Analysing Child Protection Finances

Note on the types of public finance analyses that can support child protection initiatives

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1. Introduction

Advocating or lobbying government for increased funding for child protection requires combining a number of different arguments:

- **the moral arguments** – that it is “doing the right thing” to protect children, since they, like all members of society, have rights and deserve to have these rights protected. However, children are often not in a position to fight for their own rights, and so require others to represent their interests. Funds are required to protect children’s rights.
- **the legal arguments** – governments commit themselves to upholding charters protecting children, such as the United National Convention on the Rights of the Child. Also, many countries have constitutions and other laws that seek to protect children. Funds are required to implement these instruments.
- **the factual arguments** – The first 1 000 days of a child’s life have been identified as a critical window that sets the stage for their intellectual and physical development. Investing in child protection creates dividends for a country in the form of stable, functioning people who can contribute to society. Also, funding programmes that prevent the need to treat the negative impacts of child abuse frees resources – prevention is cheaper than cure. To realise these economic savings, funds are required to implement the appropriate programmes.

During budget processes, different interest groups lobby to protect their own interests. A key challenge affecting the allocation of budget resources to child protection is that the very people who should be benefiting lack the voice to make their needs heard. Young children do not have the capability to organise lobbying activities, and therefore their interests must be represented by others. Due to the complexity of child protection, certain consequences of not protecting child rights only become manifest in the medium- to long-term. Also, many of the proposed solutions to child protection issues target the symptoms rather than the underlying causes, and therefore funds are not allocated to programmes that prevent violence against children, child abuse and exploitation.

There are many different kinds of economic and financial analyses that can be undertaken, depending on the particular question to be answered and how the information is intended to be used to influence policy-making and budgeting processes. Choosing the right kind of analysis for a particular purpose requires understanding the different kinds of analyses and their objectives.

This document aims to introduce these different analyses and suggest when they should be used. From the outset, it is important to keep in mind that budget analysis is both a tool for monitoring government performance as well as for holding it accountable. Also keep in mind that:

- budgets, but expenditures even more, are the most solid expression of a government’s priorities.
- budgets reflect the government’s policies and programmes, but actual expenditure and delivery need to be monitored.
- budgeting is essentially a political process, but should be underpinned by good quality technical information. Such information enables politicians, bureaucrats and civil society to engage in the process more effectively.
2. Planning, Funding and Managing Child Protection is Complex

The complexity of child protection impacts on initiatives to plan, cost and manage child protection programmes significantly. Compared to child protection, budgeting for, say, education is simple. In education, the numbers of learners and teachers is usually known. Based on those numbers, it is relatively straightforward to layout and cost a plan. For example, the number of classrooms, text books, etc. required can be estimated and budgeted for with reasonable ease once the target cohort of learners is identified. With child protection, it is difficult to estimate the relationship between the need and the workload required to meet the need due to issues such as:

- non-reporting of cases, since children often do not fully grasp the extent of the issue, or are afraid or not in a position to report it, often depending on adults to do so.
- deliberate hiding of cases by the perpetrators or family of the child.
- lack of agreed definitions of what child protection encompasses.
- lack of consensus on the best method to provide child protection.
- the very varied nature of child protection issues.
- lack of clear evidence of the efficacy of many preventative interventions, and even an absence of government in discourses about the need for prevention.
- the lack of data on the need for interventions (of any kind).
- the intensity, scope and length of interventions varies by case, depending on the nature of the case, the child’s history and the socio-economic circumstances in which the case arises.
- many child protection issues are closely tied to cultural and community norms and practices.
  - Family dynamics are personal and often influenced by cultural or societal norms, which vary substantially across settings. One has to be sensitive of the personal space and cultural norms when defining child protection programmes, and also of the “normalisation” of child abuse.
  - In many contexts, child abuse and neglect is hidden due to cultural norms around “saving face” or “honour”, or not causing embarrassment to the extended family or village.
- the large number of institutions that are involved or need to be involved in providing child protection services. Co-ordinating role-players to work together in the actual provision of services is challenging. Even more challenging is getting institutions to work together to co-ordinate planning and budgeting.
- The long-term benefits of investing in child protection interventions are not widely known among key policy-makers, nor are they obvious in the way that building a road is.

