

Child Budget Initiatives in Latin America

Alberto Minujin
The New School

Javier Curcio
Universidad Nacional General Sarmiento, Buenos Aires
Universidad de Buenos Aires

and

Louise Moreira Daniels
The New School

International Affairs Working Paper 2010-01
January 2010

Paper for the *African Report on Child Wellbeing 2010*, December 1, 2009.

Copyright 2010 by Alberto Minujin, Javier Curcio and Louise Moreira Daniels

Child Budget Initiatives in Latin America

Graduate Program in International Affairs
The New School
International Affairs Working Paper 2010-01
January 2010
www.gpia.info/working-papers

ABSTRACT

Children in Latin American (LA) countries were among the most vulnerable groups that suffered from the adjustment policies promoted by the “Washington Consensus” in the 1980s and 1990s. In that context, several organizations started initiatives to ensure and promote resources allocated by public budgets to children and women. This paper describes and analyzes the characteristics and main activities of such initiatives in a dozen LA countries, with in-depth analysis provided for three countries: Argentina, Brazil and Ecuador. A number of lessons are enumerated, which can serve as orientation for other regions, in particular for Africa.

Alberto Minujin
Graduate Program in International Affairs
The New School
66 West 12th Street; Room 616
New York, NY 10011
aminujin@gmail.com

Javier Curcio
Universidad Nacional General Sarmiento,
Buenos Aires
Universidad de Buenos Aires

Louise Moreira Daniels
Graduate Program in International Affairs
The New School
66 West 12th Street
New York, NY 10011

Child Budget Initiatives in Latin America

Alberto Minujin
The New School, NY

Javier Curcio
Universidad Nacional General Sarmiento, Buenos Aires
Universidad de Buenos Aires

Louise Moreira Daniels
The New School, NY

Table of Contents

Executive Summary	2
I. Introduction.....	4
II. Child poverty and inequality in Latin America: Why invest in children and develop public budget initiatives.....	7
III. The Budget: Policy framework and processes. Implications to child wellbeing.....	11
IV. Innovative Budgetary and Fiscal Instruments in Ensuring Child Wellbeing	16
V. Case Analyses.....	24
V.A. Argentina: Guaranteeing the Fulfillment and Protection of Rights. Prioritizing Social Investment in Children.....	24
V.B. Brazil: Social Movements to Prioritize Public Policies Directed to Children	27
V.C. Ecuador: The Crisis as an Opportunity	31
VI. Final Comments. Lessons Learned and Recommendations	35
Bibliography.....	36
Annex: Classifications of Public Expenditure in Children in Argentina	39

Executive Summary

This paper aims at identifying and analyzing the most relevant initiatives in Latin America in terms of public budget development as a way to improve the situation of children during the past few years. From the analysis, the paper draws a series of comments and recommendations that can be useful in the development and strengthening of child budget initiative in African countries. The paper thus aims at contributing to the promotion of the south-south collaboration between African and Latin American (LA) countries.

Children in LA were among the most vulnerable groups that suffered the impact of the adjustment policies promoted by the ‘Washington Consensus’ in the 1980s and 90s. It is in that context that several organizations started to work on initiatives oriented at ensuring and improving resources allocated by the public budget to children and women. During the 1990s, work on child budget initiatives in LA countries—informed by the experience on gender budget promoted by UNIFEM and participatory budget developed in Brazil-- were mainly promoted by UNICEF. These initiatives were framed in the Convention on the Rights of the Child (CRC), ratified by all countries in the region by the early 1990s. According to the CRC, state parties are obligated to provide resources—to the maximum of their possibilities—to progressively promote, fulfill and protect *all* rights for *all* children.

In order to influence the public budget allocated to children it is necessary to understand the different stages of the budget process and who are the decision makers and stakeholders in each stage. It is also essential to identify what the opportunities and key moments to influence decisions in favor of child wellbeing are. In this process, civil society organizations play a key role. In the LA case, these organizations, in partnership with universities, international organizations and the private sector, have developed ‘observatories’ with the objective of lobbying and monitoring the design and execution of the budget related to children’s and families’ wellbeing.

This paper describes and analyzes the characteristics and main activities of initiatives developed in a dozen LA countries aimed at influencing public budgets in favor of children’s wellbeing. In-depth analyses are provided for three relevant cases: Argentina, Brazil and Ecuador. The main lessons learned can serve as orientation for other regions, in particular for Africa. They can be summarized as follow:

- Child budget initiatives are relevant tools for influencing and ensuring a fair allocation of resources to children’s issues. Ensuring financial resources is an indispensable component towards the realization of children’s rights;
- There is no “one size fits all,” or a single recipe for how to develop and implement child budget initiatives. Each country must identify the opportunities, institutional specificities, and partners and stakeholders that can champion these initiatives. It is necessary to consider the particular political situation, the possible alliances and the institutional strengths and weakness that can make the project work;
- Nevertheless, commonalities exist in the different projects that are analyzed in the paper which can guide the development of budget initiatives in other regions, such as Africa. Some of them are presented in the following points:
 - It is crucial to guarantee the support of networks and alliances that include the most relevant actors or stakeholders in the different stage of defining, approving,

implementing and monitoring the public budget. This includes policymakers and civil society, academic institutions, unions, churches, representatives of minorities, bilateral and multilateral cooperation organizations, and the media, among others;

- Trust among the different partners involved is a key component of the success of these initiatives. In all the experiences analyzed, the promotion of dialogue between the public sector and civil society, and among different governmental sectors was a crucial element for success;
- It is desirable that the initiatives be incorporated as part of the government structures that develop and implement social policies. The monitoring and participation mechanisms must be institutionalized. It is necessary to ensure the dialogue among policymakers in the economic/financial and social sectors;
- Civil society organizations must achieve consensus on their participation. The experience shows that there is a low degree of harmonization among those organizations, so reaching consensus about their participation in the design, implementation and monitoring of public policies is a relevant task;
- A comparative analysis of the experiences in LA shows that most initiatives developed focus on the formulation and on the monitoring stages of the budget process. It is recommended that support for and participation in the implementation of policies stage be intensified;
- Another weak area that has been identified in most of the experiences analyzed is the level of engagement by legislators. It is recommended that training and capacity building activities among this group be developed as to strengthen the debate on children's issues and transparency in the budget;
- As the case of Ecuador shows, economic and political crises could be an opportunity for promoting the investment on children and developing budget initiatives. In such context, it is important to work with intervening partners to generate proposals that guide the recover process, promoting inclusion and equity and placing children's issues in the center of discussion;
- Finally, the LA cases show that alliances with research centers, universities and organizations from the private sector are relevant in influencing the political agenda in favor of children. The media and a sound communication strategy play an important role on developing child budget initiatives.

