Figure 7, expenditure on education is half for the poorest population compared to the higher income population. This is due to the fact that many do not have access to schools. The same happened with expenditure in health, as seen in Figure 7. Cash transfers for the 'Bono Solidario' however, were much more progressive.

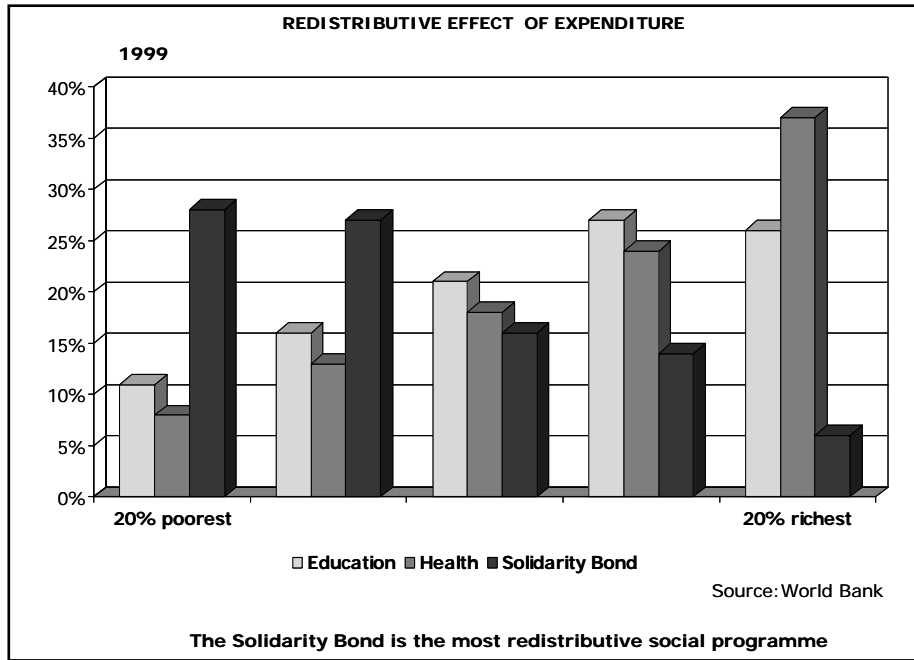


Figure 7

Figure 8 clearly reflects the gap between the richest and poorest people in Ecuador. Based on World Bank information, the graph shows that there was a 78 to 1 difference in income distribution between the richest and the poorest in the country. Moreover, as the income of the richest could not be reinvested completely within Ecuadorian society because the capacity to consume of the poorest was very low, an important part of that income was leaving the country, thereby compelling many Ecuadorians to do the same.

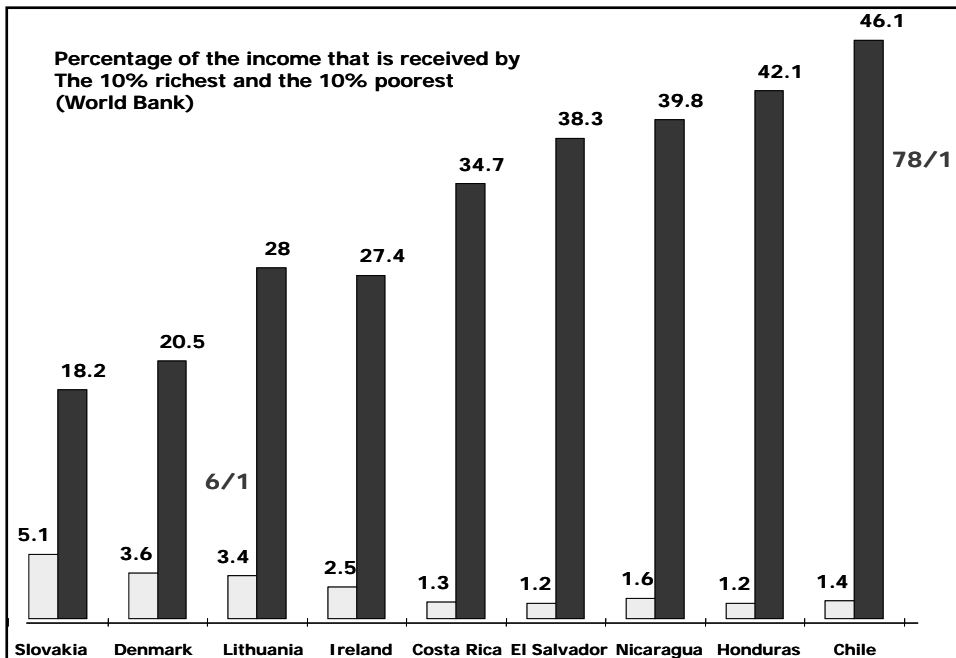


Figure 8

Agreement on priorities

In order to address inequality, the third strategy sought helping Ecuadorian society to reach an agreement on priorities related to Human Rights and the well-being of children. This agreement was reached through simple images, summarized in a slogan: 'All Children in School, No Child goes hungry, All Children healthy'. Therefore, it was established in the collective imagination that no child should be on the street during school hours. The need to monitor progress to ensure that no one lacked access to health services was reinforced through these goals. Later on, once some progress had been made toward these three goals, two additional ones were added: 'All children in a home with a decent income' and 'All children loved and protected'. There was a clear rights perspective that became part of the collective vision of a better society.

Identification of possible actions

The fourth strategy was to show viable actions to move forward in the short term. For example, the economic crisis of 1999 in Ecuador led to dramatic impoverishment of the population. A food crisis was predicted and many humanitarian organizations prepared for food distribution. An analysis undertaken under the coordination of UNICEF showed that it was possible to increase the minimum wage by 20% without inflationary consequences (as the country was coming out of a depression). Based on this analysis, the government raised the monthly minimum wage by \$19. This family income raise averted the food crisis and gave support in order to guarantee children's rights.

Social Mobilization

All previous strategies made sense only when they touched the hearts and minds of every citizen and organization, promoting continuous debate and mobilization of multiple actors in a sustainable process. Mobilization is currently promoted and supported by various mechanisms as follows:

- 1) **Monitoring:** Monitoring by social actors of all political and ideological affiliations, including Congress, civil society, business people and the media, brought about enormous pressure. Specialized monitoring groups like the Observatory of the Rights of the Child, the Observatory of Fiscal Policy and the Social Agreement for Education were decisive for promoting surveillance by common citizens. This led the Minister of Finance to guarantee that in 2005, necessary resources would be allocated to ensure universal enrolment in the first year of basic education. Indeed, when public officials know they are being monitored, they begin to take decisions that depart from traditional inertia and come closer to what society wants. Sustainability of the process can be guaranteed through a major effort of mobilization that keeps commitments alive, as everyone plays their part.
- 2) **Communication:** Beyond a major effort at budget analysis, the Ecuador experience was a major effort at communication. Simple monitoring mechanisms and civil society groups that were focused on monitoring fiscal expenditure and social goals (children's rights, education) worked to keep society committed.

The Child Rights Index in operation in Ecuador since 2002 gives society simple but yet important information. It grades the degree of fulfilment of children's rights in each of the provinces on a scale of 0 to 10. For instance, the province of Orellana received a rating of 0.2, whereas the province of El Oro scored 5.3, with the national average being 3.4. This information also demonstrates that children's rights are four times less likely to be fulfilled in rural areas than in urban areas. Impelled by wide citizen's knowledge of the index, several provincial governments increased their efforts to reach better results for children's rights.

Main message: The moral approach

The process by which Ecuadorian society committed itself to common goals was two-fold. On the one hand, the democratic opening of society in Ecuador set the stage for such an undertaking. On the other hand, UNICEF's message had one central characteristic: it was a moral proposal in the philosophical sense. In other words, it called for a collective ethos, making everyone – irrespective of their social status or beliefs – feel that it is good to take certain decisions, and that these will foster a better society, one in which everyone can feel proud and act in solidarity.

Based on rights and guarantees, this discourse aims to ensure that what the society envisages will be desirable to all, and viable. UNICEF put less emphasis on a discourse based on solidarity, as solidarity does not appeal to everyone. Neither did UNICEF emphasize the utilitarian discourse – such as arguing for the need to invest in human capital, invest in children – as some people believe that there is no need to invest in the indigenous peoples or persons with physical limitations because the cost-benefit is too small. On the other hand, the moral vision of a good society is one that mobilizes all actors.

Outcomes

Experience shows that in the second half of the nineties, Ecuador suffered one of the most serious crises of any Latin American country in the 20th century. However, although poverty increased, most social indicators did not worsen. Some even improved.

Lessons learned about the budget

Perhaps the first and most important lesson learned through the Ecuador experience is that the budget makes human rights concrete. Indeed, it allows people to see whether a society is in fact managing to build universality and channel resources toward the achievement of human rights. It is a mechanism that builds progressively, but above all, makes it possible for rights to be demanded. In other words, if those responsible for resource allocation do not abide by this principle, they can be held accountable. In this perspective, a good social compact puts rights at the centre of the budget, which becomes a tool for their realization.

A second lesson was that the budget is a political scenario. In this sense, working on the budget is not technical work, but work that creates goals, mobilizes citizenry, organizes, monitors, and develops the basic priorities a society should have.

Lessons learned about the approach

In order to promote similar processes elsewhere, it is important to realize that there is no ‘plug and play’ solution, nor is there any software that guarantees a good budget. It is a political process that depends on the dynamics of each society.

The Ecuadorian experience has been successful because Ecuadorian society was looking for solutions to its development and integration issues. Another key element that contributed to this success was the partnership of various actors, particularly UNICEF, who were able to carry out the initiative, guide the process, convene a variety of organizations, and enjoy strong support from the United Nations, the World Bank, the Inter-American Development Bank, etc. They were able to interpret Ecuadorian society and make a proposal tailored to its dynamics. Another important aspect was that the strategy was one based on empowerment, rather than on criticism. All participants felt that they were supported, and rather than taking the position of a critical judge, UNICEF took the position of a friend. Lastly, it was essential to have a strategy based on an ethical position.

Lessons learned about the strategy

A solid technical base was needed, including having access to online budget information. However, most of the technical work is invisible, as it aims to develop simple communication tools and establish goals for all social actors. The communication strategy becomes one that is essentially bi-directional: society receives elements of analysis, but is also able to build processes of change.

In Ecuador, emphasis was not placed on including specific items in the budget. UNICEF’s role in Ecuador can be compared to the work of an ophthalmologist. He does not see on behalf of others, but he gives them tools so that they can see. And with what they see, they can do whatever they consider best.

The major actor in this process was the Ecuadorian society. Despite being a very fragmented society for historical, geographical, ethnic and political reasons, it heeded the call to seek common solutions. One could see persons who had traditionally been left-wing discussing the budget hand in hand with persons who represent right-wing positions, with the same commitment and the same objectives in mind. Their common ground was that they wanted all children to be in school, no child to be hungry, all children to be healthy, live in homes with a decent income, and be loved and protected.

About the presenter, Mr. Jorge Enrique Vargas

Mr. Jorge Enrique Vargas has more than 30 years of experience in development policy management, with special emphasis in high social impact economic policies and operationalizing human rights based approach policies through civic knowledge and mobilization. Mr. Vargas is also an internationally known expert in health and education systems, intergovernmental finance and public management decentralization. He has been advisor to several countries in these areas and since 1990, has worked as a consultant for multilateral development banks, the United Nations system and several governments, with activities in all countries of Latin America and other continents.

Mr. Vargas has been Minister of Planning of Colombia as well as advisor to the Vice President of Colombia and to the Ministries of Education, Health and Social Protection, Finance, Mining and Energy, National Defence and Communications. He has recently returned from Vietnam where he has been supporting the National Government in the social components of the 5-year plan.

Impacts on Social Spending 2000-2007 in Ecuador

Ms. Berenice Cordero
UNICEF Ecuador

***Abstract:** Ms. Berenice Cordero described the process through which UNICEF supported public monitoring and debate on social spending within the government budget and equity in fiscal policy in general, contributing, among other results, to a 60% increase in social spending between the year 2000 and 2002.²*

Ecuador's economic and social crisis

In 1999, Ecuador underwent the greatest economic crisis in the history of the Republic. Between 1998 and 2000, GDP fell by 45% (from US\$19,000 million to US\$ 10,942 million -according to the IMF) and income per capita was reduced by half (from US\$1,600 in 1998 to US\$865 in 2000 -according to the IMF). The economic policy impoverished the people of Ecuador, with a negative impact on children. In 1999, Ecuador's currency suffered a devaluation of 200%, inflation rate was 60% and real income fell by 40%. Ecuador became one of the most unequal countries in the world. The effort made by UNICEF together with national authorities, social organizations and political parties highlighted that, in addition to a serious economic crisis, the country was going through a very serious social crisis.

Between 1995 and 2000, Ecuador had the fastest rate of impoverishment in Latin America. The number of poor doubled (from 3,9 million to 8,4 million people) and children were clearly the most affected as the percentage of them living in poor homes raise from 37% to 75%. UNICEF estimated that 1,500 new children fell into poverty each day. The poor became poorer as their income decreased 25%. Fiscal capacity and the national budget decreased, and it became increasingly difficult to deal with social issues leading to a decrease in social spending (22% in education and 26% in health). Consequently, Ecuador witnessed a massive migration of the population, as about 500,000 people left Ecuador within a period of 2 years. Approximately 1 million people have emigrated in the past five years.

The most visible signs of crisis were concentrated in three areas: nutrition, health and education. From the point of view of nutrition, 60% of families were forced to reduce the number of daily meals. Regarding health, 36% of the population had to postpone medical care. Finally, in relation to education, 18% could not enrol their children in school. This was the result of a reduction in family income. Income became more concentrated and thus, the country became even more unequal.

In 1995, the wealthiest 10% of the population received 41.2% of the total income, while the poorest 10% received only 1% of the total income. In 1998, after the impact of the economic crisis, the participation of the poor was further reduced. Beyond being a poor country affected by an economic crisis, Ecuador became one of the most unequal societies.

^{2/} *The content of this presentation has been translated from Spanish into English and adapted.*

Ecuador suffered a collapse in social spending, from approximately US\$ 800 million in 1995 to US\$600 million in 2000. As shown in Figure 1, the crisis affected all social sectors: education, health, social welfare and housing. Recovery began in the year 2000.