Child protection depends on a range of circumstances and contexts. There is only limited uniformity in child protection initiatives across communities and countries. This complicates the task of analysing child protection from both an economic and public finance perspective. It means that each country, state, even community, needs to be approached in a unique manner. This makes it inadvisable to apply “universal” or “global” tools or methodologies without appropriate adaptation to local circumstances.

Persuading politicians to prioritise child protection issues is often difficult because they are unfamiliar with the issues and the interventions required. Furthermore, the benefits of interventions are not obvious. There is rarely a broad-based voting constituency for whom child protection is a
priority. Children do not vote in the next elections. This is why it so difficult to get child protection issues onto the political agenda and into government budget processes.

3. Advocacy for Child Protection Interventions and Funding

Due to a historical lack of investment in child protection, there is often a lack of understanding of the extent of child neglect, maltreatment and abuse. Governments simply don’t have the data collection and research capabilities in place to track and report on levels of child maltreatment. Added to this is the fact that the definition of child protection is still contested in many countries. Therefore, addressing the pressing need for prevention continues to be delayed, and countries are missing opportunities to create positive outcomes and save resources.

Interventions that treat the results of child neglect and abuse are focused on relieving or addressing the symptoms of the neglect or abuse. These interventions aim to reverse negative behaviours and raise the abused child up so that they can function normally in society. Most of these activities address a deficit. Only a few intervention activities, like prosecuting child abusers, send a signal to society that child abuse is unacceptable, and thereby contribute to prevention in the long term.

When advocating for child protection interventions and, more particularly, for funding to implement such interventions, it greatly assists to have well-researched information on:

- describing the nature and extent of the problem;
- working out the economic cost of the problem for affected individuals, the government and society in general;
- working out the economic benefits that government and society could realise by addressing the problem;
- studies evaluating the cost-effectiveness of interventions aimed at preventing child neglect, maltreatment and abuse; and
- studies of the cost of treating the consequences of the neglect, maltreatment and abuse.
Case 1. The cost of child abuse in Australia

1. Purpose
This research was conducted to highlight the costs of child abuse in Australia, with the aim of raising awareness of the extent of child abuse and what it costs society. This was done to highlight the state of child protection systems in the country and to motivate for a uniform national approach to dealing with child protection issues.

2. Focus
The cost of child abuse to the health, education and criminal justice systems were explored. The study used a prevalence and incidence approach to estimate the cost of child abuse.

The prevalence approach includes the number of children who experienced abuse or neglect in a year. The prevalence cost is the one-year cost associated with child abuse or neglect during that year. These costs include the following services related to and/or associated with child abuse and neglect:

- the provision of health services to abused and neglected children,
- identifying and responding to crimes committed on and by abused and neglected children,
- additional government expenditure on educational assistance provided to children who are abused and neglected.

The study also attached a cost to the pain and suffering experienced by the abused and neglected children.

3. Methodological considerations
There are four methodological considerations that need to be emphasised. Firstly, estimating the prevalence – actual numbers – of abuse was challenging, as there was no uniform approach to recording incidents of abuse and neglect. For instance, it was not possible to distinguish from the numbers whether a child had been abused twice or two different children were abused once each. Some costs of abuse are relevant to each instance of abuse (e.g. health costs), but other costs are only associated with each child.

A key lesson is that uniform and standardised definitions of child abuse are required.

Second, the types of services the study identified as being required (and included in the costing) are based on studies into the effects of child abuse and neglect. It was assumed that these studies represent the spectrum of responses required, which may or may not be a sound assumption in different country contexts.

Third, a range of social and cultural factors may affect the behaviour of neglected and abused children and therefore the nature of responses required. For example, the study suggested that educational assistance programmes were needed, yet there were also other factors that contributed to the need for these programmes. Assumptions as to what proportion of these programmes were necessary to address neglect and abuse had to be made.

In the absence of thorough research into a child abuse, which is something the study was aiming to raise awareness of the need for, it is not known how accurate these assumptions are.