I. Introduction

Latin America comes from a long history of economic crises related to external shocks as well as internal economic structures. The manner in which these crises are dealt with can have a lasting impact for the countries and their citizens. The crisis that lasted through the 1980s, primarily caused by the inability of many countries to service their swollen foreign debt, as well as by multiple crises in production and fiscal matters, brought instability and stagnation to the region's economy. As these economies stagnated, facing zero or negative growth, per capita income plunged, poverty increased, and the already wide gap between the rich and the poor became even wider. The situation was so dire that the 1980s have been referred to by ECLAC as "the lost decade of development."

The response to the crisis was influenced by a paradigm shift that had taken place in world politics almost a decade earlier, when at the end of the 1970s and beginning of the 1980s Margaret Thatcher and Ronald Reagan adopted neoliberal ideas as theoretical bases for their political actions. Such theory began to really impact policy formulation in the developed world, as the Welfare State was reviewed and abandoned in favor of deregularization and liberalization of markets, privatizations, etc. The idea was to reduce the size and power of the State over the economy and let the competitive market run its course.

This shift did not stay confined to the UK and the USA, extending to many countries and understood to be the economic policy and state organization style that all countries should follow. Most countries in the world in the 1980s and 1990s implemented economic reforms that aimed at liberalizing their economies, leading to a package of measures that came to be known as the "Washington Consensus." These reforms, which included among other measures fiscal discipline, reorientation of public expenditures, and privatization and deregulation of the economy were held in Washington to be necessary in most or all Latin American countries. The idea was that in the long run sustainable high growth rates would be ensured and thus improved living conditions for the people and diminished poverty would result.

Although the application of the Consensus initially brought renewed economic growth during the first half of the 1990s, gains in the social realm were minimal. In fact, the crisis and the subsequent harsh adjustment process contributed to the deterioration of the situation of a vast proportion of the population, exacerbating poverty and social exclusion and widening the existing social and economic gap. The most vulnerable groups in society—the poor, women, children and indigenous peoples—suffered disproportionately as a result of the structural adjustment programs implemented in the region.

One of the ways in which adjustment policy affected poverty rates and people's welfare in general was through cuts in public expenditure on the social sectors. Negative impacts on children—who are among the most susceptible groups to crises and adjustments, especially those from poor families—were made clear by the end of the 1980s when UNICEF published the report, and now consecrated book, *Adjustment with a Human Face*. This work showed in a clear way the consequences of adjustment policies if the social repercussion of such measures is not taken into consideration.

The macroeconomic structure has a definitive impact on families that go much beyond the issues of level of economic activity. This needs to be taken into account during economic crises, when there is pressure to shrink public expenditure. As previously noted, negative impacts of such an approach disproportionately touch children since they don't have agency, are not part of any corporation, may not have anyone representing them, and thus may have no voice or no lobbying power. Yet, because children are in a formative stage in their development, deprivations

may cause irreparable damage. This understanding of children as vulnerable citizens who have the right to be protected is backed by the Convention on the Rights of the Child (CRC), which clearly states, in its article 4, that governments are obliged to provide adequate resources and utilize “the maximum extent of their available resources” for the progressive realization of children’s rights.

The commitment to implementing the CRC in the region during the 1990s, with the shift from a project to a policy approach from some of the international organization, specially UNICEF in Latin America and the Caribbean, combined with the ripples of the economic crisis led some of the countries in the region to turn attention to the issue of public budgeting. Policymakers and organizations in Latin America that work in favor of children and other vulnerable groups have learned that the size and distribution of the public budget affect the process of moving towards the realization of rights, and that in many cases where budgets are cut, retrogression of realization is the final outcome. The objective of social budget initiatives is to act on what the “maximum” means and to “maximize that maximum” in favor of the most vulnerable. By the end of the decade, several countries started to work on such initiatives (as we will discuss later in this paper, economic and political crises could present the opportunity to mobilize and act on developing child budget initiatives and protect and even expand the investment on children, as was the case in Ecuador).

The development of child budget initiatives in the region was very much prompted and shaped by two experiences: the substantial strides made by gender economists on gender responsive budget, supported among others by UNIFEM, and the experience of participatory budget that started in 1989 in Brazil.

Gender advocates and economists have pushed for ways of analyzing budgets from a gender perspective, showing how public expenditure processes affect women and men, girls and boys in different ways. By doing so, they aim at strengthening women’s participation in budget decisions, increase women’s economic literacy and support gender responsive budget analysis at different levels of government. Since its introduction in the mid 1990s, Gender Responsive Budgeting has become a well-recognized tool for increasing accountability for gender equality and women’s empowerment, and efforts for implementation have been made in more than 50 countries (Budlender, 2008; UNIFEM, 2009).

Similarly, Participatory Budgeting is an innovative policymaking process in which citizens have the opportunity to be directly involved in decisions regarding the allocation of resources and the prioritization of broad social policies, as well as in the monitoring of public spending. The use of participatory budgeting began in 1989 in the city of Porto Alegre, Brazil, and has since spread to hundreds of Latin American cities, as well as dozens of cities in Europe, Asia, Africa, and North America. Over 1,000 municipalities and public institutions are estimated to have initiated participatory budgeting programs (Participatory Budgeting, 2009).

Thus, budgets have been recognized as a crucial tool necessary to ensure resources for the promotion, realization and protection of human’s rights. Child budgeting can and is used as a strategy to influence government towards better welfare policies for children. This is significant for a region such as Latin America, where approximately one third of its population is below the age of 15, accounting for over 160 million children (CEPAL, 2009). Many of these children are under extremely unfavorable situations; almost 9 million suffer from chronic malnutrition, more than 50,000 live with HIV/AIDS, and approximately 30% of children younger than 12 live in extreme poverty (UNICEF TACRO, 2009). Furthermore, millions of children are out of school or served by poor quality education, have little access to health services, and are faced by violence.

It has been found that about 65% of street children in the capitals of Latin American countries become involved in sexual exploitation (Castanha, 2001). This reality demonstrates the vulnerability of the children of the region, and highlights the importance of designing budgets that protect and empower them.

The objective of this paper is to present some of the most relevant experiences in Latin America on child budget initiatives. For that, the paper starts with a brief analysis of the situation of children in Latin America, stressing the problem of child poverty and inequality to move to the discussion on why it is relevant to protect and fulfill children's rights through work on public budget analysis. In this first point we address the question of why child budget initiatives are important. The next section presents a description of the usual budget process in the region with the objective of clarifying what the opportunities to influence budget design, distribution and implementation are and where and how this could be done. This framework leads to a description of the experiences in the region in the next two sections. The first of them gives a broad description of the experiences in the region and some of its characteristics. From there, the next section analyses in depth some selected experiences. Finally, we present some comments drawn and lessons learned from the experiences discussed.