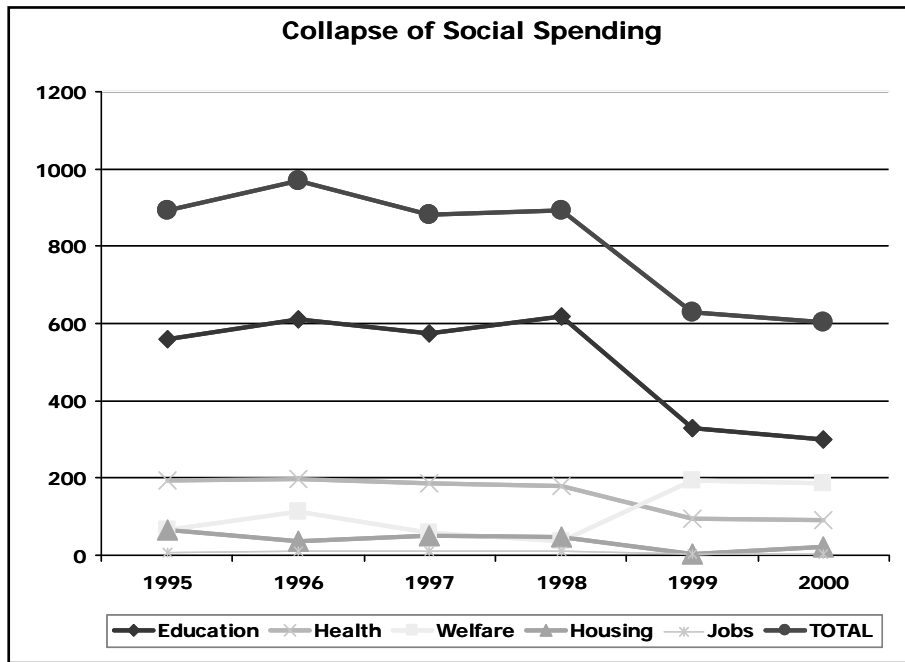


Figure 1

In such circumstances, there are certain traps that have to be avoided. First, one cannot wait for better economic conditions to start improving social conditions. The other trap is the separation between economic and social policy. In Ecuador, public budgets were analysed as tools to protect children's rights leading to a new approach and a new relationship between social and economic policies.

The message conveyed by UNICEF during this time was simple: the crisis affects the most vulnerable, particularly children. Economic and social policies used in the past did not offer the necessary protection to guarantee these rights. Three urgent measures were required: 1) develop an emergency social plan to respond to the crisis, protect the poorest and avoid effects that could be irreversible in the future; 2) protect and improve social spending, especially basic social services; and 3) improve family spending. Political will proved to be key to solve the crisis.

Ecuador was faced with the challenge of simultaneously dealing with economic and social imbalances. This was crucial if one wanted to achieve both economic and social goals that would allow recovering political legitimacy.

Social Emergency Plan

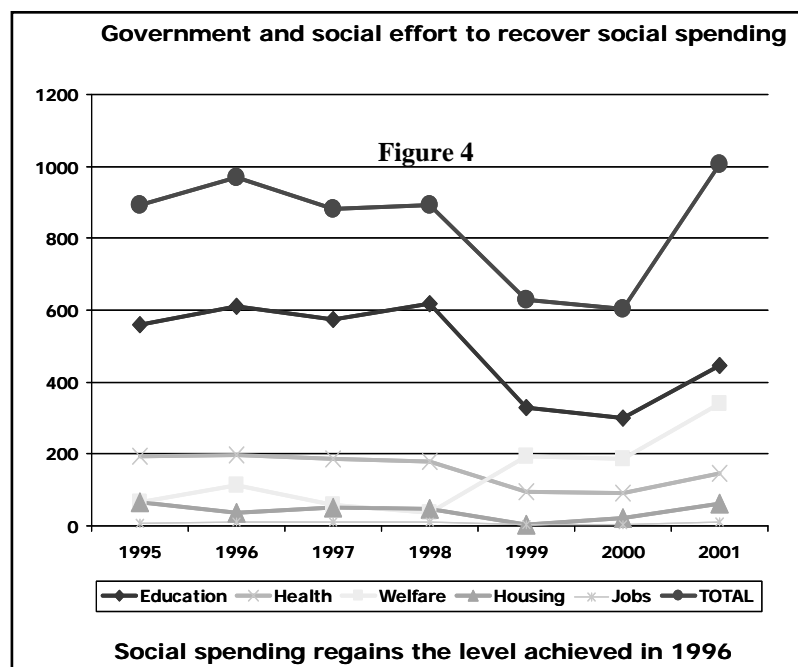
In order to avoid irreversible medium term consequences, social and economic entities implemented a Social Emergency Plan with the following basic goals: nutrition for all children and pregnant women; infant and maternal care for all children, mothers and pregnant women; all

children should attend and stay in school; broad citizen participation to overcome the crisis; and employment generation. Figure 2 shows some of the goals of the Social Emergency Plan.

JUNTOS EN LA ESCUELA (MEC/MSP)	
Scholarship	405,000 school children
Improvement of one-teacher schools	250,000 school children
Backpacks	500,000 children of 2 and 3 basic
School Classes	2,200
MAS SALUDABLES	
Healthy maternity (Free)	119,767 pregnant women per year 777,244 newborns/year
	1,200,000 children 0-5 years
Generic Medicine	2,000,000
Enhanced Immunization Plan	1,600,000 children 0-5 years
JUNTOS CONTRA EL HAMBRE	
PANN 2000	15,000 pregnant mothers 15,000 nursing mothers 33,000 children 0-2
Eating Room – Street Children	250,000 children 2-5
School Lunch	1,000,000 children 6-12
Graduation	1,000,000 children 6-12
Eating Room – Senior Citizens	
PROTECTION NETWORK	
Solidary Bonus	1,130,000 families
Our Children	70,000 children
ORI, INNFA, PRONEPE	120,000 children

Figure 2

Figure 4 represents governmental and social efforts to recover social spending. New priorities and adequate allocation of resources lead to an improvement of social spending in 2000. The priorities and goals set in the Emergency Social Plan were translated into priority social programmes, and were therefore protected from a fiscal standpoint.



Increase in Social Spending

Social spending has continued to increase since 2000. In fact, Ecuador is reaching a social budget that is close to 2400 million dollars. Allocation for social spending represents 27% of the total budget, while it was only 15% of the total budget in 1999.

However, Ecuador's per capita social spending remains one of the lowest in the region. Ecuador spends US\$ 76 dollars per capita per year. Figure 6 shows the level of Ecuador's social spending against that of other countries.

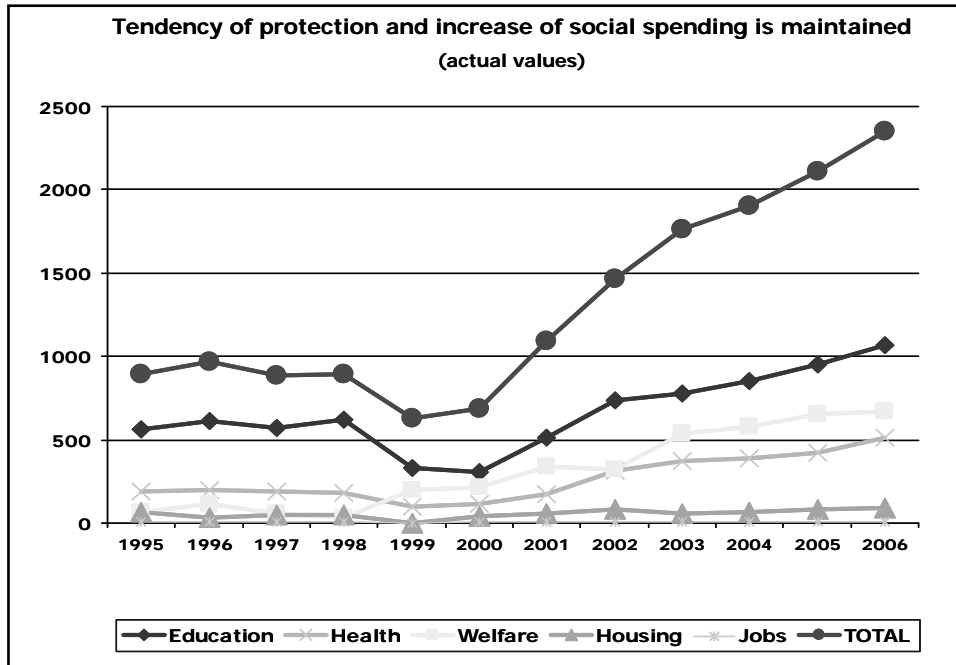


Figure 5

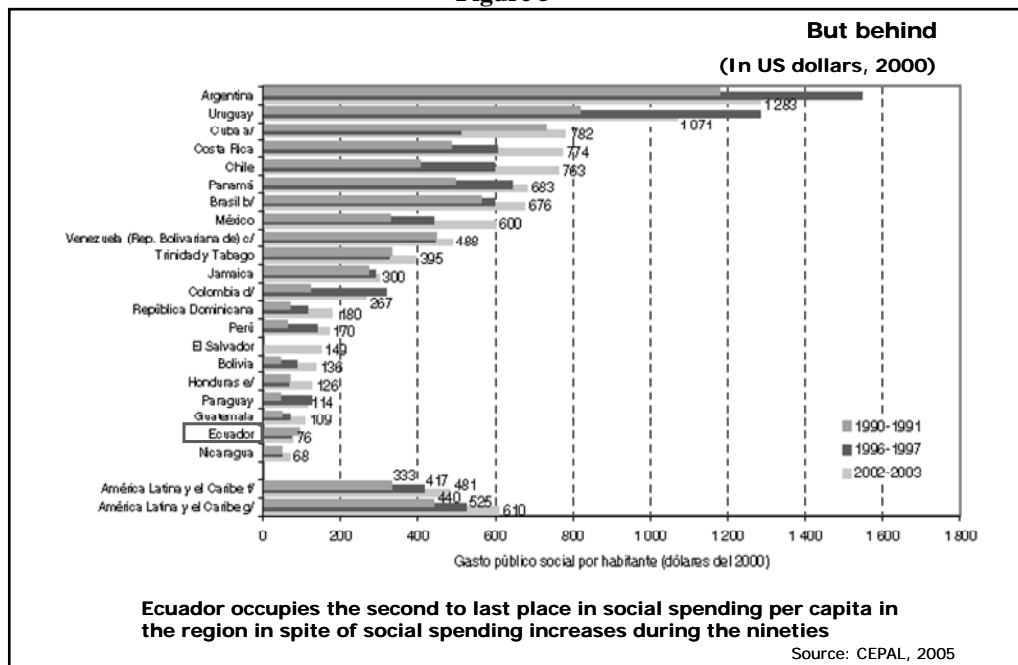


Figure 6

Ecuador has a small economy that fails to grow to the levels it would wish to and consequently, the ability to invest in the social sector has certain restrictions. Social investment recovered and grew following the implementation of certain measures:

- a) Increase and protection of resources allocated to education, health, social welfare, jobs and housing.
- b) Improvement of social spending in the basic social services: ‘All children in school’, ‘All children with access to healthcare’.
- c) Protection of minimum floors for priority social programmes. Generally, when Ministries face a problem, they “cap” expenses normally targeting social sectors. Therefore, to achieve minimum floors, it is important to have a protection mechanism.
- d) Reforms in management of resources in priority social programmes.

UNICEF also worked in coordination with Ministries, civil society organizations and political parties, on the analysis and monitoring of social expenditure. It identified certain structural problems and worked for the creation of budgetary spaces. Regarding the excessive debt burden, specific actions were identified, such as debt swaps and initiatives of debt auditing. In order to address the low redistributive effect of the budget, it was necessary to identify what efforts would be made by Ecuador and its society to finance social spending (Fiscal and Social Pact). For this reason, other mechanisms were created to build capacity within society.

Capacity Building

The Observatory of Children’s Rights was one of the mechanisms used for building capacity. It served to ensure that children’s rights were in the public domain, not just from a technical point of view, but as an issue of national interest. The same applies for the Observatory of Fiscal Policy through which people were able to follow fiscal policies and their effect on social expenditure.

The four axes in governmental social policy 2007-2011

Ecuador inaugurated a new government on January 15th, 2007. It appears that there will be increased attention to social policies, maintaining the same goals. The government seems to be focusing on four objectives:

- 1) Capacity building –equality from the start: No child suffering from hunger and malnutrition, universalization of basic education and child development and all children in school.
- 2) Socio-economic inclusion – a country for everybody: nobody goes hungry and no discrimination
- 3) Social guarantees –right to protection: no child is mistreated and protection to population with special vulnerabilities
- 4) Citizenship –from clientelism to citizenship: institutional strengthening of social policy

Impact on children

What was the impact of this in the country?

- 1,000,000 children received school breakfasts and lunches
- 5,000,000 users of free maternal care.
- While at the beginning of 1999, Ecuador did not have a budget allocation for vaccinations, a budget allocation was established specifically for this purpose achieving an 85% vaccination coverage.
- Monitoring has allowed Ecuador to achieve a 7% decrease in child labour.
- The income of approximately 1,300,000 families was protected.
- 50% of municipalities provide free maternal and infant care.
- All children have access to school texts in public schools.
- An 85% vaccination
- The goal of all children in school is being progressively achieved.

About the presenter, Ms. Berenice Cordero

Ms. Berenice Cordero is an expert in children's rights who has extensive experience in child-related issues. She was Director of Mobilization and Executive Director of the National Institute of Children and Families in Ecuador. She also held the position of National Director of Child Protection.

She was candidate for the Vice Presidency of Ecuador. Formerly, she has worked as a consultant focusing on children in especially difficult situations. She is currently working as Protection Officer with UNICEF in Ecuador.

Ecuador: Budget and Human Rights – the technical instruments

Mr. Daniel Badillo
UNICEF Consultant

***Abstract:** Mr. Badillo focused on the linkages between social and economic development, access to official budgetary information, the creation of an information system and the establishment of a mechanism for continual monitoring and reporting of social expenditure in an accessible manner.³*

Introduction

Four elements supported a somewhat invisible strategy in Ecuador. They supported the political process of mobilization and awareness rising among the various actors in the field of human rights:

- 1) Ensuring that the various actors in Ecuadorian society understood the links between the social and economic arenas. How do economic policy and social policy interrelate?
- 2) Ensuring timely and accurate access to budget information to enable effective monitoring of the budget
- 3) Establishing an information system to allow better managerial reading of the results of the various income and expenditure items within the budget; and
- 4) Organizing systems to explain clearly the complex issue of budgets. Perhaps one of the most important tasks undertaken was translating complex concepts into very simple interpretation structures.

Link between social and economic elements

It is important to emphasize the economic rationale for social policy, the social rationale for economic policy, and how they intertwine with each other. Figure 1 below demonstrates how these complex links were translated into a simple structure that everyone can understand. On this graph, one can easily discern the economic implications of a social aspect and vice versa.

With sufficient and progressive social investment, it is possible to move towards better access and better quality of social services. Greater access to social services leads to better educated, healthier and better-fed populations. These human capacity elements make it possible to introduce knowledge, innovation and technology, which in turn improves “productivity” (to produce the same amount of goods and services with fewer inputs, or to gain the possibility of reducing unit costs and be prepared to compete in international and national markets). The relationship between productivity and competitiveness is basically dictated by an improvement in human capital through investment in education, health and nutrition.

^{3/} *The content of this presentation has been translated from Spanish into English and adapted.*

All of these elements lead to sustainability. This virtuous cycle allows greater social investment. The green boxes in Figure 1 represent the essential mechanisms from the economic and social side. If there is greater social investment, there will be increases in real wages and improvements in employment. This relationship encompasses the linkages between economic and social policy.

In addition, it is important to identify mechanisms that plan from the social to the economic. First of all, people who are capable and well are more productive (it is not feasible to have productivity gains without adequate human capital). The first impact is human talent. The second fundamental element is the internal market, which makes the economy more dynamic.

Figure 1 presents an initial simple explanation. Although the reality is much more complex, this simple model helped the various actors of Ecuadorian society to understand the main elements that link the economic and social areas. This facilitates understanding of how they interrelate and what the basic instruments of economic and social policy are.