4. Usefulness
The results of the study are presented in ranges from low-end to upper-end cost estimates. The study therefore produced a credible minimum cost of child abuse and neglect that can be presented to those who are sceptical of the results. In addition, the study shows the costs per sector, which brings home the extent of the financial impact of child abuse on each of these sectors.

The methodology used in the study could be adapted and applied in most countries. The value of the study will depend on it being robustly executed and the results being successfully communicated to decision-makers and other role players.

Case 2: The economic impacts of child marriage

1. **Purpose**
   The World Bank quantified the impact that child marriage has on the economy, to inspire greater commitment towards ending child marriage.

2. **Focus**
   The economic impacts of child marriage are quantified in five domains: (i) fertility and population growth; (ii) health, nutrition and violence; (iii) educational attainment; (iv) labour force participation, earnings, and productivity; and (v) decision-making and other areas. Statistical analysis, mostly regression analyses, are used to isolate the effects of child marriage and quantify the relationship between child marriage and factors in these five domains. The study found that the main impacts of child marriage are increases in fertility and population growth, and decreases in both educational attainment and earning potential for girls. Relationships exist between child marriage and the other domains, but these are at the margin.

3. **Methodological considerations**
   The effect of ending child marriage is quantified. For instance, the data is used to estimate the number fewer births there will be each year. This is extrapolated to estimate how many fewer children would enter the school system and so on. A monetary value is placed on each unit to estimate the total economic costs. For each child not entering the school system, there is a monetary saving for government; for each child not born, there is a welfare benefit as a result of improved GDP per capita that is monetised; each woman not married as a child earns a certain amount more, and so on. These are only some of the examples. Many of these effects are cumulative. In the first few years after ending child marriage, the change in population is small, but this accumulates so that after 30 years the change in population is much larger and, therefore the economic consequences are much greater. This is why the economic benefits increase over time.

   The key methodological considerations are stated in the report: “These estimates should not be considered as precise given that they depend on (1) econometric estimates of impacts that have themselves standard errors and (2) a range of assumptions for costing that could be debated.” Page 8.

4. **Usefulness**
   It is important to be aware of the above quote and the approach used to estimate the economic benefits per domain when interpreting the results. The estimate for each country and/or globally should not be interpreted literally, but comparing the estimates across countries can provide useful insights into the scale of the prevalence of child marriage and the potential economic benefits that could be derived from ending this practice. As stated in the study, the economic costs should not be the sole rationale for investment decisions into ending child marriage; decisions to end child marriage should be made from an ethical, moral and rights-based standpoint.


## 4. Implementing Child Protection in an Intergovernmental Fiscal System

In most countries, there are different levels of government: national or federal government, state or provincial governments, and local governments or municipalities. The allocation of powers and functions between these levels of government, and the working relationships between them, is usually referred to as the intergovernmental system. The allocation of revenue raising, budgeting and expenditure responsibilities between these levels is called the *intergovernmental fiscal system*.

Depending on the country, different components of the range of child protection services are often assigned to different levels of government. Generally speaking, national governments are responsible for setting policy and passing legislation, but the allocation of roles and responsibilities for implementation across levels of government varies significantly between countries.
The assignment of functions to different levels of government comes with expenditure assignments i.e. a level of government is assigned the responsibility to allocate funds in their budget for the performance of specific functions or mandates. Effective implementation requires that each level of government allocate sufficient funds to perform their specific child protection mandates.

It is also crucial that each level of government fulfils the mandates that are assigned to them in the manner assigned. There are three issues – first, each level of government must perform their role so as to ensure there are no gaps in services. Second, no level of government should try to perform roles assigned to other levels of government. This is known as mandate creep, and can cause confusion as to which level of government is responsible for the funding and delivery of what services. Where there is a lack of clarity around roles, it can give rise to funding and delivery gaps for particular services. Finally, the different levels of government must co-ordinate for effective service delivery.

It is therefore crucial that the process flow of services is clearly defined so that all role players know when and how collaboration takes place. It is tempting to think that if one level of government is responsible for all child protection functions, these coordination issues should not arise. However, even then there are likely to be multiple role players involved in the delivery of child protection services within that level of government.

In many countries, non-profit partner organisations play a significant role in implementing child protection services. This adds another layer to the complexity of mapping the funding and provision of child protection services. One needs to understand the subsidy mechanisms the government may have in place to support non-profit organisations, and what contribution they make to the overall provision of child protection services.