II. Child poverty and inequality in Latin America: Why invest in children and develop public budget initiatives

Children constitute nearly half of the population in the developing world. In Latin America, children below the age of 15 represent approximately one third of the population. This percentage is even higher for some countries in the region, such as over 43% in Guatemala, 40% in Honduras, and 38% in Haiti and Nicaragua (CEPAL, 2009). Much progress has been made regarding the welfare of children in the region in the past decades: under-five mortality rates have gone down from 190% of live births in 1950 to 32% in 2000, and school enrolment has increased significantly in most countries (CEPAL, 2009). Yet poverty, inequality and exclusion still characterize the situation of large part of the children and adolescents in the region. While more than one third of the population in general is income poor, approximately half of all children and adolescents live in poverty (UNICEF TACRO, 2005). In 2007, there were approximately 78 million children in that situation (CEPAL, 2009).

The money-metric approach to poverty, however, only partially captures the situation of children living in poverty, and usually underestimates its dimension. The income approach doesn't capture inadequate access to basic services that are crucial for child survival and development. Additionally, it doesn't take into account the gender dimension or issues of intra-household distribution. Finally, issues such as discrimination, lack of protection and care, and exclusion are not reflected by such approach. A multidimensional approach is necessary to measure and understand child poverty and to develop policies to alleviate it (UNICEF, 2005; Minujin et al, 2006).

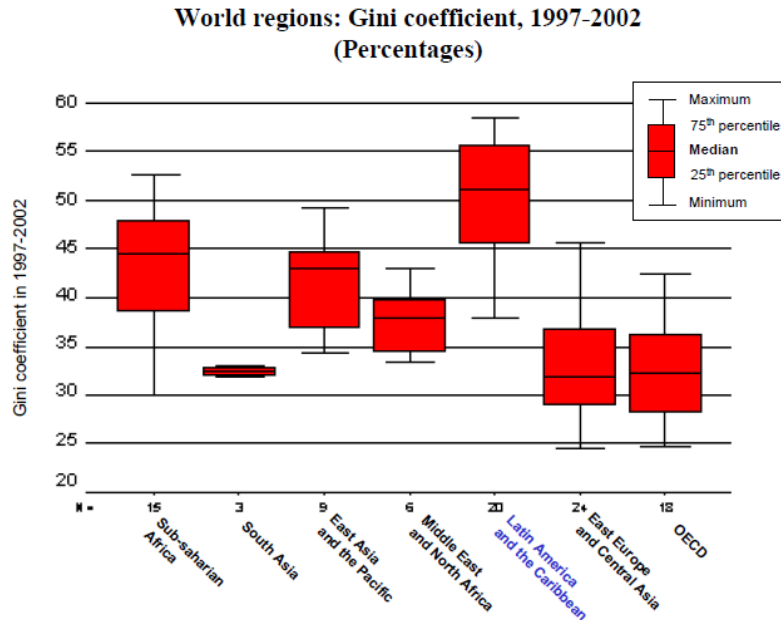
Using a multidimensional deprivation approach¹, the estimations shows that almost 46% of the children in LA suffer from at least one severe or moderate deprivation. In rural areas the situation is even more dire, where 75% of children suffer from at least one deprivation. The

¹ For description and discussion on the deprivation approach to child poverty see Gordon et al 2003; Minujin et al op. cit.; and UNICEF Global Study (www.unicefglobalstudy.blogspot.com).

situation is more exacerbated among the indigenous and Afro-descendent populations (CEPAL & UNICEF, 2009, forthcoming).

The region also shows some of the highest levels of inequality of income distribution in the world, as can be seen in Figure 1 below. Although inequality is an issue affecting most countries—in past decades inequality has risen both between countries and within many countries around the world—it is particularly sharp and deep-rooted in Latin America. In the 1990s, inequality increased in eight countries and stagnated in seven countries in the region, even though many of these countries were experiencing full-capacity growth (Cornia, 2006).

Figure 1. World regions: Gini Coefficient



Source: World Development Indicators (WDI), World Bank, 2004. From ECLAC 2005.

This high level of inequality implies that most of the children in the region don't have equal opportunities and that their possibilities for growing to be socially and economic productive are seriously constrained, which infringes on their rights and hinders the growth of their countries. In Brazil, for example, studies have found that about 25% of the disparity in income in the country can be attributed to differences in education. Thus, those who cannot overcome the barriers to success in school are doomed to low occupational mobility and restrict income (IPEA, 2006). In the largest and most populous country of the region, inequalities in access to and in quality of education are tremendous between the rich and the poor, and income quintiles play a

major role in higher levels of education, as can be observed in Table 1 below, on enrollment rates in Brazil.

Table 1. Enrollment rates in Brazil

Enrollment rates (%) of pop. 0-24, by GDP per capita quintiles - 2003					
	Q1	Q2	Q3	Q4	Q5
0-6 (preschool)	28.9	33.3	35.1	39.99	50.6
7-14	95.2	96	97.4	97.9	99.3
15-17	73.6	78.1	81	84.2	94.6
18-24	27.9	28.3	29.1	31.7	51.6

Source: IPEA, 2006

As can be seen, only 28.9% of the poorest young children (0-6), who are in the formative years of development, are enrolled in school, while 50.6% of their richest counterparts are. Moreover, a real funnel exists in education when it comes to socioeconomic backgrounds. In the first grade of primary education, 2/3 of students come from the poorest segments of society; however, in secondary school, only 12.9% come from the poorest quintile, and in tertiary education less than 5% come from this segment (IPEA, 2006).

Dropout rates in the region also reflect inequality since they are highly selective, with poorer students progressively abandoning school more often than richer students, in part due to access to mostly lower-quality schools that provide less motivation to remain enrolled (Vegas & Petrow, 2008). The consequences for the formation of human capital and for the perpetuation of poverty are huge: only a minority of well-endowed students becomes skilled workers who will be able to be absorbed by the labor market demand, as the poor continue unskilled or low-skilled, not adding to the country's stock of human capital.

It is thus imperative that children be in the forefront agenda of governments in Latin America. Investing in children is imperative because: 1) it is their right to live and develop their capabilities with equal opportunities; 2) it makes economic sense, and; 3) it strengthens democracy.