Access to Information

It was fundamental for Ecuadorian society to make progress in the process of mobilization and raising awareness about the budget. The objective was to work with a set of data which came from official sources. Second, an agreement on some concepts of social investment needed to be reached. Various discussions gathered government, non-government actors and the United Nations system team (headed by UNICEF). They reached an agreement on the meaning of a “funded social investment”. In order to guarantee effective access to official information, UNICEF and the United Nations system agreed to transfer regular information from the Ministry of Economy and Finance to guarantee the quarterly flow of budget information. The partners went further on that agreement and developed a joint publication of a quarterly bulletin on the development of social expenditure. This publication was called “Let’s look at social expenditure”.

Development of an Information System

A third basic element was the need to have a budget information management system that was reliable and timely. Originally, the information system was general and its data was very complex. It was not an information system that could be used for decision making, as classifications used were complex. The information used by the Ministry of Economy and Finance was not user friendly nor could it be easily understood by the general population. Therefore, the strategy involved developing a management system, which took two months to prepare at an approximate cost of \$12,000. The objectives of the system were: 1) to provide updated online information; 2) to make progress in terms of transparency and accountability; 3) to strengthen public access and to mobilize citizens to monitor social investment.

This system had to cover the entire budgetary process, which entails four phases: 1) budget proposal made by the government at the beginning of the year; 2) Budget approved by Congress; 3) Modifications done over time (taking into account the fiscal reality of the year); and, 4) The execution/implementation of the budget. The information system covers all of the above.

Simplification and monitoring

A simplified system was developed, as available data, documents, reports and analysis included very complex classifications and terminology, which were difficult to understand. This type of information is complex, not only for government officials, but even for the experts. Therefore, budget information was organized into simpler categories within a more user-friendly framework, and emphasized the monitoring of implementation and use of resources. The consultants met with the Ministers of Economy and Finance, as it was essential that they be able to use official information and figures, but structured and presented in a different way. It was therefore the same information, but organized in such a way that it was linked to rights.

The information system: How does it work?

The information system allows for a detailed breakdown of budget items based on the information given by the Ministry of Economy. It is possible to access overall expenditures, as well as a break-down of them into the purchases of actual goods and services.

It is also possible to cross-reference the information system according to national geography. The classification allows seeing expenditures by region, by province, etc. The information may be analysed by remuneration in certain cantons and the source of financing (external loans, official government sources, etc).

The system makes cross-tabulation simple. It is possible to observe how much of the total social sector expenditure of Ecuador in 2002, which amounted to US\$ 1.4 billion, was spent on direct transfers. Additionally, it allows seeing how much was spent on education, social welfare or employment, at the national level, and by sector.

The application has been used in 150 cantons of Ecuador. It reflects the national budget, but is also available for municipal budgets. The same project was adopted in two municipalities of Mexico.

The website (<http://www.ame.gov.ec/frontEnd/main.php>) of the Association of Municipalities of Ecuador uses the application. On the website, it is possible to search either by municipality or by total. It is easy to access the information, cross-reference it, prepare a report and gather needed information. The website of the Observatory of Fiscal Policy, a citizen-led NGO that monitors fiscal policy, (<http://www.observatoriodifiscal.org/intro.php>) also contains interesting information.

The bulletin of social expenditure includes reference to a number of additional publications: pedagogical analysis, the expenditure as of December 2006 and a set of data on the status of social expenditure. It contains information on effective social expenditure for 2006. It analyses education, health expenditure, etc., in terms of fiscal contributions from January to October: what was spent, to whom it was allocated, who received more and who received less. There are other types of publications that are more pedagogical, including publications from the Observatory, for instance.

About the presenter, Mr. Daniel Badillo

Mr. Daniel Badillo, a noted author on financing and social investment issues, has a PhD in Economics focused on Financing for Development in Latin America. He has held the positions of Vice Minister of Economy, Vice Minister of Finance and Minister of Economy and Finance for the government of Ecuador.

He has a long standing experience as an international consultant for international organizations such as UNDP and UNICEF and has worked in several countries in Latin America. In UNICEF – Ecuador, he developed a pedagogic analysis of the national budget, which evaluated and analyzed the budget in the context of social investment trends of the nation.

South-South Cooperation

Mr. Yiping Zhou
Director of UN Special Unit for South-South Cooperation

***Abstract:** Mr. Zhou focused his presentation on the importance of the budget as a human rights instrument. He stressed the relevance of society's participation and transparency in all phases of the budgetary process. Mr. Zhou provided some successful examples of budgetary work in developing countries and highlighted the role of the United Nations System in general and the Special Unit for South-South Cooperation in particular, in disseminating and putting to use collective knowledge on rights-based fiscal policy.⁴*

Why the budget?

The budget is the translation to financial terms of an action programme of the government. National budgets can influence the level and direction of activities, including social, economic and cultural behaviour. They also influence where people work, what transport they use, and what health care system is available to them. They reflect a set of values. Therefore, it is an instrument not only for planning purposes, for allocation of resources or for taxation purposes. It is the reflection of the State's emphasis on its citizens. Consequently, it is not just a budgetary issue.

Why the budget must be treated as a human rights instrument

In the conventional wisdom, the budgetary process is a fiscal instrument. However, the inclusion of the economic and social rights of the individuals into the Universal Declaration of Human Rights is really a historical break from the conventional wisdom. Consequently, human rights are not only political rights, but the rights of the citizens in all dimensions.

Four key aspects needed to be addressed for ensuring rights-based budgeting.

If the budget is going to be treated in the context of the Universal Declaration of Human Rights, then it has to expand to all areas. There are four key aspects that should be addressed to enforce rights-based budgeting.

- a) Purpose of the budget: the budget has to be very clearly deliberated at the national level. It reflects a political stand of the nation. It is also important to clarify for whom the budget is made. It is a long-term instrument, a process of visionary planning.
- b) Process of budgetary decisions: It is generally very much centralized. Therefore, special attention should be given to see whether the process is transparent, whether the purpose is clear and whether the process is based on the actual needs of the citizens, rather than the sharing of power by different groups. The process has to be inclusive and transparent.

⁴ / The content of this presentation has been adapted.

- c) Execution of the budget: It is important to monitor the execution of the budget.
- d) Monitoring of the spending: In order to ensure that the budget is used as a human rights instrument and benefits the citizens, it is important to monitor expenditure. We cannot depend on the apparatus of the system to monitor it. Society must be involved in the monitoring process. This monitoring process should start from the very beginning and not only at the expenditure phase. Society indeed needs to participate in all phases: monitoring of the purpose, the process, the expenditure and the impact of the budget.

Some good examples of budget process from developing countries

Those developing countries that are doing well in this area have made the budget a very transparent process. Transparency is very critical in all phases of the process – in setting the purpose, moving the process forward, executing and monitoring the budget.

- a) Brazil: In Porto Alegre, society has been able to decide about virtually everything regarding municipal spending. They can even actually influence what street should be improved, where parks should be built, what special cultural activities should be staged for a particular period of time, or in which area sanitation should be improved. They also organize public hearings at the municipal level. This is one way of getting citizens involved in the entire process of making the purpose of the budget clear, making the process transparent and having the execution monitored.
- b) South Africa: An interesting experience in South Africa is the so-called “group-focused budgeting” or “agenda budgeting”. In South Africa, there are two very popularly documented budgeting cases. One is the “Women’s Budget Initiative”. It started in 1994, immediately after the apartheid. Women participate in deliberating, in setting the purpose, process, execution, and monitoring. It therefore becomes a driving force for gender equality and equity. The other successful case in South Africa is the “Children’s Budget Initiative”. The Constitution of South Africa clearly states that children have an absolute right to access basic education and basic health, as well as shelter and housing. These kinds of gender-focused budgeting or child-focused budgeting have also now been implemented in many other countries: Tanzania, Uganda, India, Bolivia, Ecuador, Peru, Mexico, United Kingdom and Italy. More recently, the Philippines, Nepal, Malaysia, Kenya and Malawi have also started developing this kind of women’s and children’s budgeting as a national effort.
- c) Mexico: Transparency is one of the most important factors. However, it sometimes does not come from the government, but rather from citizen groups or civil society organizations. In Mexico, the “civil alliance in Mexico” launched a campaign to challenge the President’s special fund. Over years of campaigning, eventually this “secret fund” was eliminated and other measures were introduced in order to monitor the government’s expenditure and allocation of resources.
- d) India: An NGO called “Movement for the Empowerment of Peasants and Workers” started working in the 1990’s as a civil organization. Its agenda was to fight for the right to information. They started debating minimum wage and employment issues, progressing all the way into holding public hearings. They used the Indian traditional community dispute settlement mechanism for this kind of public hearings. Through this mechanism, they addressed the issue of government budget allocations, eventually

demanding to open up the accounts and look at the records. Consequently, this movement not only helped to eliminate corruption, but also to introduce a new sense of accountability of the government to the people.

These kinds of budgeting instruments are important, and many other countries are undertaking similar initiatives. However, not many of these concrete, successful practices have been made known to other countries. There is a need to further document and promote successful practices in the global South. There is an enormous opportunity for sharing and mutual learning, but there is no such thing as “best practices”. Instead, there are “things that can be done”. They can be done in a particular country’s economic, social and cultural context. There are common threads in these practices: participation, transparency, accountability and inclusiveness.

The role of the United Nations (UN) system and the UN Special Unit for South-South Cooperation (SUSSC)

The UN system has organized itself to systematically identify, promote, document and facilitate the dissemination of this kind of successful practices in order to help developing countries to build their capacities to learn and together create their own system of rights-based budgeting for development.

The main objective of the Special Unit for South-South Cooperation is to promote South-to-South cooperation – cooperation among developing countries. The Unit has four major areas of focus:

- To advocate and promote the sharing of knowledge and experiences among developing countries;
- To facilitate the process of sharing - in facilitating the process of sharing, the Unit partners with specialized agencies, donor agencies and developing countries to document and disseminate best practices;
- To provide visibility and credibility to everybody; (The Unit is not an expert but a good facilitator. For example, the Unit organizes the annual United Nations Day for South-South Cooperation and on every December 19th, gives recognition to institutions or units that have contributed to South-South Cooperation); and
- To foster partnerships and mobilize resources.

The Special Unit for South – South Cooperation would support a joint publication of success stories, a compendium on this subject for dissemination and facilitation of concrete transfer of knowledge and learning.

About the presenter, Mr. Yiping Zhou

As Director of the Special Unit for South-South Cooperation (SU/SSC), Mr. Yiping Zhou is responsible for the promotion and coordination of South-South cooperation in the global South and on a United Nations system. Mr. Zhou is also the Editor-in-Chief of Cooperation South—one of UNDP’s signature development journals.

Prior to assuming his current position, Mr. Zhou served as Deputy Director and Senior Policy Adviser of the Special Unit for SSC from April 1997-October 2004; Regional Programme Officer of UNDP’s Regional Bureau for Asia and the Pacific from April 1992 to March 1997; and Project Management Officer at the Office for Project Services (UNOPS) from November 1985 to April 1992.

Prior to joining the UN System, Mr. Zhou worked as Policy Officer in the Department of International Relations of the Ministry of Foreign Economic Relations and Trade of the Government of the People’s Republic of China from January 1980 to October 1984. He also served as a distinguished diplomat in the Permanent Mission of China to the United Nations from November 1984 to October 1985.

Transparent and Accountable Public Budgeting: A Comparative Look at 59 Countries

Ms. Pamela Gomez
International Budget Policy Analyst

***Abstract:** Ms. Gomez presented an overview of the work of the International Budget Project in developing datasets that are able to demonstrate how well countries incorporate citizens' participation and transparency in developing their budgets. She also provided an overview of how the datasets were created and used, and shared examples of what types of information can be gathered with them to analyse how well governments are sharing information in the different stages of the budget process.⁵*

Introduction

Working with academic and civil society organizations from approximately 60 countries from around the world, datasets are gathered to help identify to what extent budgets are transparent and accountable. The datasets allow analysis concerning the budget formulation process in different countries. More detail is available on the organization's website at www.openbudgetindex.com.

The International Budget Project works with colleagues with varying reasons for wanting accountable budgets and public access to information. Many are interested in monitoring economic, cultural and social rights. Others are interested in monitoring the delivery of public services and in seeing that allocations for social spending on certain items are increased. Some are interested in control of the security sector, as they consider it extremely important that the security sector follow the same budgeting rules and public expenditure management rules as the rest of the public sector. These colleagues see the control of the security budget as a critical component of civilian control over security forces. Some groups are interested in debt relief and the ability to monitor how funds, freed up by debt relief, are being used. There are also groups interested in the extractive industries and other types of governance issues including the non-executive institutions of accountability. The related datasets therefore cover issues related to legislative oversight on budgetary issues of the executive, as well as some aspects of national audit offices.

The Project began in 2002 and initiated with the development of a questionnaire to gather this data. The resulting questionnaire has 122 questions, 91 of which specifically deal with public access to information. The remaining 31 questions focus on the accountability of the budget-making processes. Three additional tables collect information on how governments disseminate budget documents to the public.

⁵/ *The content of this presentation has been adapted.*

The Methodology

One primary group is assigned responsibility for completing the questionnaire. Approximately three to six months are set aside for each group to check the facts of the information, double-checking it against publicly available information. The questionnaire is then peer-reviewed by two experts familiar with the country's budgeting system. All of the questionnaires, including all of the peer-reviewers' comments, researchers' comments and their responses to the peer reviewer's comments for each country are posted on the website. Consequently, the origins of the data or even from where a particular country ranking came from can be traced back to the questionnaire published on the website.

The Survey

The questionnaire is intended to give a general overview of the budget making process at the central government level following each of the four stages of the budget process: a) executive formulates the budget; b) legislature debates and approves the budget; executive implements the approved budget; and d) executive's year-end reporting and independent auditing. Information is sought for how each stage of the process is made available to the public.

For example, during the second stage of the budget process – when the legislature debates and approves the budget – the group looks to the dataset to see if the public is able to obtain a copy of the budget as it is being debated in the legislature. The reason for this is that having public access to information is key to monitor budgets and understand if cultural and social rights obligations are being met.

Survey questions are based on generally accepted good practices of public sector financial management. Some of these criteria reflect or are drawn from those developed by multilateral organization. The questionnaire uses many of the same criteria as the International Monetary Fund (IMF) code of good practices on fiscal transparency and the Lima Declaration of Guidelines of Auditing Precepts of the United Nations international Organization of Supreme Auditing Institutions (INTOSAI). The strength of these guidelines lies in their universal applicability as they are appropriate and actively used in countries with differing types of budget systems and income levels. Moreover, as these criteria are not completely sufficient, IBP survey also covers additional topics important for accountable budgeting, for example, public legislative hearings and the existence of laws on the right to information.

The Open Budget Index






Figure 1 illustrates one example of information the datasets provide, which is known as the 'Open Budget Index'. Constructed from 91 questions of the questionnaire, the averaged responses represent how well countries made available information to the public throughout the course of the budget year, focusing on not only the availability, but also the timeliness of that information.

The dataset clearly indicates which countries have stronger public access to information - France, New Zealand, Slovenia, South Africa, UK and United States. Countries that provide minimal or scant information to the public include Angola, Bolivia, Burkina Faso, Chad, Egypt, Mongolia, Morocco, Nicaragua, Nigeria and Viet Nam. This only provides the general overview. For more information with regards to how these rankings were developed, one can access the questionnaires on the website.