To advocate effectively, it is important to have a thorough understanding of the allocation of roles and responsibilities for the funding and delivery of child protection services across the intergovernmental system. This requires analysing:

- revenue allocation and revenue sharing arrangements, and identifying whether there are any existing revenue sources or intergovernmental grants specifically earmarked for funding child protection interventions;
- the allocation of roles and responsibilities for the delivery of child protection services across levels of government and across ministries, departments and agencies, as well as by non-profit organisations;
- the budget structure and where funds for child protection services are located on ministry, department and agency budgets;
- the administrative and legislative processes for compiling and approving revenue raising, revenue sharing and budgets; and
- arrangements for government to subsidise non-profit organisations to provide child protection services.
Case 3. Performance expenditure reviews and mapping the provision and funding of child protection services

1. Purpose
The South African National Treasury has developed a detailed methodology for a type of study it calls a Performance and Expenditure Review (PER). The purpose of these studies is to focus on a specific government programme and gain a thorough understanding of it by (i) mapping the institutional and service delivery arrangements, (including the intergovernmental arrangements for delivery and funding), (ii) analysing the past expenditure trends and the composition of expenditure, (iii) building a detailed costing model of the programme so as to explore the actual cost of the programme in different scenarios, and (iv) explore the scope for efficiency savings.

2. Focus
The focus of the mapping exercise is to show the intergovernmental and service delivery arrangements for different services in as concise a manner as possible. The following figure is an example of a mapping of the flow funds for child protection services from the national fiscus to the service beneficiaries.

The solid lines between blocks show fund flows. In South Africa, child protection services are delivered by the provinces through their respective departments of social development. These departments deliver some services directly, while they subsidise partner non-profit organisations to provide other services on their behalf.

3. Methodological considerations
More detail about services and decision-making processes could be added to the picture, which would increase the knowledge it could transfer, and facilitate dialogue. Gathering the information takes time, and requires an understanding of intergovernmental relations, fiscal mechanisms and service delivery arrangements. Start by identifying all the role players, consider their activities/actions and then illustrate the connections. A few iterations of this process will be required before a final, meaningful process map is developed.

4. Usefulness
The value of the diagram is that it can be used to share a lot of information very quickly. Most people understand a diagram like this quickly, and they can be used to reach a common understanding of what is being communicated with ease.

Furthermore, this approach can be replicated anywhere. However, there is no step-by-step guide or framework that can be followed. It requires being inquisitive about intergovernmental arrangements and creative with coloured blocks and lines.

5. Budgeting for Child Protection

The budget is the final product of a complex process that involves multiple role players competing with each other for a limited set of resources. The demand for resources always outstrips the available resources. This is because there is limited fiscal space. Every dollar allocated in a budget could be allocated to some other priority competing for that same dollar: this is what economists refer to as opportunity costs.

The budget should be a culmination of a process that ensures the government’s available resources are allocated across competing priorities in a way that leads to optimal public benefits. A budget process should be a structured and well-planned set of sequential events, including information gathering and analyses that inform decisions about how resources should be allocated. A budget process that follows a set structure is important for transparency, rationality and ensuring equity.

In practice, what is funded in a budget is a function of political priorities and the political choices made during a budget process. These choices often do not reflect the best interests of the public, or even the most efficient allocation of resources. Ultimately, the budget process is more political than it is technical.

A key part of influencing budgets is to understand where in the sequence of events it is possible to influence decision-makers and thus the allocation decisions they make. In most countries, the government budget process is hidden from the public, but there are usually a few events at which the public can make inputs. Often, inputs need to be made through political representatives and raised in parliamentary hearings on the budget. There may also be opportunities to feed information into the budget process through department officials involved in the process.

Influencing the budget requires a sound knowledge of the role players, processes and content of the budget, and asking questions that corner respondents into providing answers for which they can be held accountable. For instance, a question like “Why has the allocation decreased/increased?” can be answered with a non-committal response, whereas “Will allocations to that budget programme grow by more than inflation next year?” requires a response that the person can be held to account for.