1) *It is their right*

The CRC, which has been ratified by all countries in Latin America and the Caribbean, guarantees all children and adolescents the satisfaction of their basic needs, including economic, civil, political, social and cultural rights. Children are entitled to the right to survival, to develop to the fullest, to protection from harmful influences, abuse and exploitation, and to participate fully in family, cultural and social life. By ratifying or acceding to the obligations of the Convention, States assume a great deal of responsibility, agreeing to protect and ensure these rights and to be held accountable before the international community. National governments are thus obliged to undertake all actions and policies, utilizing the maximum extent of their available resources, to warrant the welfare of its children. Implementing and guaranteeing these rights has a financial implication to governments; yet, this investment is not a favor to children, it is in fact an instrument for the fulfillment of their rights.

2) *It makes economic sense*

It is a well-accepted fact that human capital has a huge role to play in productivity and economic growth, and that the main “builders” of human capital are education, training, and adequate health. Countries who are poor in human capital, that is, whose population is mostly unhealthy and uneducated—where investment in the social sector is low—cannot introduce new knowledge and technological progress into their productive processes, handicapping overall productivity. It is higher productivity that allows for lower cost of production, which translates into lower prices and greater competitiveness in the global market (Sen, 1999; UNICEF TACRO, 2005). Human capital is thus a driver of economic vitality and growth, as well as of people’s welfare.

Childhood is perhaps the most important period in the development of human beings because it is a period of intense physical, cognitive, psychological and emotional growth, when major aspects of an individual’s life chances are determined. What happens or not in these formative years has everlasting consequences in the life of a person. Because these first years are so crucial, malnutrition and lack of early stimulation will cause irreversible damage to the individual and their capabilities, and therefore their human capital, leading to substantial long-term costs for society and for economic expansion. There is growing social research and neurological evidence of the impact of early adequate health care and learning on the brain.²

According to the World Bank, malnutrition in pre-school children leads to a loss of lifetime earnings of approximately 12%. It has found that, in the Caribbean, losses to society from risky behaviors (e.g., teen pregnancy, school dropout, crime and HIV/AIDS) reach into the billions of dollars, and that in Guyana school dropouts lose hundreds of thousands of dollars in net earnings over their lifetimes, which ultimately costs the state thousands of dollars in foregone income (World Bank, 2009).

Investing in child welfare thus makes economic sense. The provision of quality education, health, and protection services—in other words, the fulfillment of children’s rights—allows for the development of stronger, smarter children and subsequently adults and workers. Building human capital gradually makes the overall distribution of productive assets in a country more equal (Birdsall, 2001). Such broad-based investment in education took place in East Asian countries in the 1960s, which led to “substantial growth of labor productivity and enabled firms to acquire and adapt new technologies and move up the value-chain as increasingly skilled cohorts of workers became available” (Birdsall, 2007, p. 19).

It is important to note the urgency of investment in this specific age-group, since investments in education, skill training and health are beneficial to any group in society. The issue is that it is more cost effective to invest in “ an upstream solution than to remediate a downstream problem...Research data clearly shows that investment in early childhood development for disadvantaged children provides an 8 percent to 10 percent annual rate of return through better education, health, and social outcomes” (Heckman, 2009a).

James Heckman, winner of the Nobel Prize in Economics in 2000 is an avid advocate for early childhood interventions because the sooner education reaches people, the greater its effect is and the cheaper it costs. He has found that trying to teach an adolescent the type of knowledge that should have been introduced to him ten years before is 60% more expensive (Heckman, 2009b). Therefore, investing in children is not only an instrument for fulfilling children’s rights, but dynamizing the economy.

3) *It strengthens democracy*

² See Behrman, 1993; Frost, 2005; Vegas & Petrow, 2008.

The situation of inequality and poverty in much of the developing world is a threat to people's wellbeing, to the development of the economy of these countries, and, when combined with low social investment, it becomes a threat to the development and strengthening of democracy. When people are deprived of their basic needs and recognize that their governments are not engaged in changing their deplorable situation, they can become further excluded for lack of motivation to be part of the democratic process. Therefore, the values and culture of democratic participation can be undermined.

However, when people are welcomed to participate in these processes, being part of decisions that will affect their destinies and the fate of their children, democracy is ultimately strengthened. Children that have better health, education opportunities, freedom from violence, in sum, their rights respected and fulfilled, can more easily grow to be active and engaged citizens. Social investment widens the window of opportunities for sectors of society who are usually excluded, allowing for more equal opportunities, social mobility, and integration.

Why Budget Initiatives for Children

Children and adolescents are the greatest leverage point for investment in human capital and the principal means to breaking the intergenerational cycle of poverty. Nevertheless, this well known fact does not automatically translate into policy at the national or municipal level. By virtue of their age and status in society, children are less able to claim their rights, having little or no voice in governmental measures for development. They are not in a position to effectively compete for their fair share of public resources. This reality makes them susceptible to politically and economically poor decisions. Hence, they represent both the greatest opportunity and a potential challenge for development strategies.

While it is clear that children benefit from overall economic growth and from general social sector expenditure that do not explicitly target them, how children are considered in the design, implementation and evaluation of national, state and municipal budgets can have a huge impact in their welfare. Child budget initiatives are an attempt to disaggregate the governments' budgets in order to estimate how much is intended to be spent—or has been spent—on programs related to child development, health, education and protection. Like other types of applied social budgeting work, it is a tool for addressing issues of equity, non-discrimination, government efficiency, transparency and accountability. Thus, making public budgets more child-sensitive can potentially benefit not only children, but also their families, their communities and their country's development as a whole.

However, until recently most organizations working in favor of children's rights and on child wellbeing, including international agencies, didn't have knowledge of the budget process, nor of its allocation and implementation. Interaction with finance authorities was seldom existent and the work with parliamentarians was mostly on legal and normative issues, but not on public budget. The relatively recent emphasis on the need to give priority to investing in children put in evidence the need to influence the availability of financial resources.

This is why several organizations and countries in Latin America have decided that it is crucial and strategically important to work on the public budget with a child's lens. A government's budget represents a financial commitment to which it can be held accountable. It is also a "link between macroeconomic policy, social policy, political interests and public resources" (Gore & Minujin, 2003, p. 2). Hence, only by taking children welfare into account in the budget can governments commit to the provision of services to realize children's right.

The concept of child budget initiatives does not propose creating separate budgets for children, but instead it aims at examining governments' budgets for "their content, process and impact on children, and devising more equitable procedures and allocations" (p. 4). Furthermore, it foments stronger advocacy and social mobilization for children's rights.

III. The Budget: Policy framework and processes. Implications to child wellbeing

The budget is the most important tool for allocating scarce public resources. In the budget, governments decide who and how much to tax, and how to spend these revenues. Understanding how the budget process works and who the actors are in this process is thus imperative for developing opportunities for influencing it. This section presents an overview of budget cycles in Latin America and reviews possibilities for influencing the budget for the realization of children's rights. Although not the exact same in all countries of the region, most budget processes in Latin American countries follow the general budget principles described by Norton and Elson (2002). These basic principles and sequence are applicable for many if not most countries governed by democratic principles³.