The Project places great emphasis on making the questionnaires publicly available, as it provides very practical steps to government officials and others who are interested in improving their performance related to public access to information.

Open Budget Index 2006

Which countries open their budget books to citizens?

Provides Extensive Information to Citizens 	France New Zealand	Slovenia South Africa	United Kingdom United States
Provides Significant Information to Citizens 	Botswana Brazil Czech Republic	Norway Peru Poland	Romania South Korea Sweden
Provides Some Information to Citizens 	Bulgaria Colombia Costa Rica Croatia Ghana Guatemala	India Indonesia Jordan Kazakhstan Kenya Malawi	Mexico Namibia Pakistan Papua New Guinea Philippines Russia
Provides Minimal Information to Citizens 	Albania Algeria Argentina Azerbaijan	Bangladesh Cameroon Ecuador El Salvador	Georgia Honduras Nepal Uganda
Provides Scant or No Information to Citizens 	Angola Bolivia Burkina Faso	Chad Egypt Mongolia	Morocco Nicaragua Nigeria Vietnam

A country's placement in a performance category was determined by averaging the responses to the 91 questions on the Open Budget Questionnaire related to information contained in the seven key budget documents that all countries should make available to the public. The countries that scored between 81-100 percent were placed in the performance category Provides Extensive Information, those with scores 61-80 percent in Provides Significant Information, those with scores 41-60 percent in Provides Some Information, those with scores 21-40 percent in Provides Minimal Information, and those with scores 0-20 percent in Provides Scant or No Information.

Figure 1

Availability of key budget documents

Figure 2 shows that out of 59 countries, 23 disclosed the Pre-Budget statements, other 23, that produced them, did not made available to the public whereas in 13 of them no such document or information was generated. This information indicates that a lot of information is being produced, either for the government's own internal use or for reporting to donors, but it is not being made available to the citizens. It also demonstrates that governments have the capacity to produce this information, and that capacity constraints are not always the reason why information is not being disclosed to the public.

Availability of Key Budget Documents

Out of 59 Countries Completing the Questionnaire

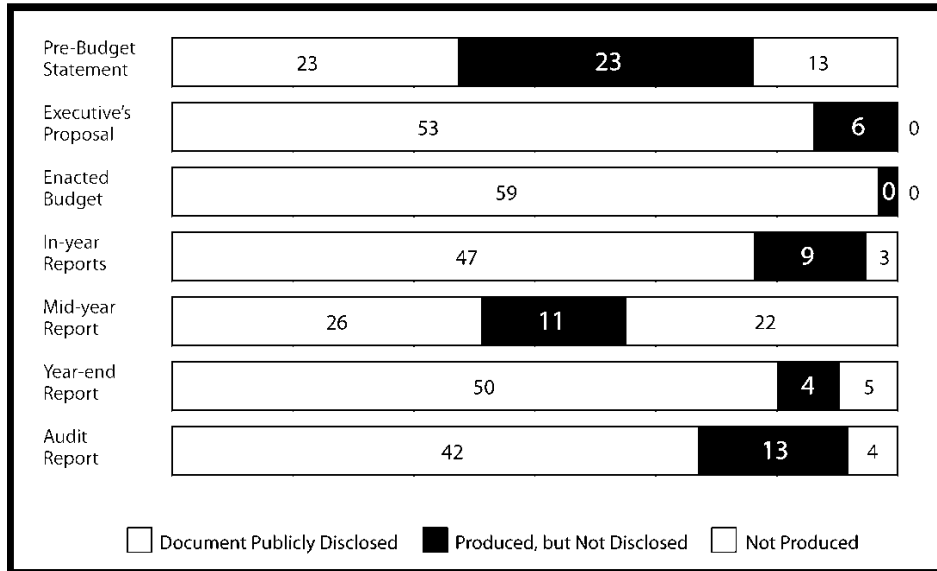


Figure 2

Availability of Public Hearings

Figure 3 exemplifies how many legislators hold public hearings on the budget. Public hearings are an important positive step to strengthen public oversight of the budget. This chart indicates which countries hold public hearings related to the budget on the macroeconomic framework (at the top) and which ones do not.

Are Public Hearings on the Budget's Macroeconomic Framework Held?

Testimony is heard from the executive and a wide range of constituencies.	Norway Philippines Poland	Slovenia South Africa South Korea	Sweden Uganda
Testimony is heard from the executive and some constituencies.	Brazil Bulgaria Colombia	Georgia Guatemala Kazakhstan	Kenya Mexico Russia United Kingdom United States
Testimony is heard from the executive branch, but no testimony is heard from the public.	Albania Argentina Chad Costa Rica	Croatia Czech Republic El Salvador France	Ghana Malawi New Zealand Nigeria Pakistan Peru Romania Turkey
Public hearings are not held on the macroeconomic and fiscal framework.	Algeria Angola Azerbaijan Bangladesh Bolivia Botswana	Burkina Faso Cameroon Ecuador Egypt Honduras India	Indonesia Jordan Mongolia Morocco Namibia Nepal Nicaragua Papua New Guinea Sri Lanka Tanzania Vietnam Zambia

Response by country to Question 76 on the Open Budget Questionnaire.

Figure 3

Institutional strength of auditors

Another issue of great importance to the civil society partners is the institutional strength of the national audit office, also known as the Supreme Audit institution. One concern is the tenure of the head of this office and whether or not it may be removed by the Executive without recourse to the judicial or legislative process. Figure 4 provides some examples of where the head may be removed by the Executive. At the top of the table, some countries are listed where there are procedures in place that provide more strengthened security in tenure.

Can the Independent Auditor be removed by the Executive?

No, the head of the SAI may only be removed by the legislature, judiciary, or they must give final consent before the head of the SAI is removed.	Albania	Ecuador	Mongolia	Russia	
	Argentina	El Salvador	Namibia	Slovenia	
	Bangladesh	France	New Zealand	South Africa	
	Bolivia	Georgia	Nicaragua	Sri Lanka	
	Botswana	Ghana	Norway	Sweden	
	Brazil	Guatemala	Pakistan	Turkey	
	Bulgaria	Honduras	Papua New Guinea	United Kingdom	
	Colombia	India	Peru	United States	
	Costa Rica	Indonesia	Philippines	Vietnam	
	Croatia	Kenya	Poland	Zambia	
	Czech Republic	Mexico	Romania		
	Yes, the executive may remove the head of the SAI without the final consent of the legislature or judiciary.	Algeria	Chad	Morocco	Uganda
		Angola	Egypt	Nepal	
		Azerbaijan	Jordan	Nigeria	
Burkina Faso		Kazakhstan	South Korea		
Cameroon		Malawi	Tanzania		

Response by country to Question 115 on the Open Budget Questionnaire.

Figure 4

About the presenter, Ms Pamela Gomez

Ms. Pamela Gomez is an International Budget Policy Analyst with primary focus in measuring and advocating for greater budget transparency in developing and transition countries. Ms. Gomez previously worked as the Caucasus Office Director for Human Rights Watch, based in the former Soviet Republic of Georgia. Ms. Gomez holds a B.A. in Economics from Barnard College and a Masters in International Affairs from the Johns Hopkins School of Advanced International Studies, specializing in international economics and Latin American studies.

Democratic Republic of the Congo: A work in Progress UNICEF's "Eye on the Budget" in post-conflict countries

**Mr. Anthony Bloomberg
UNICEF Representative in DRC**

***Abstract:** Mr. Anthony Bloomberg, UNICEF Representative in the Democratic Republic of the Congo presents UNICEF's experience in incorporating the human rights perspective into policy formulation in a post-crisis situation. The process involved consensus building between the UN system, the World Bank and bilateral donors. Mr. Bloomberg focuses on the abolition of user fees as key to increasing utilization of health services and the reduction of infant mortality. School fee abolition also has a dramatic impact on enrolment. Finally, he draws some lessons learned and suggests some themes for further analysis.⁶*

Introduction

To set the scene for a discussion on the Democratic Republic of the Congo (DRC) it is important to look at the recent history. In DRC there has been conflict over the last ten years. As a result of this long lasting conflict and bad governance, GNP per capita has come down as low as US\$100 per person per year; under five mortality, which in the rest of the world has decreased, has increased in DRC to 213. Over this period four million people have died from causes directly or indirectly related to the conflict, four million are displaced and there is a deterioration of the infrastructure and social services.

However, very recently there has been some progress in DRC: a new Constitution was established at the end of 2006; a Poverty Reduction Strategy Paper (PRSP) was adopted by the government by mid 2006; there were democratic elections; the new President Kabila was inaugurated in December 2006. Therefore, we are actually at the door of a new era in this post-conflict country.

The DRC is important in its own right but at the same time, it sits at the very heart of Africa, surrounded by 11 countries (see Figure 1); it has a population of 60 million people and is the size of Western Europe. Therefore, if we can give children in DRC a better future, this should have an influence beyond the country itself. This is the strategic importance of this discussion.

^{6/} *The content of this presentation has adapted.*



Figure 1

Challenges and Opportunities

In DRC, there is a very meagre state budget: in 2006, it was less than US\$ 1 billion for 60 million people. There are many post-conflict priorities competing with the social sector, including security sector reform, governance and economic recovery. There is poor State income generation despite the fact that Congo is blessed with rich and valuable natural resources. The country is relatively under-funded per capita. The ODA (Overseas Development Assistance) per capita is about half that of Uganda, for example, and humanitarian assistance is likely now to diminish as the situation in the country stabilizes. As a result of the recent progress towards peace and political stability, there are huge needs and high expectations, but the population, which is extremely poor, has little capacity to pay for services.

However, there is potential to increase revenues if the rich natural resources are better managed and if ODA can be targeted correctly at the social sectors. With good investment of relatively modest size it is possible to make very substantial gains in the social sector. Moreover, in the new political era we are facing, it is politically a good idea to give the population some peace dividends.

Abolition of User Fees

There is very low utilization of the social services both in the health and education sectors. In the health sector, user fees are very high; in the education sector, parents have to pay for the schooling. The national budget makes a very low contribution to those costs. Hence, eliminating the user fee is key to increasing coverage.

Figure 2 shows that if health spending per capita increases, survival of children over five years of age will increase as well. Moreover, at the low health spending per capita level where DRC is situated, relatively small increases in health expenditure can yield very significant improvements

in the survival of children. Additionally, spending money alone is not the answer to realizing good outcomes; it is the quality of the expenditure that matters.

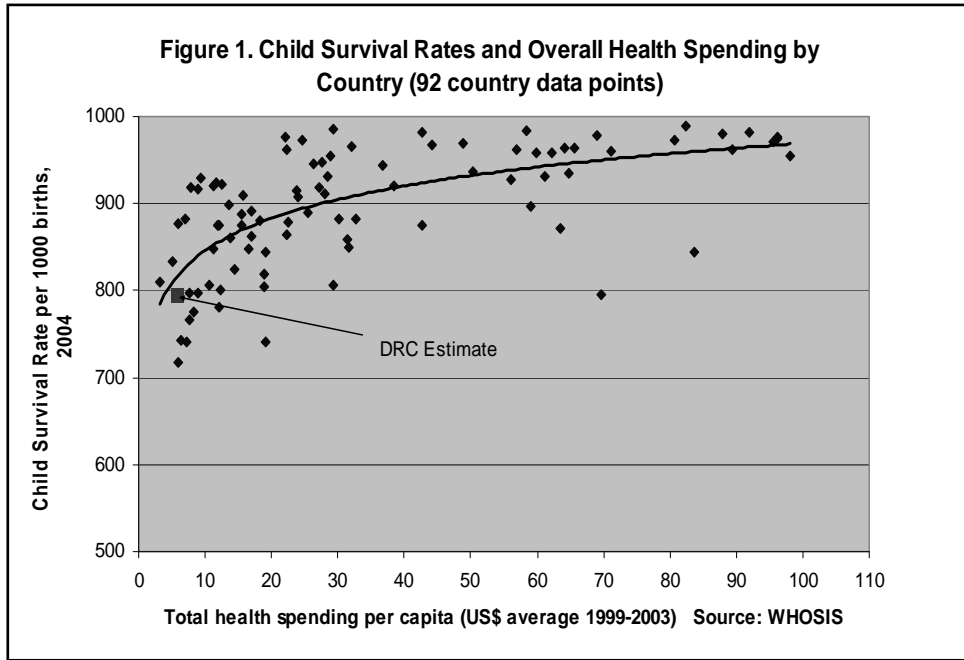


Figure 2

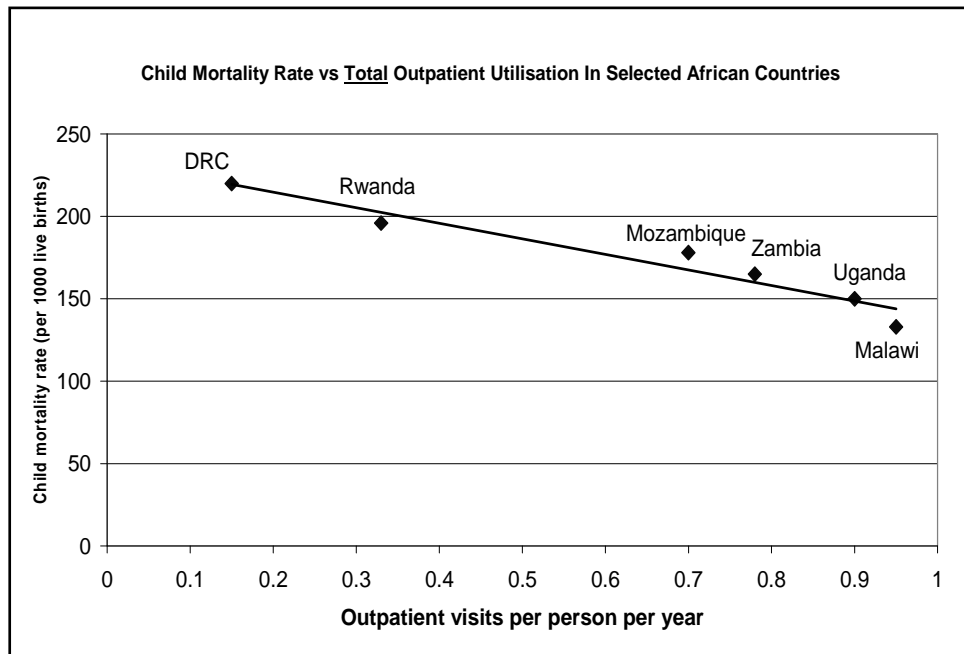


Figure 3

In Figure 3, child mortality is represented on the vertical axis and outpatient visits per person per year on the x-axis. As represented in Figure 3, increased utilization of health services yields good outcomes for children. Moreover, comparing Figures 2 and 3, in the latter, the correlation is tighter expressing that utilization of social services is a key factor in outcomes for children. Finally, considering just two countries, Rwanda and Malawi, they both spend US\$ 7.5 per person

on public expenditure per year but they are far apart on the chart in relation to both outpatient visits and under 5 mortality. This again emphasizes the importance of correct and wise spending.