Costing can and should play an important role in advocating for additional funds in budgets. Costing gives credibility to budget bids, as it is an objective basis for measuring the amount of resources required to implement policies. There are different approaches to costing policies, ranging from methodologies using historical expenditures to estimate unit costs to forward-looking methodologies that estimate the resources required to comply with norms and standards that are prescribed in legislation. Limited resources have been allocated to child protection services historically, and therefore there is little historical expenditure to use to estimate costs. It is thus preferable to use norms and standards when costing for this sector.

Budgeting is a political process, and usually a complicated one. Informing budgets requires:

- understanding the budget process – what events occur during the process, when public hearings are, what budget information must be submitted by whom by when, and what the deadlines for submissions during the process are;
- what government’s budget priorities are, and how child protection interventions can be linked to these priorities; and
- credible cost estimates that show the costs of different child protection interventions and programmes. These should compare the cost of prevention to treatment, as it is well known that prevention is usually a small fraction of the cost of treatment interventions. This requires an accurate estimate of the need for child protection services.

1. Purpose
The Act was costed to identify the budget resources required to implement the Act. The costing assumed that the government of Lesotho would take full responsibility for funding the services envisaged by the CPWA, and that it would prioritise child protection services in the allocation of funds in the budget.

2. Focus
The costing focused on the range of programmes and activities that were required to ensure the sound implementation of the Act. A wide range of activities were costed, including policy and legislation development, training of staff, various community stakeholders, establishing and operating helplines, developing and implementing diversion programmes, and setting up and running places of safety.

The costing aimed to produce information that could be used by the government to budget for the implementation of the Act. The costing results presented information on set-up costs that were only required in the short term, and operational costs that are ongoing in nature. These costs were also presented by economic classification.

3. Methodological considerations
This costing used a norms and standards approach. This approach was necessary as this was a new piece of legislation, and many of the programmes envisaged by the Act had not yet been implemented. A number of assumptions had to be made regarding input prices. The costing work was performed by researchers that were not familiar with the way of doing things in Lesotho, and therefore assumptions had to be made about the norms and standards that underpinned the costing.

It is important to note that costing involves estimating the total resources required to implement, in this case, the Act. Costing does not have to take consideration of resource constraints. Therefore, there is usually a world of difference between the resource requirements estimated by a costing and the resources that are available for the policy or programme being costed.

4. Usefulness
This costing provided detailed information on the resources and timing of the resources required for a phased implementation of the Act. The costing results showed the different types of programmes and inputs that needed to be funded, which could be used to inform which budget programmes money should be allocated to. The real usefulness of the information depended on the willingness of the government stakeholders to use the information to inform budget bids.

This report and the related costing models can be downloaded from: http://www.cornerstonesa.net/research-insights/
Case 5: Children’s Budgeting

1. Purpose
Child budgeting involves analysing government budgets/expenditures with a view to identifying how they impact children. A children’s budget will identify total expenditures affecting children, and should be able to provide a quantitative assessment of how much of the need for services is met through allocated budgets.

2. Focus
The main focuses of children’s budgets are usually education, social welfare and health, but the methodology can be applied to any sector. The issues that are analysed vary by sector, and these are also likely to vary across countries. For instance, HIV and AIDS programmes will be a major focus in Africa, but may not attract as much attention elsewhere.

Children’s budgets should explore the budget process in the country and explain how programmes are implemented in the intergovernmental system. The analysis should outline which levels of government take responsibility for implementing which programmes, and therefore how funds flow to children.

A children’s budget will include an analysis of the key sectoral indicators, such as infant mortality in health, and primary school enrolment in education. Preferably these indicators should be presented by gender, where relevant.

Some sectors, such as education, are fully dedicated to children, and therefore all these expenditures are part of the children’s budget. Other sectors, for instance police or defence budgets, are spent on behalf of the entire public and therefore only the portion that directly benefits children should be included.

3. Methodological considerations
The quality of the budget process, the appropriateness of the budget formats, the quality of expenditure reporting and the quality of administrative and demographic data that is collected in a country has a significant impact on the outcomes of a children’s budget analysis.