Although the description refers to national budgets, it is important to mention that decentralization of government—in the state, province and municipal levels—is very relevant in countries of Latin America. Having said that, the cycle is essentially the same, and the actors are the specific level equivalents. Some of the experiences analyzed in this paper, like cases in Brazil and Argentina, focus on the province and municipal levels.

The Budget Cycle and Opportunities for Budget Initiatives

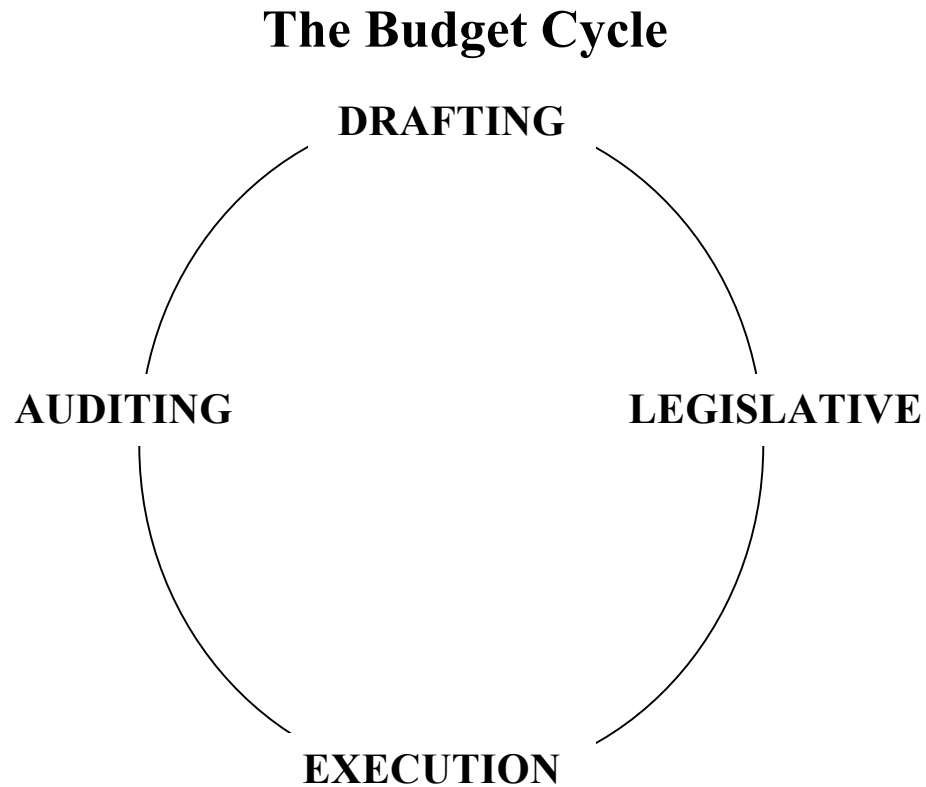
The preparation of the budget is the responsibility of a budget division in the Ministry of Finance (MoF) and line agencies, while the execution is put into place by accounts or administration departments in line agencies, and evaluation is performed by independent auditors. The budget cycle is usually annual, but it needs to be linked to a longer-term policy, planning and resource allocation process in order to implement development programs and policies. The standard timeframe to prepare and implement the budget, as well as to prepare and audit the final accounts, is three years. The budget cycle is characterized by four distinct stages, namely budget drafting/formulation, enactment/legislative approval, execution, and audit/evaluation.

The budget process is evidently a collective process, where several political actors are involved, each with their own motivations, incentives and agendas. These actors might have conflicting priorities that must compete for limited public resources. Budgets are consequently political. It might happen that finance ministers are interested in keeping expenditures under control to the detriment of social services, while line ministers are interested in promoting public projects in their area of domain (e.g., health). At the same time, legislators might be interested in bringing projects to their district in order to retain or gain votes for the next election. Additionally, specific interest groups might try to receive resources from the government. It is therefore not clear that children's priorities would be fairly represented in this process if not direct efforts are made.

³ In describing the budget process, this paper draws from Gore & Minujin, 2003 and Gore, 2009.

The budget cycle, as previously stated, usually consists of four stages, as represented in Figure 2 below:

Figure 2. The Budget Cycle



1. Drafting

During this stage, the Ministry of Finance at the national level forecasts the macroeconomic outlook and projects resource availability. It then assesses the level of total affordable government expenditure according to sector, program or line ministry. Based on the government's policy framework the MoF might issue indicative expenditure ceilings for each line ministry. A "budget circular," including guidelines on constraints and goals for budget plans as well as call for bids, is sent out to line ministries, and the ministries reply to the MoF submitting their budget requests. A negotiation process occurs, where requests are discussed between the MoF and line ministries, and finally a budget is drafted, with expenditure estimates categorized by line ministry, program and sector (Gore & Minujin, 2003). In most cases, a consolidated draft budget has to be reviewed and approved at the highest executive level, such as the president or cabinet. Ideally, priorities are identified and the allocations are effectively distributed among sectors and regions.

In this stage, the budget is susceptible to several faults, such as inadequate projections or estimates—possibly due to lack of quality data—and a lack of long-term vision or planning. Additionally, competition for resources among sectors and line ministries can become battleground for competing political agendas. Other issues that can interfere with the quality of the budget formulation is that revenue, expenditure and borrowing constraints are not considered together. Furthermore this phase, as it is mostly internal to the executive, can be dominated by it, leaving legislators and especially civil society with little input power.

Nevertheless, opportunities for action on budget initiatives exist at this stage. At the MoF level, they can focus on advocacy to reinforce political will towards the fulfillment of children’s rights, pushing for national policy objectives to ensure more equitable outcomes, analyzing budgets and building technical capacity. The concerns of civil society can be brought into the policy-making process at this phase, in order to help shape priorities. Since civil society organizations often lack formal channels for intervention in this “internal” stage, they might make use of the media to their voice concerns.

2. Legislative approval

In democratic countries, constitutions require that taxation and public spending be approved by parliament. Thus, once the budget has been drafted and reviewed by the executive it has to be approved by the legislature in order to be enacted. During this stage, the legislature scrutinizes the expenditure and revenue proposals, and decides whether to approve or reject the budget, or to amend it. Although the exact form of legislative engagement and approval varies among countries, in general it must be comprehensive.

In this stage the legislative has the chance to debate the budget, but many times the budget document is voluminous, inaccessible and even incomprehensible, and many parliamentarians don’t have the technical skills necessary to analyze it. It is even more incomprehensible for civil society organization and citizens in general. This poses a threat even if legislators are aware of their constituencies’ priorities and needs when considering the budget.