Figure 4 represents the impact of fee abolition in the city of Goma, in the East of DRC. Some years ago, there was a volcanic eruption in Goma and user fees in the health facilities were abolished. This decision was followed by a dramatic increase in the utilization of health facilities. When user fees were reinstated, there was a decrease in the utilization of those facilities.

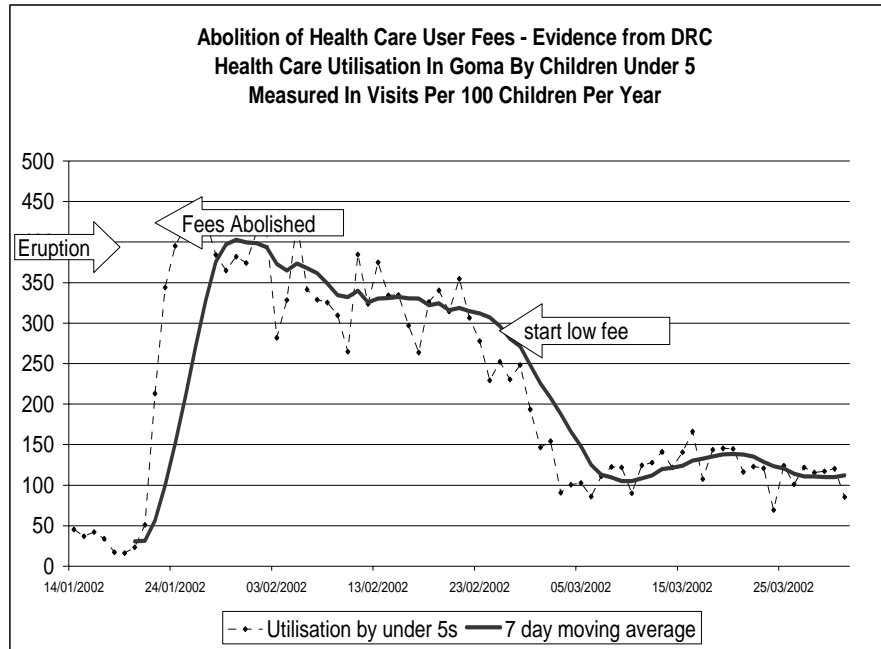


Figure 4

Figure 5 represents the impact of school fee abolition. Those countries that have abolished school fees on primary education have seen a dramatic increase in enrolment.

The Impact of Abolishing School Fees on MDG2

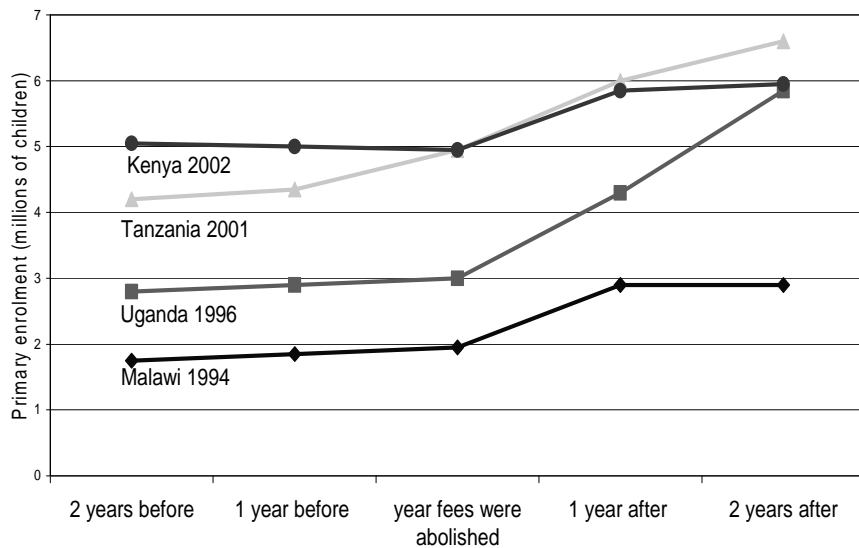


Figure 5

All these figures lead to the conclusion that it is important to allocate resources to achieve improvements in child outcomes, but it seems that the money has to be directed in such a way that you increase utilization of social services, whether it is education or health. The key to achieve that increase is removing its main obstacle which is user fees.

Approach to realize Child Rights

The PRSP projects and provides for increases in government social budgets; however it is unclear if those increases actually take place. Another question to address it is how ODA can effectively augment government spending so that services and their quality can improve and fees can be eliminated.

Therefore, there are several partnerships to move towards the achievement of increased social budgets. First of all, there is a UNICEF - government DRC Programme of Cooperation. Secondly, civil society, non-governmental organizations (NGOs), private sector and the society as a whole are involved in some way. And finally, the UN has partnered with the World Bank and major ODA actors in developing a common Country Assistance Framework (CAF). It advocates and persuades in human rights and child rights and stimulates debate on key policy factors with budget implications for reaching child goals.

The approach to realize Child Rights through budgets is represented diagrammatically in Figure 6. It is based upon the PRSP which has been approved by the government of DRC. The objectives are to improve the quality of services and to have good outcomes for children which are reflected in the Millennium Development Goals (MDGs).

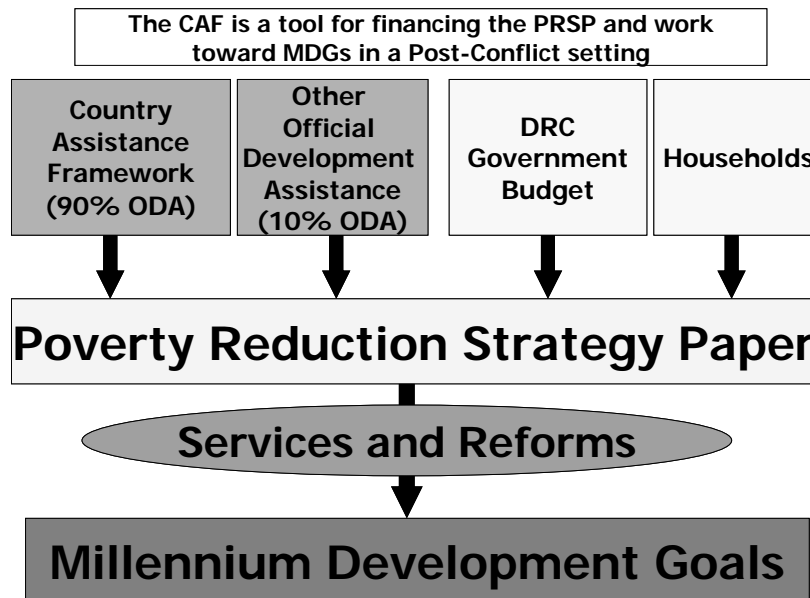


Figure 6

There are four inputs to the PRSP:

- 1) The members of the CAF collectively represent 90% of ODA to DRC;
- 2) Other ODA actors being 10% of the total;
- 3) DRC government budget which now is quite small but work is being done for an increase for the social sector; and
- 4) Household expenditures which represent a significant part of the total funding for social services; efforts are being made to decrease it.

In the CAF Partnership, each partner represents a different type of role, comprising 90% of DRC ODA:

- World Bank leads on preparing papers on “country context”, governance and pro-poor growth.
- UN leads on preparing papers on HIV/AIDS (with WB), social services and community recovery.
- Belgium/European Community leads on Health
- UNICEF leads in Education, rural WASH (WB in Urban WES) and social protection
- UNRC Office leads in overall negotiations with other ODA partners. It is the collective UN that participates in this negotiation, not individual agencies

Feasible and Affordable Ideas – Health

There is an existing UNICEF, World Bank, WHO, initiative on maternal, new born and young child health, and DRC was selected to be one of the pilot countries at the beginning of 2006. The remaining question is how to identify the core minimum package which could be offered free of charge for under 5 children and pregnant women within this initiative. The partnership is also trying to produce a health financing strategy with an emphasis on improving the levels and management of public financing. It seeks to improve national government and donor financing rather than user fees.

Feasible and Affordable Ideas – Education

In the area of education, the emphasis has been on how to relieve parents of the huge burden of paying the amount of money, which actually goes to teachers’ salaries, and how to increase national budget allocations to meet the increased payroll per teacher. Additionally, it is necessary to reform the process because there are too many teachers on the payroll compared to the actual number of teachers teaching. The strategy should also take into account that the reduction of fees will raise enrolment in schools and consequently the number of teachers will rise as well. UNICEF and World Bank have determined that it costs approximately US\$ 72 million a year to enable the parents to reduce their contributions.

These reform measures would not only raise school enrolment but would also contribute to poverty reduction. The proportion parents are paying for the education of their children represents on average 10% of their disposable household income. Therefore, the reduction of their contribution will constitute a 10% increase in parents’ income. Moreover, in a delicate environment like DRC, where conflict and poverty co-exist, it is important to have children in school to bring stability to their lives.

Feasible and Affordable Ideas – Rural WASH

Conventional wisdom considers rural Water, Sanitation and Hygiene (WASH) too expensive because people think that expensive equipment and an engineering approach is needed. Therefore, priority is usually given to urban water and sanitation. This is not necessarily the case in the DRC where 42% of rural communities have unprotected spring water sources, which are cheap and easy to cap. UNICEF has partnered with the Ministry of Health (Water and Sanitation Division) to implement a simple and cheap approach in all DRC Health zones. Over the next four years with US\$ 65 million investment, it will be possible to reach an additional six million rural population with clean water and sanitation. The Water and Sanitation MDGs for rural DRC can be achieved with this method.

Figure 7 shows a picture of the solution for WASH in Katana village in south Kivu, DRC. It is joint government-UNICEF strategy with a cost of US\$10 per person, not only for clean water but also for sanitation.



Figure 7

Feasible and Affordable Ideas - Social Protection

In the area of social protection, there are key cross-sectoral priorities:

- 1) To promote the idea of rights based programming focusing on the most vulnerable and marginalized.
- 2) To explore the use of cash transfers to address child poverty amongst the most vulnerable groups; and,
- 3) To propose the creation of a Social Protection Unit in the appropriate Ministry to monitor the impact of the PRSP implementation on vulnerable groups, prioritize investments, and set targets. It will be placed in the Ministry of Plan because Plan has already established an *Observatoire de Povreté* for the monitoring of the PRSP implementation.

Country Assistance Framework (CAF)

There is a general consensus on various themes:

- 1) Actual and prospective ODA for DRC is inadequate as it is half the amount in Uganda. The common framework developed together with all actors should serve to mobilize additional resources;
- 2) Reconciliation between supply side and demand-side approaches in the context of the CAF;
- 3) Universal access to basic services;
- 4) Support to a limited number of high impact social investments;
- 5) Improvement of the efficiency, effectiveness and quality of expenditure over and beyond the reduction of fees, preferably through sectoral reforms and SWAPs (Sector Wide Approaches). Therefore, actors agree on moving towards SWAPs at least for education and health as quickly as possible.
- 6) The donors would adjust their programmes to the CAF on the basis of evidence released on efficiency, effectiveness, equity, affordability and feasibility.

As regards social services the CAF reached the following consensus:

- Education: Progress towards universal access to primary education including the elimination of (some) school fees with associated package of reforms
- Health: Progress towards universal access to primary health care including provision of free basic minimum package focusing on U5s and pregnant women
- Water and Sanitation: UNICEF proposed approach accepted to prioritise access to millions of rural population with easiest and cheapest option
- Social Protection: Donors indicated very limited funds available for specific social protection activities. Reduction/elimination health & education user fees will increase access to services by vulnerable groups.

The work of the CAF is based on the PRSP adopted by DRC government. UNICEF and other actors are expected to participate and work closely with line Ministries. CAF stakeholders must formally engage the new government with this framework as soon as it is formed.

When President Kabila was inaugurated, he addressed the nation and touched upon some of the points considered in the PRSP and in the CAF: educational reform, access to potable water, health care structures, the fight against poverty and social inequality and protection of children and vulnerable people. It may be considered an endorsement from the Head of State of the main thrusts of both the PRSP and the CAF.

General Lessons Learned

- 1) In post conflict countries ODA actors are willing and motivated to come together and agree on a limited set of high impact priorities. The UN and the World Bank started this partnership in DRC.
- 2) The UN-World Bank partnership attracts other ODA actors; and,
- 3) To reach the MDGs, more focus need to be put on demand-side programming and getting the population to use services, eliminating barriers. This cannot be accomplished through the supply side alone.

Lessons for the UN

- 1) The UN's key added value in the partnership is its leadership in the human rights approach. UNICEF is the worldwide recognized organization specialized in children rights.
- 2) The UN added value has as much in influencing "rights based" donors' investment as in their own specific agency programmes. Therefore, the UN needs to go beyond and advocate human rights policies.
- 3) The UN needs expertise in public finance to influence the development agenda and to build capacity of line ministries to argue the budget case for social investments
- 4) UNICEF can lead from behind on child rights through a strong UN Resident Coordinator Office.

Finally, it is important to highlight that leveraging resources for children in DRC is a work in progress. ODA actors will converge with the CAF over time. Additional State revenue will have to be mobilized as social sector needs are expected to increase and consequently more ODA will need to be mobilized as well.

UNICEF is working to build a civil society coalition in favour of children focused on HIV/AIDS and children. There are various surveys taking place in the first half of 2007, which will generate data and evidence needed to further promote the human and child rights agenda, through budgets. UNICEF and the UN are investing in the Ministry of Planning's *Observatoire de Povreté* for the monitoring of the implementation of the PRSP. This is a work in progress that is expected to bring positive results for the children of DRC over the next months and years.

About the presenter, Mr. Anthony Bloomberg

Mr. Anthony Bloomberg started his UNICEF career at Headquarters in the Division of Finance and Administration. Formerly, he was UNICEF Representative in Vietnam, Angola and Sierra Leone. Mr. Bloomberg is currently UNICEF representative in the Democratic Republic of the Congo.

Human rights, the budget process and Social Policy

Mr. Andrew Norton
Lead Social Development Specialist, World Bank

***Abstract:** Mr. Norton provided an overview of the human rights perspective and its impact on the budget process and social policy formulation. He described the budget process and the elements/criteria needed, in addition to discussing what it means to bridge together two very different knowledge communities– the budget and human rights communities - to find common ground.⁷*

Introduction

Dealing with connections between the budget process and human rights often involves bridging together two very different knowledge communities. Budget specialists typically emphasize values of restraint, placing emphasis on trade-offs, and are very concerned with moderating claims. They are largely allergic to entitlements, which is one of the bases of looking at human rights. They see entitlements as a threat to budget management, as they can lead to uncontrolled demands on public resources. It should be noted that the understanding of entitlements in the budget literature differs from that in “rights” literature. Basically, their emphasis is usually on maximizing the discretion of the bureaucrats and the officials. By contrast, the rights advocates place emphasis on building poor people’s capacities to make claims. This often leads to a dialogue of the deaf. However, it is possible to find a common ground.

Common ground is found in the values of transparency, accountability and efficiency. Human rights promote participation in the budget process. Citizens’ participation is one means of increasing efficiency, reducing corruption, reducing waste and focusing on equity.