There is substantial variation between countries in terms of the use of budget programme structures, budget formats and the use of standard economic classifications for public expenditure. In countries where budget and expenditure information is well structured, preparing a detailed and credible children’s budget can be done relatively easily. Where these elements are missing, linking budget expenditures to children is much trickier, and will usually involve making assumptions about what proportions of budgets are relevant.

4. Usefulness
A key purpose of a children’s budget is to contribute to informed advocacy and decision making. Two key types of advocacy information should come from children’s budgets: first, where and/or who in government to target in advocacy efforts, and second, what the advocacy issues should be.

A possible risk with children’s budgets is that the findings may be used by opposing groups to claim that children already get such a large share of the budget compared to other stakeholders, and therefore government can’t afford to allocate more.

Source: UNICEF and the International Budget Partnership (2017). Children and the South African Budget. There are four briefs: The macro picture, the education budget, the health budget and the social development budget.
6. Tracking Expenditure on Child Protection

Tracking expenditure involves analysing budget allocations and actual expenditures from a number of different perspectives so as to develop an understanding of how much has been allocated and spent on core child protection services, as well as child protection-sensitive services. If one imagines a house – looking at the house from the front provides one perspective of the house, but if one looks at the house from the side and then walks through the house, additional perspectives are gained. Budget analysis involves looking at the budget from different angles to get these different perspectives.

Different perspectives of the budget and expenditure information are based around:

- allocation of funds by ministry, department or agency,
- allocations by programme and sub-programme,
- allocations by region, local government area, sometimes electoral ward,
- economic classifications, and
- line item classifications.

The insight that can be gained from budget and expenditure analyses depends largely on how government arranges or classifies budget and expenditure information, and the reliability of government accounts as a source of data.

One needs to have a thorough understanding of how budgets are structured, whether it is around programmes, economic classifications, regions etc. One also needs to understand the economic classifications used by government to classify expenditures such as the International Monetary Fund’s Government Financial Statistics (GFS).

For example, in child protection there may be separate programmes dealing with prevention, abuse and neglect. If the budget is divided into budget programmes, then all expenditure on prevention should be in one budget programme, all expenditure related to abuse is reported in a different budget programme and so on. This enables analysis of expenditure by implementation programme. The economic classifications are important, as they inform what the money is allocated to within a programme. Typically, economic classifications include salaries, goods and services, and capital expenditure. These main categories are often sub-divided into travel, accommodation, payments to non-profit organisations and so on. If this level of detail exists, one can get deep insight into the composition of expenditure on programmes. It is then possible to assess whether expenditure on personnel is appropriate; what use government is making of non-profit partner organisations; how much does travel expenditure contribute to total programme costs and so on. It also becomes possible to track trends in each of these categories of expenditure over time. If there is a sudden dip in payments to non-profit organisations, this can be identified and interrogated.

In countries where budget and expenditure information are not properly classified, it becomes very difficult to track and analyse budget allocations and expenditures. In such instances, advocacy efforts to introduce sensible budget and expenditure classifications should be supported.

Even if the budget programmes and economic classifications are in place, it is still important that there are expenditure-reporting processes in place. In this regard, it is important that expenditure reporting is seen as a process that occurs regularly throughout the year. It should not be an event at the end of the financial year. Expenditure should be reported on monthly, using standard formats.
Standard formats support the implementation of reporting systems, and also create familiarity with the information produced. Analyses of these reports should be published every quarter, with annual summaries published at the end of the year. This regularity creates a routine of tracking expenditure, which helps to prevent under- or over-expenditure.

Appropriate performance information should be reported on along with budget information. Performance information should be relevant to the budget programme, and kept simple enough so that collecting and reporting it on a regular basis does not create an undue burden. Information regarding outputs from the programme that can be reported on as high-level indicators of programme performance should be collected. These must be meaningful on their own, and support tracking of trends in performance over the long term.

Expenditure tracking is a methodology used to examine how public resources flow from one level of government to the next, and eventually to the intended beneficiaries of services. Expenditure tracking is used to identify where the system of transferring funds breaks down, and to look for cases of mismanagement and corruption. “Leakages” can occur when funds are transferred between levels of government: not all funds are transferred or transferred as intended; and funds are not allocated correctly in budgets. Leakages often also occur in procurement processes as a result of poor bidding processes that lead to inflated prices and/or in poor contract control that leads to not all goods and services being delivered and/or the uncontrolled escalation of prices. When tracking expenditure on child protection, it is crucial to understand the systems of delivery in the country so as to be able to correctly assess whether funds are being allocated correctly and what goods and services are being procured.