For those reasons, budget initiatives at this stage can focus on increasing awareness and capacity of the legislature to take informed decisions about the budget. Civil society organizations have opportunities for direct intervention in this stage. They can work towards providing legislators information on children’s needs and priorities, or providing a mechanism for spending agencies to examine whether their programs take into account and respond to these needs. They can also work towards strengthening the technical capacity of the legislature by, for example, publishing and disseminating budget analysis guides or providing budget workshops to the legislature, the media and society in general (Gore & Minujin, 2003).

3. Execution

The execution or implementation of the budget usually starts with the beginning of the fiscal year and involves the release of appropriations by the MoF to spending ministries in accordance with the approved budget. This stage then is mainly in the hands of the executive, as line ministries and spending agencies spend on new and ongoing investments, contracting and ordering goods and services to be delivered. These are paid for and transactions are recorded.

The challenges at this stage are numerous. Sometimes resource constraints lead to certain unplanned adjustments to approved spending (e.g., expenditure cuts), or to the shift of funds to purposes other than those that were approved. Such unplanned budget cuts tend to negatively

affect vulnerable groups that have a weak political voice and who are most dependent on government initiatives, such as children. Continuous budget adjustments and revisions make the budget less objective, and disrupt execution.

Budget initiatives at this stage can influence the budget in favor of children by directly monitoring, and pressing legislators to monitor allocations made, rather than expenditure incurred, and bringing attention to unplanned expenditures that deviate from policy goals. It is necessary to pressure the legislative to scrutinize actual spending during the fiscal year, and to ensure that adjustments are made in a transparent manner. Budget initiatives can also collect information on expenditure, revenue and outputs in order to improve the quality of participation. Data can also be used to advocate for greater efficiency in financial flows.

4. Audit and Evaluation

At the end of the year, independent auditors analyze government accounts and financial statements. In general, the audit of accounts is followed by the consideration of findings by the legislature (Gore & Minujin, 2003). Recommendations based on audit findings should be used to inform future budget processes, promoting constant improvements to public spending.

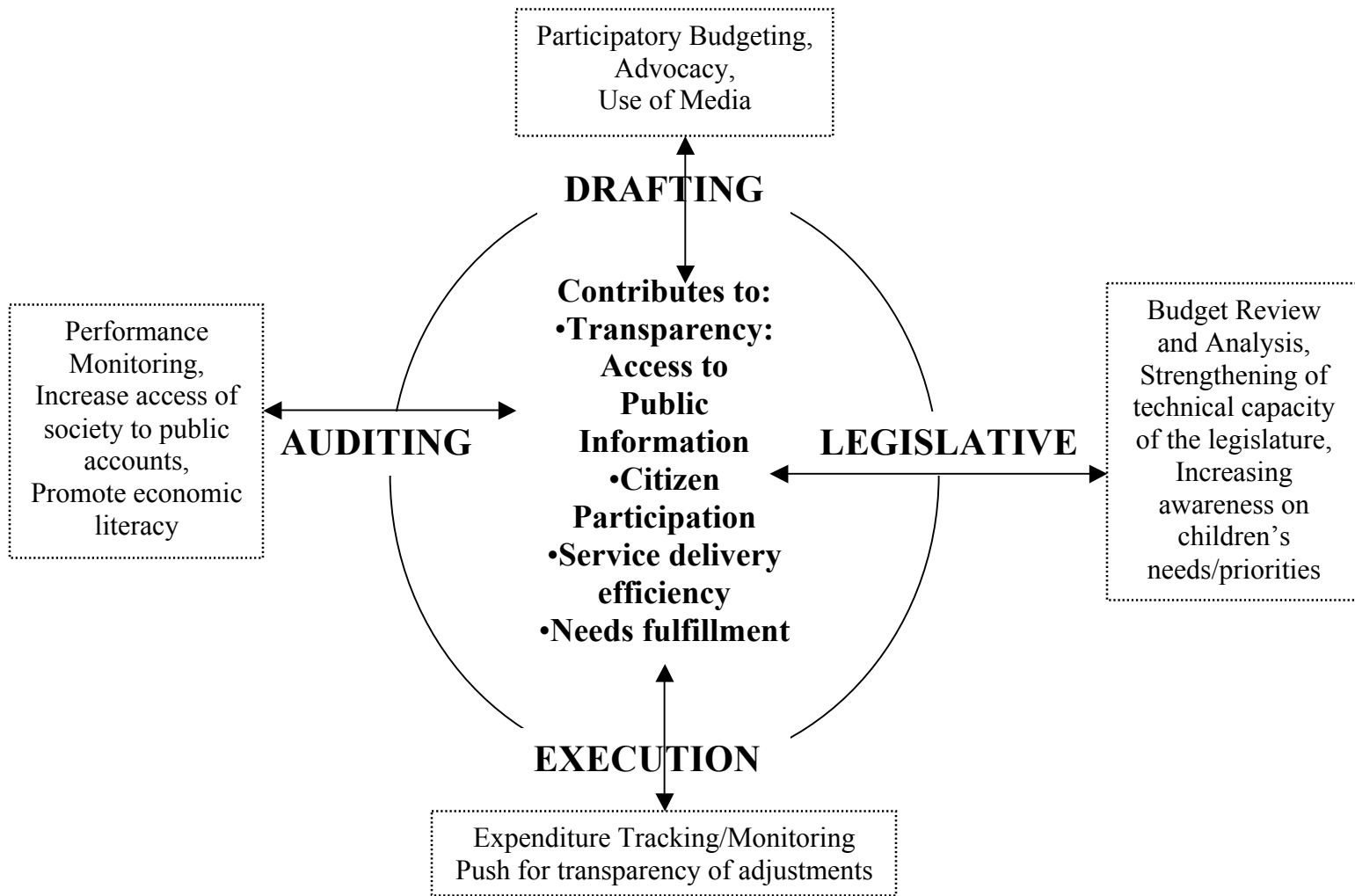
Delays at this stage compromise accountability because some of the officials responsible for loss of public money may have left office, making it more complicated to engage in disciplinary measures. Moreover, recommendations may not feedback into future years' budget planning process. Since audited reports are usually presented two or more years after the close of the financial year, few civil society organizations work in this stage, as the interest of the public is likely to focus on more current matters.

Budget initiatives can have an impact at this stage by pushing for government transparency. They can focus on publicizing information (e.g. sectoral budgets) as to increase access of civil society to public accounts, on promoting economic literacy, and on assessing the clarity of roles, responsibilities and functions of different levels of government. Finally, they can publish and disseminate to the general population or specific interest groups guides to management of macroeconomic processes.