The Budget Process

According to literature, when looking at the budget, it is also important to look at the surrounding policy and planning processes. The case studies of Ecuador and the DRC illustrate this point. Resource allocation processes are essentially political, as was very eloquently covered in Jorge Vargas’ introduction. Understanding the politics of the budget process is critical when working on human rights and budgets. To understand the budget, one needs a holistic understanding of public expenditure systems. This includes the institutional cultures, but also the macroeconomic concerns that determine the budget envelope for expenditures. The final and perhaps most important point is to never assume that what is in budgets as allocations is what really happens on the ground. Where money is actually spent is often massively determined in the process of budget execution under discretion. This is not just done by officials at the top of the system, but also by officials at the bottom of the system who make decisions about where transfers effectively end up.

⁷/ *The content of this presentation has been adapted.*

Some key elements to analyze politics, rights and accountability in the budget process, are:

- Formal structure of roles and responsibilities: where technocratic analysis usually ends.
- Formal rules for decision-making, decision-making and accountability
- Networks of stakeholder power and influence
- Incentives for action (political and bureaucratic actors)
- Latitude for discretionary action
- Norms and values in key institutions.

To question the norms and values is essential and enables ministries key to human development to be able to contest the budget process not just at the beginning, but during the execution phase of the cycle, to ensure they receive the intended allocations.

Some key lessons

Some key lessons to share:

- Human rights, social policy and the budget process all intersect on the issue of accountability.
- The transparency of the system of budget management is critically important and requires good administrative systems, as well as a commitment to openness (linking “supply” and “demand” –side mechanisms).
- Broad engagement of civil society in budget advocacy, analysis and formulation can produce meaningful change. Essentially, it is important to have a system through which people can understand (in everyday terms) where the money is going. Information not only needs to be publicly available, but more importantly to be publicly available in a comprehensible form.

Some classic examples of engagement of civil society include: Desha in Gujarat; IDASA’s work on women and children’s budgets in South Africa; and FUNDAR and their work on health in Mexico. One common feature is the triangulation between civil society, the executive and the legislative branches. Very often, by working with parliaments, civil society groups can develop relationships that give them traction in terms of achieving political change, and achieving change in the formulation of the budget and the priorities within it.

Rights-based approach to social policy

A rights-based approach to social policy seeks to introduce a set of institutions and policies which secure all citizens’ reasonable access to a social minimum. In practice, it entails:

- The definition and communication of rights, entitlements and standards. The emphasis on empowering people to make claims and ask questions is not just to make them accountable, but also being able to understand what the delivery system is supposed to provide in the various sectors in which people interact and stay.
- The availability of mechanisms of redress. Typically, poor people find it difficult to access the formal legal system. If the mechanisms of redress are largely legal, one might well find the middle classes are getting more benefits than the poor. Legal systems can be important in establishing precedents, which are then followed up through administrative systems. However, mechanisms of redress like ombudsmen and working through administrative systems, school committees and the like are also critical.

- A commitment to the equitable delivery of specified rights, entitlements and standards.

The added value of the rights-based approach is its stress on information and transparency which produce positive effects in terms of accountability. A rights-based approach formalizes the nature of public obligation and enables citizens to make claims (for delivery, voice and information). The Rights Approach also drives two kinds of related transformations: 1) For poor people, transforming the way they relate with the state from patron-client relations to relations of citizenship; and 2) For institutions in terms of changes in norms and values – there is equity, justice and redress.

When working with very restrictive resources, as was illustrated in the case of DRC, a focus on core human rights obligations can be helpful. In human law, these can be taken as non-discrimination and equality, participation, cessation of detrimental activity of policy, prohibition of retrogressive steps and the realization of the rights to all.

Joint country study

As mentioned earlier, the World Bank is in partnership with the Organization of American States (OAS), the Inter-American Development Bank (IADB), five country governments and Economic Commission for Latin America and the Caribbean (ECLAC) to carry out a country study. The purpose of the study is to analyse whether and under what conditions human rights norms, standards and approaches can strengthen the institutional framework for delivering social policy outcomes. It includes four countries in Latin America (Peru, Uruguay, Guatemala and Chile) and South Africa. A strong framework in South-South learning is a key element in this study. The process involved will hopefully lead and complement the extremely valuable work that UNICEF has promoted in Ecuador and DRC.

The questions guiding the study are:

- What has been the experience?
- What factors facilitated or constrained the adoption of a rights approach?
- How has RBA been incorporated into policies for reducing poverty, social exclusion inequality and/or strengthening accountable governance?
- What have been the mechanisms for implementing an RBA? (policy and/or legal instruments, institutional arrangements, role of legal institutions, social and fiscal, has it promoted collective action?)
- What have been the results?
- What lessons/recommendations can be derived?

Ways forward

The work planned for the future will be based on:

- Sharing of experiences between countries (e.g. Chilean experience with ‘social minimums’ (emphasis on social dialogue, administrative mechanisms) vs. South African experience (constitutional law and engagement of legal mechanisms). Significance of context and what can we learn about interactions between judicial and administrative mechanisms.

- Sharing of knowledge between agencies (IBP work, UNICEF initiative, WHO initiative on health and PRSPs, OAS/World Bank/CEPAL on Rights Based Approaches and social policy)
- Understand what works and build common approaches

About the presenter, Mr. Andrew Norton

Mr. Andrew Norton currently leads the Social Analysis and Policy programme in the Social Development Department of the World Bank. Prior to this, Mr. Norton was head of Social Development for UK Department International Development (DFID), and Senior Research Fellow at the Overseas Development Institute in London. An anthropologist by training, Dr Norton has worked extensively on a range of social policy issues, including social protection, poverty analysis and the interface between human rights, development and social policy.

Promoting Human Rights through Participatory Budget Analysis

Mr. McDonald Benjamin
World Bank

***Abstract:** Mr. Benjamin concentrated on social accountability initiatives in the Latin America region, including Ecuador. He also touched upon the inequalities within Latin America and the Caribbean and how they are perpetuated by public policies and institutions⁸*

Introduction

Everyone has aspirations, beliefs and hopes. There is a range of needs to be met, either physically, intellectually, emotionally, and/or spiritually. The World Bank thinks about this from an economic dimension, while remaining aware that there are a lot of other dimensions as well. A person can be rich or poor depending on the dimensions considered. A person can have challenges in the economic front, but a rich culture. People forge alliances and societies to come together. Each society generates a particular culture and value system which needs to be recognized and understood. Each society also develops formal and informal institutions as well as power relations that allow, to different extents, societies to create (or not create) opportunities for all their citizens.

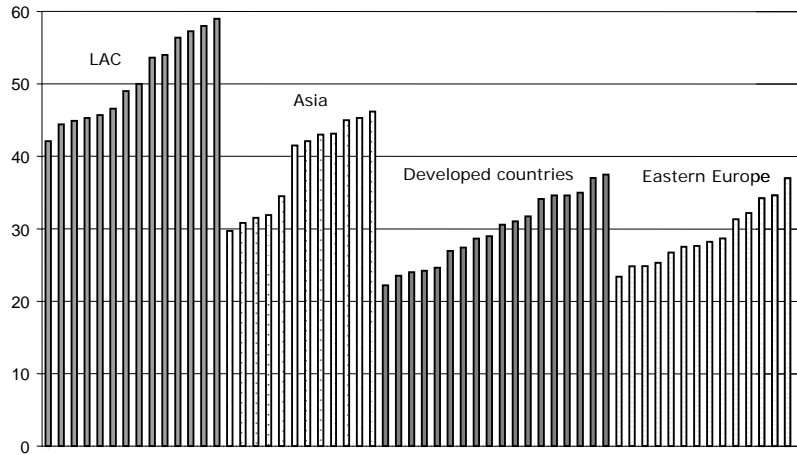
Social development efforts create positive social change (i.e. institutional transformation) towards greater social inclusion, cohesion and accountability by empowering citizens and promoting their well-being.

The impact of inequality

Figure 1 presents Gini coefficients around the globe. Latin America shows very high rates of inequality. Figures range from Uruguay amongst the lowest, with the exception of Cuba (which is not part of the graph), to some of the higher ones in the region, like Brazil. Moreover, the most equal country in Latin America is more unequal than any of the richer economies, or those in Eastern Europe. Essentially, inequality begins in Latin America where it finishes in other regions.

⁸/ *The content of this presentation has been translated from Spanish into English and adapted*

Gini Coefficient – distribution of per capita income in various regions of the world, 1990s



Source: LAC Flagship on Inequality, based on data from UNU/WIDER-UNDP, September 2000.

Figure 1

This inequality is expressed in various dimensions, whether they are ethnic, class, gender, or by region. For example, a person born in the province of Napo, in Ecuador, is likely to live fifteen years less than a person who is born in the province of Pichincha. A baby born in Oruro is one third as likely to reach its first birthday compared to a baby born in Tarija, in Bolivia. Between indigenous and non-indigenous, large differences remain. As show in Figure 2, they are not due to differences in endowments. Even after equalizing endowments there would still be certain unexplained differences that could be attributed to discrimination.

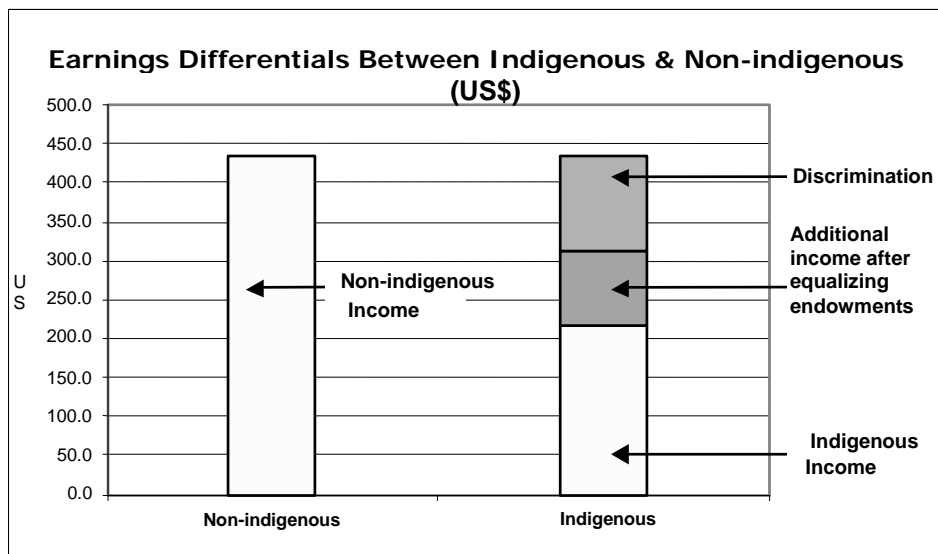


Figure 2

As seen in Figure 3, high inequality makes it harder to reduce poverty and achieve the Millennium Development Goals. In certain parts of Europe, where the Gini coefficient is near 0.3, a 5% growth rate could cut poverty by about 4 percentage points in one year. However, where the Gini coefficient is near 0.6 – like in several countries in Latin America – the same 5% is only going to reduce poverty by 1 percentage point. The benefits of growth simply do not reach the poor.

The elasticity of poverty reduction is much lower when there is more inequality (as shown in this example of annual poverty reduction rates with 5% growth rates under different scenarios of inequality, as measured by Gini coefficient)

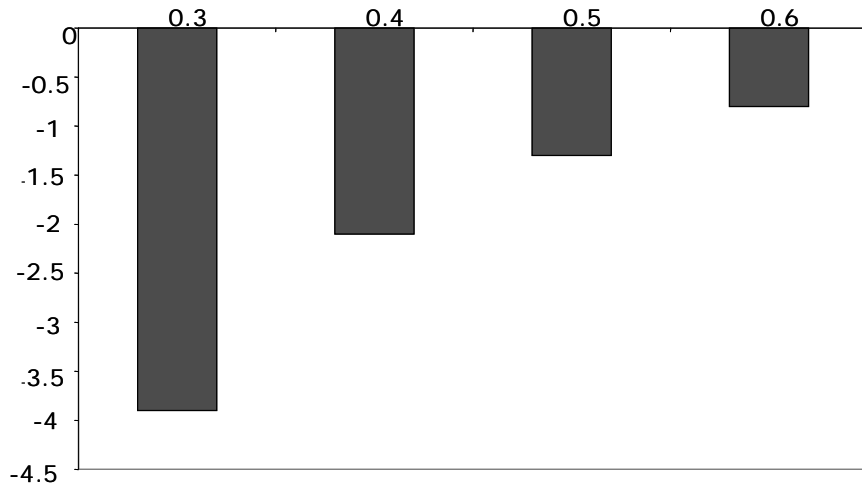
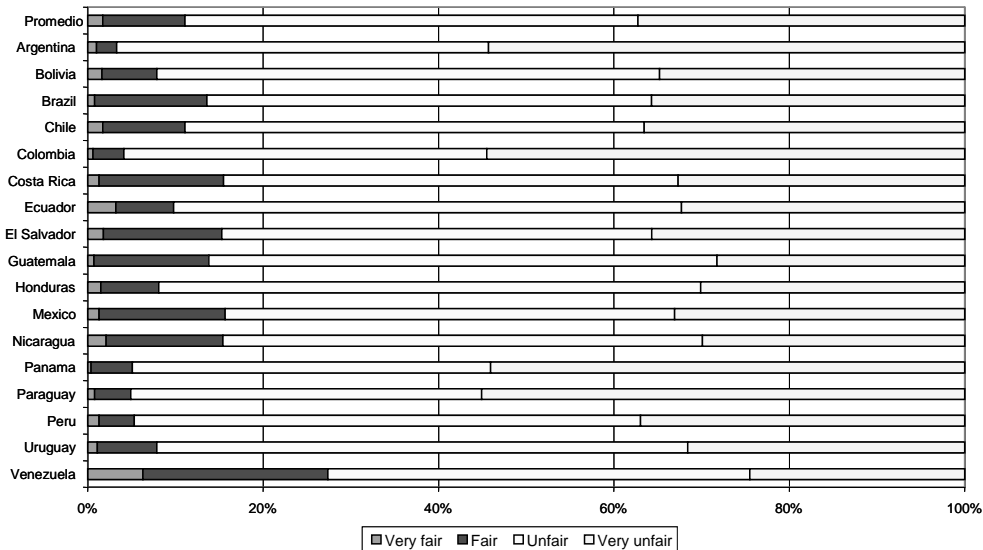


Figure 3

Inequality is widely repudiated. As reflected in Figure 4 more than 80% of populations surveyed in the various countries (with the exception of Venezuela) believe that income inequality in their countries is either “unfair” or “highly unfair”.

Perceptions of justice with regard to the distribution of incomes



* Source: Barometro latino(2001). Answers to the questions: “Do you think that the distribution of income is... ?”

Figure 4

The world is changing in ways that could actually increase inequality. As shown in Figure 5, Twenty or twenty five years ago, primary products represented one third of global trade and low technology products, another 21%. Now, high and medium technology products are well over half of trade, whereas primary product trade is down to one third.