Expenditure tracking is a useful methodology for identifying issues in child protection expenditure, but to be able to review and assess expenditure effectively, the following is important:

- Descriptions of the budget programme structures used by the government that explain where budget information for specific implementation programmes is recorded.
- Accurate and precise descriptions of the economic classifications used in budget documents, so that it is clear what expenditure is and isn’t captured in each classification.
- Information on a standard chart of account used by government, which will provide very fine-grained expenditure information, if one is used at all.
Case 6. Child Protection Financial Benchmark (proposal and pilot)

Folscher and Allan (2014) developed a generic classification matrix for UNICEF to determine if a particular expenditure would be included in public expenditure tracking of child protection. The methodology maps groups of children in need of protection against a list of typical preventative and treatment activities (the items in the two columns are axes of a matrix, one side does not correspond with the other).

<table>
<thead>
<tr>
<th>The groups of children that services must be aimed at to be included (horizontal axis):</th>
<th>The services that are provided to the children (vertical axis):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children not registered at birth</td>
<td>Public education and community mobilisation</td>
</tr>
<tr>
<td>Children in labour and other work that is harmful</td>
<td>Birth registration</td>
</tr>
<tr>
<td>Children subjected to harmful cultural practices, e.g. child marriage, FGM/C, gender discrimination</td>
<td>Life skills, youth civic engagement (e.g. child-friendly spaces)</td>
</tr>
<tr>
<td>Abused children (physical, sexual, emotional)</td>
<td>At-risk children and families’ identification</td>
</tr>
<tr>
<td>Neglected children</td>
<td>Background checks and codes of conduct for those working with children</td>
</tr>
<tr>
<td>Children without adequate family care</td>
<td>Individual family support</td>
</tr>
<tr>
<td>Children on the move due to migration, kidnapping and trafficking</td>
<td>Reporting/Complaints mechanisms</td>
</tr>
<tr>
<td>Children who are sexually exploited commercially</td>
<td>Verification, investigation &amp; assessment</td>
</tr>
<tr>
<td>Children in contact with law</td>
<td>Referral, best interest determination and gate-keeping procedures</td>
</tr>
<tr>
<td>Children in transnational crime</td>
<td>Sensitive health, police, judicial and social work interventions (e.g. counselling, case management)</td>
</tr>
<tr>
<td>Children affected by armed conflict and violence</td>
<td>Case response and treatment</td>
</tr>
<tr>
<td>Children affected by emergencies</td>
<td>Psycho-social support, Mental health services, Recovery and social integration services, Measures to ensure accountability of offenders against children</td>
</tr>
</tbody>
</table>

Only services that respond to the child protection harms deliberately and specifically are identified and counted. For instance, unconditional income support grants are not specifically targeted at children at risk and would be excluded, but there is a strong argument for something like foster care grants.

Whether private and donor expenditure is also included depends on the purpose of the public-expenditure-tracking exercise. Generally, these exercises aim to track government’s commitment to the sector and use that information to lobby for funds – so only government expenditures would be included.

This methodology was piloted in Indonesia. Expenditure data was collected through interviews, budget documents and expenditure reports. Rules were applied to ensure that a consistent process was followed to include all expenditures for each service, and also for estimating proportions of expenditure when the expenditure was split across budget lines. The expenditure was classified as: prevention or response; support and direct spending; by type of government; by type of harm; by level of government.

The summary indicator of the benchmarking is child protection spending by government as a percentage of primary spending per capita. It was found that 0.027 per cent of total central government expenditure is spent on child protection. Findings from the study that are more instructive for policy development and implementation are:

- Spending on child protection is skewed towards paying for delivery response services rather than preventative services of the support functions.
- Only a small proportion of spending was aimed at child protection harms.
• Local government expenditure is very important for child protection, as 38 per cent of total expenditures on direct services occurred at the local level.