Figure 3 below, adapted from Thindwa, 2006, depicts entry points for budget initiatives to influence the budget process.

Figure 3. Budget Entry Points

Entry Points and Opportunities for Influencing the Budget



It is important to mention that the analysis of the taxation system should be a component of budget analyses and initiatives. The taxation system is the manner in which public resources are collected and thus one of the usual limitations for expanding social budget. The taxation system in place in the region is simultaneously weak and regressive. In average, revenues from taxation represent 16.1% of GDP, when in the developed world that average is around 28% (Cetrángolo & Gómez Sabaini, 2007). Apart from that, another serious problem is its composition, as most of it comes from indirect taxation, the VAT, while the direct taxation to individuals and companies contribute only with 0.5% of the GDP. In the developed world that figure is around 10%. Consequently, the current taxation system in the region does not contribute towards redistribution and equity, and thus needs to be addressed by budget initiatives.

The Role of Civil Society and the Media

In recent years there has been an extraordinary expansion of civil society organizations in Latin America, from think tanks to community-based organizations. The potential for influencing budget is great because these types of organizations can not only provide independent research from a perspective that is not covered by traditional analyses, but also act as independent oversight structures, which strengthens democratic development. Civil society organizations play an important role in budget processes because they can help enhance good government practices, improve the effectiveness of service delivery, and empower society—especially poor people—by demystifying the budget system. Think tanks, for example, can contribute to access to sound technical analyses of fiscal issues.

A relevant example of civil society organizations that have strong potential for expansion in the region are citizen observatories. Observatories are composed of a group of people or organizations, autonomously organized, with the purpose of monitoring, evaluating and impacting policy and processes so to achieve greater governmental transparency and effectiveness (Minujin & Comas, 2009). Observatories act on diverse themes, such as the protection and promotion of children's and women's rights, issues of regional inequalities in resource allocation, democratization of the media, among others. Many work towards generating and organizing qualitative and quantitative information that can be used to improve the performance of public policy. Additionally, observatories create channels of participation in public decision-making, such as the budgetary process.

Finally, the media can and must play an important role in: 1) ensuring that the main issues in budgetary debates are widely known and understood by the population and; 2) ensuring that the real needs and priorities of the population, especially those who have little voice in government decisions, are known by society in general and by decision-makers. It is crucial that journalists have full access to relevant documentation from the legislature and its committees. Civil society organizations can provide training and capacity building opportunities to help journalists improve the quality of their reporting on the budget. Moreover, it is important that civil society organizations engage the media in their subject matter, informing them of the issues and realities of those groups they advocate for.

IV. Innovative Budgetary and Fiscal Instruments in Ensuring Child Wellbeing

After identifying the stages of the budget cycle pointing out possibilities for influencing the budget for the improvement of public policies directed at children, the present chapter will introduce a few significant experiences that have been developed in Latin America in recent years related to the review, evaluation, transparency, responsibility, and participation in budget and fiscal issues.

To facilitate the analysis, a table was elaborated showing a classification of some of the actions within different countries (Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Paraguay, Peru, and Uruguay) in the different cycle stages (budget formulation, legislative approval, policy execution, and evaluation and auditing).

In **Argentina**, there are various initiatives supporting the budget formulation through proposals on improvements in and protection of the investment, mainly at a sub-national level. This is complemented by the elaboration of measurement tools that are used in the allocation of resources by different government organizations. Additionally, regarding the review and evaluation of government's performance, there are initiatives developed by civil society organizations, some universities and institutions working to influence public policies directed to

children. A greater detail of these activities will be included in the next section, with a deeper analysis of the cases of Argentina, Brazil and Ecuador.

In the case of **Bolivia**, an alliance exists between UNICEF, the Ministry of Planning, the National Parliament, the National Institute of Statistics, the Social and Economic Policies Analysis Unit (UDAPE), the Federation of Municipalities, and social and indigenous people's organizations. This alliance offers recommendations for the formulation and application of public policies, including increases in the social investment directed to children, both at a national level and more decentralized ones. Participation from the community is promoted, especially in the planning and implementation of actions for children and in the review of key indicators of the situation of children. Community participation also supports the inclusion of social control structures established within the framework of mass participation and participation from social-based organizations (organizations of indigenous populations, women, girls, boys, adolescents, etc.).

In this context, in 2006 the UDAPE and UNICEF published a document that included estimations of the Functional Social Expenditure and the Social Expenditure for Children for the period 2000-2004⁴, so as to contribute to the design of policies, evaluation of priorities for expenditure allocation and promotion of an adequate focus on resources and policies directed to Bolivian children. Additionally, this study analyzed the expenditure impact on the consumption distribution in Bolivia.

Social investment on children and adolescents at sub-national government levels were also subsequently analyzed. The study shows the composition, levels and trends in the social expenditure directed at children and adolescents between 2000 and 2005, at each administrative government level (central, departmental, and local), identifying the importance that governmental institutions give to the different sectors (education, health, housing and basic services, and social protection). In the report several recommendations are put forth, such as to: 1) consider social public expenditure on children and adolescents not as government expenses but as an important social investment necessary for the improvement of the possibilities for extending capacity and opportunities, and for promoting a more extensive and egalitarian development in the country; 2) promote policies which have a more comprehensive approach, allowing more relevance to the social protection sector and; 3) reinforce the public expenditure information systems, so it can be more timely, transparent and accessible.

As a complement to the ongoing monitoring work on social investment (currently UDAPE and UNICEF are updating the information and new data is expected to be published in the next few months), both institutions developed two reports: "Bolivia, Equality and Rights of the Child" and "Bolivia: Rights and Gender Equality in Childhood and Adolescence," which analyze the degree of fulfillment of rights according to the Municipal Development Index for Infants, Children and Adolescents. This index was created to reflect the scenario of fulfillment of rights of the analyzed populations in the national, departmental, and municipal levels. In order to do this, gender inequalities are particularly examined, as well as patterns by region and age, among other reference criteria.

In **Brazil**, UNICEF's Municipal Seal program was developed in 2000. Through this initiative, over 2,000 municipalities are monitoring the progress of health and education objectives according to standards established in the "A World Fit for Children." In this context, municipalities are also monitoring 15 public policy goals, including national birth registration, the

⁴ For further details see UNICEF-UDAPE, 2006.

expansion of the “Health within the Family” program, and national access to HIV tests for pregnant women. Every two years, an evaluation is made to determine which municipalities are progressing significantly toward these goals, therefore receiving the “Municipal Seal” award.