The changing world could deepen inequality unless public policy focuses on these concerns

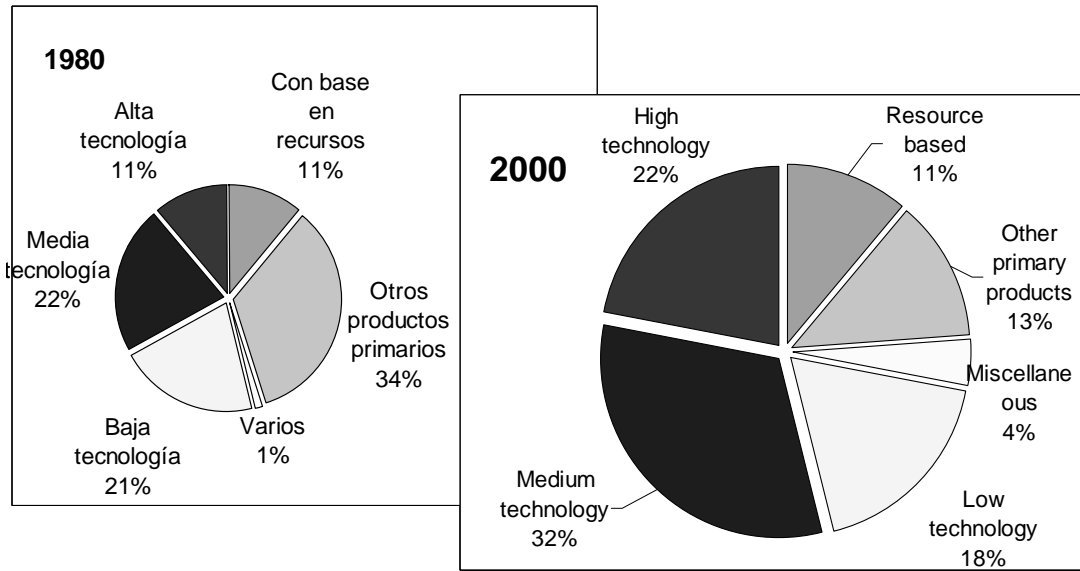


Figure 5

In this context, it is even more important for public policy to play a proactive role. Yet, sometimes public policy can perpetuate inequality. Figure 6 looks at data of Ecuador. Regarding, subsidies for electricity, the first quintile receives about 8%, whereas the richest quintile receives 40%. Telephone subsidies represent 48% for the fifth quintile.

Subsidies in Ecuador	Quintile	
	1st	5th
Electricity	8	39
Water	7	41
Telephone	5	48
Cooking gas	8	34
IESS health care	5	45
Public universities	3	40
Private universities	1	70
Gasoline subsidy	<1	85

Figure 6

It becomes even more challenging in relation to other commodities such as high level octane gasoline, where less than 1% of the subsidy reaches the poorest quintile and 85% the richest quintile. With respect to subsidies to private universities, 70% goes to the richest quintiles.

Figure 7 depicts patterns of what happens over time in practice. Particularly in the case of Ecuador, these patterns can persist over time. The Fund did an interesting analysis, basically putting into question: “If about 3.6 billion dollars in revenues were generated through oil, and 1.5 billion of that reaches the budget, where does the rest go?” Clearly, part of the difference represents production costs. However, there are over 800 million dollars pre-assigned before they ever reach the budget. Once they are in the budget, a good share is rigid (meaning that, for example, they are assigned to debt service, or they are assigned to public sector wages, which are can net be changes easily). Even among non-rigid expenditures, there can be inertia in so far as previous commitments may render it difficult to assign the resources to other sectors. These things persist over time.

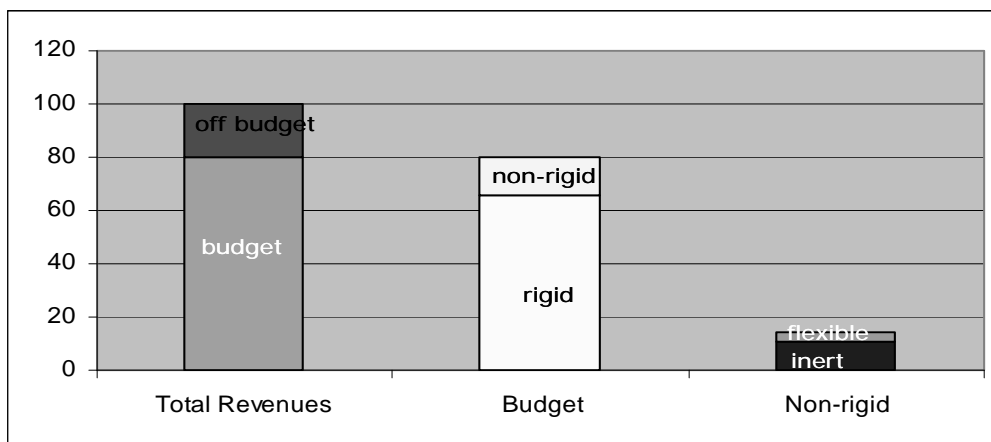


Figure 7

The first World Bank study on pre-assignments in Ecuador goes back to 1956, when this issue was first raised. The World Bank conducted a public expenditure review in 2004, whereby they estimated that some 6% of GDP could be freed up by a combination of measures, including: interest savings from debt repurchases, curbing defence spending to end-1990s levels, reducing selected off-budget earmarking of oil revenues, cutting subsidies (gas, diesel, electricity) skewed towards richer quintiles, eliminating VAT and income tax exemptions. This is very important because when trying to promote the use of resources for needy segments of the population, conventional wisdom would say, “there’s no money”. Indeed, 6% is equivalent to Ecuador’s spending on education and health. Then, the question becomes: what are the sources of funding?

Institutions take into full consideration established laws, custom or practice, and formal and informal rules of the game. Where oversight and control are weak, the scope for corruption is enhanced. There is an interesting model that looks at the social and country analysis as well as its relation to power, institutions and governance. According to this model, social and economic outcomes drive power relations, which in turn shape institutions, which in turn determine the outcomes. This cycle leads to the question ‘how do we break that circle in order to create opportunities for those who might not be well placed to influence decisions?’ Therefore, social accountability becomes incredibly important.

Amartya Sen has underscored the importance of focusing on entitlements and capabilities in order to understand and address poverty. He explained that if there is a marketplace full of products, but a person does not have an entitlement, a “bonus” or some kind of social assistance, all the capability to purchase those products in the market through his or her own income will not give him/her access.

Taking Amartya Sen’s ideas further, development is a process of giving individuals freedom to take decisions. That freedom must involve voice and agency. The ability to express oneself and act, while building more inclusive societies, is accomplished to an important extent by social accountability. Given the fundamental role of budgets in public policy, citizen oversight is essential.

The United Nations Commission on Human Rights set the benchmark to establish commitments. Participation, accountability, transparency, equity and non-discrimination are the key principles considered. The World Bank adopted these principles in its work. In 1996 for instance, there were less than 20 countries in which the World Bank had actively worked on governance and anti-corruption issues. After 2000, World Bank was supporting national efforts in these areas in more than 100 countries. Through a social development lens, the World Bank looks at the issue of how to promote more inclusive, cohesive and accountable societies.

The Budget from a Human Rights perspective

Civil society’s focus is often on expenditures, but budgets involve expenditures, taxes and debt, and an examination of each element is important. For example, on the debt side, how much tax are we demanding our children to pay for our well-being today? In terms of taxes, who is really bearing the tax burden? The analysis should also take into account the existence of substantial off-budget expenditures (in addition to the on-budget ones), especially because getting information on these expenditures is often significantly more challenging. Moreover, rigid expenditures should not be off our review, as such rigidities often reflect decisions previously taken.

Local budgeting is increasingly important, particularly for infrastructure expenditure. The attention on the oversight clearly needs to be commensurate with the flow of funds to local levels.

Finally, civic engagement should cover the entire budget cycle. The public expenditure tracking that began with colleagues from UNICEF in Ecuador was a particularly effective initiative. It is extremely important, along with monitoring the quality of expenditure. Which regions does it reach? Once the funding reaches the Ministry of Health or the Ministry of Education, how much is allocated to teachers’ salaries? How much and where? Which teachers’ salaries? How much is going into materials? How much is going into school upgrading?

Participatory budget process in Ecuador

The participatory budget processes have been supported by the United Nations and the National Congress of Ecuador. In fact, the National Congress of Ecuador has held consultations on the budget with civil society representatives. UNICEF funded public expenditure tracking, and has come out with a number of interesting publications: *The Budget For 2000 As A Tool For Adjustment With A Human Face.*

The World Bank supported policy-based reforms from the perspective of human development and fiscal consolidation. A key element for human development is that the government's programmes supported by the Bank involved protecting the social sector budgets. The World Bank also supported improving quality, including trying to weed out payment of salaries for teachers who were no longer present, and improving the quality of the assistance. In terms of transparency, the World Bank supported the establishment of systems whereby civic information was available to the public.

UNDP and UNICEF supported the "Observatorio de la Política Fiscal" (a civil society organization that oversees fiscal policy) which is an example of looking at fiscal policies for reducing poverty with various analysis or scenarios for 2007 through 2010. It also presents forward looking activities. Funding was received from bilateral partners (USAID and the German Technical Cooperation) to support local governance and decentralization activities. The World Bank provided ground support and administered social auditing related to information portals, access to information, independent budgeting analysis, participatory budgeting processes and grassroots capacity building.

Participatory budgeting in the region

At a regional level, the World Bank supported a programme known as "Recurso" in Peru, which introduced the idea of "benchmarking". How can a person in civil society know whether a service is adequate or not? A publicity campaign was created to address this question, looking at international standards in the case of education. The suggestion is that by the time a child leaves the first grade, he or she should be able to read 35 words per minute; 60 words per minute by second grade, 85 words per minute by third grade, 110 words per minute by fourth grade, etc. This type of benchmarking provides a parent with the ability to assess their child's development. It sets a standard with which to discuss with the teachers. These benchmarks do not necessarily differ by language. For example, in the Sierra's Quechua schools, these standards are met whereas in Lima, there are certain schools that do not meet them.

The World Bank had the privilege of being invited to support the *Municipal de Artes* in Porto Alegre, as they were reviewing their participatory budgeting process. They were focused on the quality of participation. They had a considerable increase in participation from 600 participants in 1990 to over 14,000 by 2000. However, they wanted to determine whether or not the poorest were participating. Were their voices being heard? A second issue was whether it was possible to look not only at investments, but also at recurrent expenditures. If the recurrent expenditures are eating up a large share of the budget without review, then those resources may actually be locking up resources that could be more productively used for investment. Similarly, the review might also be extended to the revenue collection. Thirdly, they wanted to determine whether the review could extend from budgeting over to public expenditure tracking, monitoring of expenditures, community school costs, etc.

In the case of social accountability or social assistance programmes in Uruguay, following the economic challenges encountered three or four years ago, a Ministry of Social Development was created, and a social emergency programme known as PAMES was established. They were using about 8% of the budget in 2005, and the World Bank was invited to support efforts to institute systems of participatory monitoring and evaluation, developing software, and piloting.

Who is the citizen?

Finally it is necessary to reflect on the question: ‘who is the citizen?’

As reflected in Figure 9, under registration of births is close to 10% in Peru. In rural areas in Nicaragua and Colombia, it is close to 25%. In Bolivia, under registration is approximately 25%, while being nearly 15% in urban areas and 30% in rural areas of Brazil. In the Dominican Republic, almost one in three births is not registered. These figures come from the Inter-American Development Bank (IADB), quoting UNICEF’s figures from 2001, and suggest that 15% - or one in six children in Latin America – does not officially exist. This means that when they grow up, they cannot own a bank account, inherit property, apply for credit, hold a formal sector job, nor register a civil marriage. In certain cases, they cannot attend schools, and the targeting of health is meaningless (it is unknown whether vaccination programmes reach them or not). They cannot receive conditional cash transfers, nor can they vote.

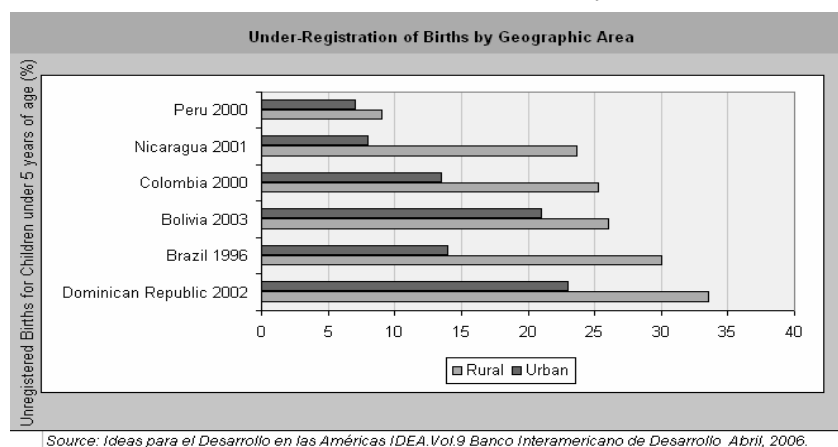


Figure 8

Therefore, this is an issue that should be collectively addressed. The IADB is currently conducting interesting work in certain places. The World Bank is supporting birth registration as part of a conditional cash transfer support in the Dominican Republic, and there are clear efforts by other multilateral and bilateral partners. However, if citizens do not even exist, then much of what we are trying to achieve will be very, very hard to do.

About the presenter, Mr. McDonald Benjamin

Mr. McDonald Benjamin is the Sector Manager for the Social Development Unit in the Sustainable Development Department of the Latin America and Caribbean Region (LCR) of the World Bank. Mr. Benjamin joined the World Bank as a Young Professional in 1995 and was promoted to Financial Economist in the East Asia and Pacific Region in 1997. In 2000, he was appointed as Resident Representative to Ecuador in 2000, before returning to Headquarters in 2005 to assume his current position. Prior to joining the World Bank as a staff member, Mr. Benjamin worked for several years as a consultant in the World Bank’s Operations Evaluation Department, as well as lecturer at Georgetown University and advisor in the Embassy of the Commonwealth of Dominica in Washington DC. Mr. Benjamin holds a Bachelor’s Degree in Philosophy, Politics and Economics from the University of Oxford and a Doctorate in Economics from Georgetown University.

Discussion / Questions and Answers⁹

Morning Session

Q: How does one develop a Child Rights Index?

A (Mr. Vargas): The Child Rights Index gathers information on different topics using statistical techniques. It makes them compatible and creates a scale from 0 to 10 (similar to grades at school) in order to be able to determine the situation of a specific country. Among the indicators that are taken into account are those on health, education, nutrition and protection. They are collected annually.

The index is published every three months according to the following sequence:

- 1st Quarter: Between 0 and 5 years old
- 2nd Quarter: Between 6 and 12 years old
- 3rd Quarter: Between 13 and 18 years old
- 4th Quarter: A synthesis of the above information.

There are two advantages to this:

1. To have a monitoring system classified by age
2. To keep the index “alive” all year long.

The Index of the Child should be seen as a guide to improving resource allocation to increase the wellbeing of all children. In the case of Ecuador, the implementation of this index led to an improvement of 400% in some provinces.

Q: If the main objective of these initiatives is to achieve the wellbeing of the whole population, which will have a positive impact on children, why do you think we often face some resistance in implementing them?

A (Mr. Vargas): Sometimes society does not clearly and easily see universality as an imperative. Within each society there are different objectives but all of them are legitimate. We cannot say that some objectives are more important than others. For example, those countries without or with insufficient health care access and coverage tend to focus on the importance of health. Particular interests from certain sectors of the society tend to prevail. Hence, we should keep in mind that the main objective of politics, especially when formulating, determining and implementing the budget, is to pursue objectives that all can agree are important. This is when the moral perspective arises as the key element.