• The largest contributor of funding was the social protection programme, followed by the recreation, culture and religion programme. The expenditure items driving this are the transfers in the Social Welfare Programme for Children, and the Dikterapan programme, which provides shelter and education.

• The analysis showed which harms are addressed more often than others. The highest incidence was for neglected children, followed by abused children and then children in contact with the law.

• Expenditure on child protection is fragmented across levels of government, which most likely affects the adequacy of funding and complicates coordination.


7. Conclusions

The methodologies discussed in this paper can be applied in any context. Well-structured expenditure management systems that produce high quality expenditure data will support more detailed and meaningful analyses than poorly structured systems with limited amounts of data. Systems that are more established and have more disaggregated data will enable the development of more detailed costings. More data creates more points against which costing estimates can be calibrated, and thereby increase the confidence one has in the costing estimates. The most appropriate methodology depends on the purpose of the analysis, but the approach to the analysis undertaken will vary substantially depending on the quality of the public finance management systems.

There is much to be gained from doing good quality economic/public finance analyses on child protection that are context-specific. They can provide a clear plan, facilitate implementation and coordination, and enable monitoring and evaluation. All these aspects support advocacy efforts to improve the funding and implementation of child protection services.

It is important to lay the groundwork for future finance-related analytical work by ensuring that there are proper public finance management systems in place: budget structures, charts of accounts, expenditure reporting frameworks and processes. Because if information is not appropriately structured and reported, it hampers good quality analysis. This also applies to pilot projects of different child protection interventions.
Things to be aware of when doing financial analysis

“Lies, damn lies and statistics” is a well-known saying, reminding us to be cautious when interpreting the messages conveyed by numbers. The numbers generated by researchers doing financial analyses of child protection services also need to be interpreted with care. Below are some things to be aware of:

1. **The relative costs vary across countries:** Costs for the same things vary across countries. Therefore, the cost ratios between programmes and budget items will vary across countries. For this reason, comparing the cost-ratios of child protection programmes across countries can be extremely misleading. For example, in South Africa, an entry-level social worker earns 15 000 Rand (over 1 000 USD) per month, whereas social workers in Tajikistan earn 500 Somoni (about 60 USD) per month. So, comparing expenditure on social workers per child across the two countries is meaningless. For similar reasons, comparing other types of unit costs across countries can be a meaningless exercise. Attempts to correct for these differences using exchange rates, Purchasing Power Parity (PPP) indexes or the Big Mac index are similarly not fully satisfactory; they simply add another level of assumptions about the comparability of information across countries.

2. **Comparisons of ratios to GDP across countries:** Comparisons of child protection expenditure as a ratio of GDP across countries should be interpreted with caution. As discussed, there are a range of factors that affect the need for child protection as well as the nature of the response. There are only tenuous links between these factors and the GDP of a country. Added to this is the fact that costs differ across countries. So, when expenditure on child protection as a percent of GDP is compared across countries, three weakly-associated issues are being compared, which really does not lay a sound foundation for drawing informed conclusions.

3. **The value of life in cost benefit analyses:** Cost benefit analyses are an important and popular method to assess government expenditures. However, care needs to be exercised when applying the methodology to child protection issues where it involves monetising the value of children’s lives. A cost benefit analysis, if done according to the generally accepted methodology, would show that, in certain circumstances, its financially beneficial to society to let children die because the cost of keeping them alive is greater than their future wage-earning potential. This is obviously a conclusion that should not be supported.

4. **Amortisation of capital expenditures:** sometimes infrastructure is amortised to show that the cost is effectively incurred over a long-time horizon, as the infrastructure is in use for many years. This is done to suggest that services are not as expensive as they appear. However, this hides the fact that government needs to pay for the infrastructure during the short period when it is built, which is what needs to be reflected in the budget, and which informs decisions regarding affordability.

5. **Calculating and comparing unit costs:** comparing unit costs across regions, programmes and/or countries has appeal. However, unit costs are seldom comparable, as fixed, capital, start-up, variable, direct and indirect costs are very often calculated and accounted for differently in different contexts. Unit costs are only useful if we know that exactly identical data gathering, costing methodology and assumptions have been used to estimate each of the unit costs being compared.
8. References