Q: (Ecuador): We believe that these types of dialogues are very important in South-South cooperation. By exchanging experiences between countries which have the same problems, and the same obstacles, we can take steps forward for the population and for children with direct participation of civil society. Ecuador would like to thank the presenters who have explained the situation of Ecuador and what steps we have to take for the future, as well as the very important

⁹ *This document is a summarized version of the discussions that took place during the course of the meeting.*

role of the United Nations system led by UNICEF. Finally, we would like to emphasize that we have achieved a higher level of transparency thanks to the pressure that was exercised by civil society and UNICEF.

Q: (Cuba): First of all we would like to thank UNICEF and the presenters for this comprehensive analysis. Secondly, we would like to highlight the importance of this event as it emphasizes the relevance of social spending. In order to promote human rights we need a clear direction in our national priorities. For example, in Cuba, social investment in key areas such as health and education are no longer a dream or a wish but a tangible reality; 100% of the education is free of charge at all levels. We have a special line in our budget for social protection.

In this context, we would like to ask the following 4 questions:

1. Considering the key role of economic growth, what do you think may be the impact of Official Development Assistance (ODA) in the budget process?
2. What is the relationship between these initiatives and the UN Reform process / UN coherence?
3. Is UNICEF going to publish these initiatives, especially the Child Rights Index? Have you done it?
4. What is the added value of bilateral and national initiatives that aim to promote human rights, for example the fight against illiteracy?

A (Mr. Vargas): I was in Geneva last week and was very pleased to see that Africa and the donors are working together with the same objective. The donors are not donors alone anymore but are partners in a common endeavour. They understand the African countries' priorities. Hence, it is of the utmost importance to take into account national priorities in shaping the way the aid is going to be provided. The Paris Declaration is another example of collaborative empowerment. We may say that there are new winds in ODA cooperation.

A (Ms. Yoriko Yasukawa, UNICEF): The Ecuadorian experience reinforces the idea that ODA needs to support and be aligned with national priorities. We need to work with governments and societies to see the priorities they themselves identify. We need to become a part of the country or society to articulate those priorities in a feasible way. The UN has a particularly advantageous role because of its impartiality from national political interests and because it stands for universal values, recognized by every country.

Regarding UN Reform /coherence, we believe that these experiences respond to the main aims of UN reform. The UN system has to work together to build national capacities; our work is one of building national capacity to make things happen but also to develop political will. The UN helps build that capacity and political will. However, this is not a one day job but a long term process.

Finally, the Children Rights Index is published annually (a copy of the report on the Ecuadorian index was passed around among invitees for their information). A similar effort is being pursued in Mexico.

A (Mr. Oscar A Valle, World Bank): A critical point of the coherence agenda is to help countries with their national priorities. The agencies provide information and assistance to that end. The World Bank (WB) has prepared some policy notes on Ecuador and Bolivia, which reflect this issue. We would like to highlight that the WB is engaged in working together with the UN system as a whole and our presence here in this Open Dialogue is the fervent proof of that engagement.

Q: Why was the importance of water and sanitation not mentioned?

A (Mr. Vargas): Water and Sanitation is essential to achieve these goals. In the case of Ecuador, there was an important national movement for water and sanitation that was captured and expressed through the slogan “Todos saludables” (everyone healthy). There also was a strong commitment from local governments to clean water and sanitation, education and maternity services. This was also supported by UN agencies including UNDP and UNICEF. For example, we realized that even though we increased water coverage we witnessed a decrease in health standards because we did not focus on sanitation. Therefore, water and sanitation need to go hand in hand for really achieving the desired outcome.

I would also like to highlight that the “free maternity programme” was inspired in the pioneering experience of Bolivia.

A (Mr. Badillo): I would like to emphasize the importance of complementarities among sectors as well as the importance of water and sanitation in the process.

Q: (UNIFEM): UNIFEM focuses on women while UNICEF focuses on children, but we believe that there are multiple points of similarity between our missions and roles. We believe that we together, should bridge the gap between women’s and children’s rights and therefore, we would like to further strengthen our collaboration with UNICEF.

Q: We would like to thank the presenters. This information is of the utmost importance for us because it further promotes South-South cooperation and transforms a complicated issue (the budget) into an understandable and easy to use instrument. My question is:

1. What was the participation of indigenous communities? How did you manage different perceptions?
2. How do we face the problems of infrastructure (for example the distance from children homes to their schools)?
3. How do we assure maternal care and minimum access to food?

A (Ms. Cordero): I would like to emphasize the importance of the participation of all members of society, which obviously includes indigenous communities. We need to reduce the gap between rights and their realization. When we analyze budgets and widen social participation, inequalities are easily seen. Inequalities can be identified clearly in the implementation and allocation of budget lines. For example, when analyzing and disaggregating budgets, it is possible to see the differences in salary between a teacher in a city public school and a teacher in an indigenous public school. When we are able to identify those inequalities through this process we are in a better position to address them.

A (Mr. Vargas): I would like to highlight that UNICEF did not speak about “indigenous rights” or “the rights of children with disabilities”, but rather about “universality of rights” that is to say, to respect all people’s rights. Through this type of analysis we can better identify vulnerable groups and therefore, we are in a better position to redistribute resources. But the redistribution is not fostered by a special interest movement but by a natural logic where everyone’s rights need to be realized.

A (Mr. Benjamin): To address the issue of indigenous communities and their values and priorities, the World Bank has performed several consultations with civil society. In 2003, WB staff travelled around Ecuador and had consultations in nine different cities. Indigenous

communities were included and we gave them a space to give their opinions. Academia gathered the information. Only after those consultations and analysis did we have our consultation with the government. The questionnaire was comprised of three brief questions:

1. What are the national priorities?
2. What should the government do?
3. How can the WB help?

The WB also produces a portfolio review on an annual basis to assure social participation. To sum up, we believe in the importance of a participatory process.

Q: UNICEF is in a unique position to provide advice and technical assistance in order to include the rights approach in our budgets, because of its impartiality from national political interests and because it stands for universal values, recognized by every country. More importantly, UNICEF's position in our countries is also backed by its prestige. The experience of Ecuador is important for us because it highlights the relevance of civil society participation and because it is not a "plug and play" solution.

Finally, we would like to emphasize that human rights need to be present in UN Reform, but at the same time we need to be cautious as we should not only link it to operational presence of the UN in the field. These initiatives should be followed in all countries regardless of UN presence. In the same way we talk about "universality" of rights, we need the same "universality" for UN Reform.

Afternoon Session

Q: (Mr. Modongo, Secretary General of the Ministry of Foreign Affairs in charge of International Cooperation, DRC): I would like to thank UNICEF for this dialogue on budgets and fiscal policies. In a situation like the one our country is facing, all issues are a priority and so often we do not have sufficient resources to deal with them all. Basic social services such as education, health and water and sanitation are limited. Our local governments are dysfunctional. We have multiple deficiencies. However, we have made some progress. We have formulated a strategic plan to fight poverty. It was a macroeconomic programme of 3 years (2002 – 2005) with an allocation of US\$ 4 billion. This programme brought positive outcomes to DRC, among which we can mention the reduction in the service we pay for our debt. We promoted a participatory approach for the formulation of our budget. Following a consultative process, we determined our priorities: agricultural sector, education, health, transport and rehabilitation of houses. We pursue this effort with the aim of achieving the Millennium Development Goals (MDGs). We now have a new vision of our future: we need to consolidate our democracy, strengthen security, and promote human development. In our agenda we have incorporated social participation and decentralization. We are indeed interested in deepening our partnership with UNICEF for a viable strategy.

Q: (Tanzania): I would like to highlight the difficulties Tanzania faced when addressing the issue of free education. When we removed education fees, we faced an increase in enrolment. Hence, the enrolment increase led to an increase in the number of children graduating from school, but we did not have the capacity to absorb them in secondary schools. We may increase enrolment, but we may not have enough classrooms or teachers. How can we address that problem?

A (Mr. Bloomberg): In DRC we have worked in partnership with the WB. Time is needed to address the problem of capacity to absorb enrolment increase. UNICEF is paying special attention to this issue and is trying to assist countries to deal with it.

Q: We would like to know how Ecuador dealt with the external debt burden in its successful experience.

A (Mr. Benjamin): In the case of Ecuador different factors worked simultaneously to achieve this positive outcome:

- Debt renegotiation (debt restructuring)
- The construction of a second pipeline that doubled the capacity of Ecuador to extract oil. An oil stabilization fund was created which also fostered market stabilization.
- Debt reduction and economic growth
- A Stabilization Law was established which was a fiscal responsibility law that enabled the country to reduce debt ratios.

A (Mr. Vargas): Ecuador made a huge effort to increase fiscal income, to reorganize its economy and to give direction to its expenditures. It was done in conjunction with a renegotiation process. Additionally, Ecuador was favoured by a particularly positive international situation of increased prices of primary products. Ecuador's success is the outcome of two interrelated elements: internal effort plus international assistance. However, both efforts were not enough and there is still a long way to go. Social spending continues to be around US\$ 90 per capita, while in some Nordic countries US\$4,000 or US\$ 5,000 is spent only on education. There is still the need for further national effort and international assistance to reduce inequalities. One third of Ecuador's income is used for debt servicing.

Q: In the Peace-building Commission (PBC), we have been discussing the ability of the government to deliver basic social services. We believe this debate is of the utmost importance.

Q: Some panellists called attention to the particular situation of Latin America regarding inequalities. This is particularly interesting when we realize that we're talking about middle income countries (MIC). Considering Latin American reality, do you think this may lead to a change in the distribution of aid resources? As an example, Uruguay was never able to receive AIDS assistance because of our "MIC Status". However, most of our GNP is used to pay external debt services and consequently we do not have enough resources to allocate to fight AIDS.

A (Ms. Yasukawa): Regarding the allocation of resources, UNICEF works with 2 different types of resources. There are regular resources (RR) whose allocation is guided by a formula based on some key indicators, such as under-five mortality rate, child population and GNI. This formula reflects the magnitude of need and it is useful. However, this formula is used only for RR. We also have "other resources" (OR) that are guided by the interest of the donors. It is true that the RR formula does not respond to inequalities within countries. We are also deeply aware that many poor people live in Middle Income Countries. Within UNICEF we are currently discussing what should be our role in Middle Income Countries, including what type of presence should we have in these countries and what does it imply in terms of resource allocation.

It is important to highlight that generally speaking, MIC countries are not necessarily interested primarily in UNICEF funding but rather in our technical support in pursuing feasible strategies.

Q: (Kenya): In Kenya we have free enrolment up to level 8 (just before children go into secondary school). When we took the decision of eliminating education fees, we did not expect so many bottlenecks and our lack of capacity to absorb them in the secondary schools. How can we address this issue?

A (Ms. Dina Craissati, UNICEF): There are multiple lessons learnt from the experiences that took place in Tanzania and Kenya.

It is important to gather information on those countries that have already addressed these challenges, such as Kenya. In order to abolish school fees, planning is the most important element: we need to plan how to replace that income (that was coming from school fees), how we deal with infrastructural challenges, how we gather the necessary supplies, how we train, hire and pay additional teachers. These challenges are not addressed through a project but through a comprehensive education plan.

Q: I am very grateful for all the presentations made though I found them to be somewhat intimidating. You provided us with broad and applicable lessons. First of all I believe even the title of the Open Dialogue is intimidating “Eyes on the Budget”. Does it mean that UNICEF has a new role? Some questions:

- Does UNICEF have a new role? A new mandate?
- Is it possible to see some overlap between UNICEF’s role and the role of the rest of the UN agencies?
- When addressing the budget, why should we count on UNICEF’s assistance? Why not the WB? Or the IMF? Or UNDP?
- Why don’t we deal with “budget people” when addressing the issue of the budget?
- How can we guarantee impartiality when even NGOs have their own political agendas?

A (Mr. Benjamin): I would like to highlight the importance of social awareness of the way a budget works which will lead to capacity building. To illustrate, I would like to share with you an anecdote. There was an indigenous woman from the north of Argentina. The Director of Finance of her municipality had promised to build a new school. And she asked, do you have the plan? Is the allocation in the budget? She always received the same answer “not yet”. This is the way we need our societies to participate in the formulation and implementation of local and national budgets.

A (Ms. Yasukawa): We are not performing a new role. UNICEF has always been aware that in order to realize children rights, we need to assure resources to that end. This was reflected in the study “Adjustment with human face” which we published in 1980s. The study demonstrates the importance of protecting social spending in times of economic crisis. Work with budgets is also specifically considered in our Medium Term Strategic Plan, approved by our Board.

It is important to emphasize that UNICEF does not reformulate budgets. We help countries to achieve their own goals and agreements. In this context UNICEF offers:

1. Impartiality from national political interests.
2. By inviting everyone to work for the realization of the rights of children, we offer a space for agreement. People find it easier to agree on improving the situation of children than on other issues. From there, you can move on to more difficult topics

It is not possible to fulfil children rights if we do not ensure sufficient resources are available. And that is the main reason why UNICEF works with budgets. But if a country prefers to work with the IMF or the WB, that is its prerogative.

A (Mr. Avalor): I agree that the issue of the division of labour between agencies is important. I believe that this is an example of working together to support client countries. It is not that you go to one agency or another; each of us has its own expertise. The same meeting may have happened in Washington but the participants that you would have had there would be more or less the same people. Because that is the expertise we can bring to the table. You could argue maybe that there is a bit of overlap, but this is sometimes necessary. In order to be able to have a dialogue at the macro-economic level you need experts like Mr. Vargas. What Mr. Bloomberg just mentioned, shows how agencies are working together to build country ownership. It is not that agencies try to bring to the table their own agenda; we have to work together. Resources are scarce and we try to support what we have been asked to provide. I would have been concerned if this meeting would have been held without us, because then we would not be showing how much we are working together in light of the Paris agenda. The important thing is how we can work together in order to support country ownership.

Q: We believe that UNICEF is speaking on behalf of the UN system as a whole with the main objective of protecting children rights. If country programmes were adapted to children rights, most of our problems would be solved. My question is: how can we convince our governments to listen and apply these initiatives?

A (Ms. Yasukawa): We propose an ethical vision for each country where everyone has a place and a true community is created.

Q: We would like to know what could be the role of the PBC in supporting UNICEF to help countries in post crisis situations.

A (Mr. Avalor): Regarding the role of the PBC we are all learning and we are in the midst of a joint learning process.

Q: (Tanzania): Tanzania has started to work on a budget initiative in which we include gender based guidelines. Every sector has a gender based agenda. How can we achieve sustainability? Has DRC suggested any mechanisms?

A (Mr. Bloomberg): Post crisis situations are a very good opportunity for different actors (UN agencies, donors, and international financial institutions, government) to sit together and agree on a certain number of issues. We focus on key interventions with higher impact. We support local governments through cooperation programmes with Ministries. We work together with the government; we do not impose solutions on it. There will be elections in DRC in the near future and then we will have the opportunity to discuss these issues with new local authorities. Moreover, I would like to highlight that the new Constitution clearly states that 40% of provincial income will stay in the provinces. UNICEF can not work alone but must work hand in hand with other partners. UNICEF's subnational presence is important and hence, we have more than 10 subnational offices in DRC. Each agency, each donor, provides its own expertise and jointly they reach synergy.

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