On the other hand, inspired by the Participatory Budget experience, an advancement was made on the development of a work scheme of social movement to improve the availability of resources directed at children, mobilizing –at the same time– the attention of the public opinion and the society in general to improve life conditions and the possibilities of development for Brazilian children and adolescents. In that context the works on Budget on Children and Adolescents were developed, as well as the implementation of a Monitoring System of Social Investment in Children, with the objective of monitoring the budget execution by the federal government in topics related to children in Brazil. In the next section these initiatives will be developed more extensively.

In **Colombia**, since 2004, UNICEF, the National General Procurement and the Colombian Institute for Family Wellbeing have been implementing the initiative “Municipalities and Departments for Children and Adolescents,” with the purpose of assessing, promoting and ensuring the inclusion of children, adolescents, and a healthy environment in the Municipal and Departmental Development Plans. In this respect, 8 priorities have been established, including the rights to life, health, education and a healthy environment. The initiative has included training of governors, mayors and other public officials, the review and analysis of over 1,000 municipal development plans and 32 plans at a departmental level, and a series of meetings with mayors and governors to share experiences, including the meeting “Governors for Children, Adolescents, and a Healthy Environment,” which took place in April 2006.

Another initiative, the “Alliance for the Colombian Children” network, comprised of government organizations, civil society, university and academic groups, institutions of international cooperation and the United Nations System, brings these actors together to work towards the defense and fulfillment of child rights in Colombia. This network promotes active participation of society in the creation, development and monitoring of public policies, as well as awareness of child rights topics, and the promotion of the research into these issues.

Within this Alliance, the Economy and Children group oversees procedures, reviews and monitors public policies, plans and programs (governmental or not) directed at children. By doing so, the group exerts pressure and performs advocacy for the rights of children and adolescents and operates as a cultural change agent through communication, and disclosure, making children’s rights a public affair.

In **Costa Rica**, the 2004 study “IV State of Child Rights in Costa Rica,” included a chapter on social investment in children, which allowed for the assessment of public resources devoted to supporting the fulfillment of children’s rights. Moreover, the study identified the main gaps or inconsistencies of investments in terms of sex, age, geographical location, program, and family income in 2001 (last year for which information was available). This assessment highlighted children’s and adolescents’ priorities in terms of social investment, and a discussion on pertinent policy recommendations was offered.⁵

Throughout 2008 and 2009, UNICEF Costa Rica has been redesigning this line of work so to improve social investment in children and by the end of 2009 following results are expected: 1) evaluation of the allocation for children programs in the national public budget in Costa Rica; 2) analysis of the expenditure by households according to income groups (deciles and quintiles);

⁵ For further details see UNICEF & University of Costa Rica, 2004.

3) identification and calculation of a basic set of indicators of equality and redistributive characteristic of a budget for children and adolescents; 4) analysis of social performance inequalities by social groups and of gaps in terms of geographic location or territory and; 5) estimation of the social investment directed to children for the 2000-2008 period, including expenditure series for each year by program, the identification of effective beneficiaries, and geographic distribution at state level (with the objective of monitoring and influencing local governments levels), age levels, sex and socioeconomic status.

From these results, recommendations for public policies and civil society actions that increase the impact of public budget in the wellbeing and development of children and adolescents are expected. It is hoped that the Social Investment Monitoring System directed to children is institutionalized in the national level: Ministry of Finance, National Planning Ministry, and the General Treasury Inspector's Office.

In Ecuador, various initiatives were developed, directed to influence the improvement of social investment in the country, among which are the Fiscal Policy Observatory, and the Social Investment Surveillance Network. The Observatory is comprised of a group of committed citizens who, supported by UNICEF and UNDP, have the objective of negotiating national consensuses in order to promote a fiscal sustainable policy as a basis for equitable economic growth. To this end, the Observatory monitors and evaluates the administration and transparency of public finances and makes recommendations, as well as promotes citizen education on the administration of public finances.

The Fiscal Policy Observatory initiative has since been complemented by the implementation of a National Social Investment Surveillance Network, formed by a group of civil society organizations (with participation of the Ministry of Economy and Finance), with the objective of improving the utilization of resources for social investment in Ecuador. The work of the network aims at promoting improvements in the transparency and quality of social investment through oversight, generation of proposals, and joint work between the civil society and the government.

The monitoring is focused on public investment and the work is articulated on the level and timing of social investment, the quality and management of social services, and the design and monitoring of public policies at the national and local levels. As is the cases for Argentina and Brazil, the Equatorian experience will be developed more extensively in the next section.

In Guatemala, UNICEF quantified the cost of universalizing access of all girls and boys to basic education and health through the initiative “Guatemala Invests on its Children and Adolescents.” This exercise is based on a classification of the national budget according to the rights to education, health, nutrition and protection. This cost analysis of reaching goals is a powerful instrument to assess the social investment in children.

This exercise facilitated the work of the National Commission for Children and Adolescence, which performs actions for influencing and monitoring the public budget on children and adolescence, so as to ensure that the budget allocation includes enough items to finance policies of comprehensive protection. Moreover, the commission functions as social oversight and audit of the public budget for children and adolescents in Guatemala.

In Paraguay, the project “Social Budget Expenditure,” which began jointly with UNICEF, UNDP, and UNFPA, is monitoring social expenditure based on the Millennium Development Goals. The project is aimed at meeting the need for systematic and accessible information regarding social public expenditure.

In order to meet the goals, the following strategies have been developed: 1) construction of a trustworthy and updated database on the structure and execution of the National Budget; 2) ongoing monitoring of the allocation and budget execution in fundamental social aspects (decrease in extreme poverty, fight against chronic malnutrition, basic school education, primary health assistance, and running water services) which comprise the Priority Social Expenditure; 3) impact analysis of social expenditure in people's lives in the short-, mid-, and long-terms and; 4) disclosure of information on the structure and execution of the National Budget and the Social Expenditure, as well as its implications in the fulfillment of basic social needs.

The analysis of the national budget is promoted by means of the implementation of instruments allowing its study, monitoring, discussion and formulation of alternatives by different groups within the population. Therefore, national consensus is sought on the allocation and execution of the budget based on the 2004-2008 intermediate social goals from the government in Paraguay, and the 2015 Millennium Development Goals.

In the context of this initiative, different studies have been published, as well as a regular newsletter and a series of educational guides. Through these activities, a higher resource allocation was achieved for children in many opportunities. An example of this is the incorporation of the National Program for Nutritional Food Assistance in the public budget, which benefits 35,000 boys, girls and pregnant women, as a consequence of the advocacy actions developed by the project.

In **Peru**, UNICEF promotes the development of a Social Surveillance Strengthening Program in order to improve the budgetary allocation and execution of social expenditure. In this context, the *Instituto Apoyo* and UNICEF have developed the "Report on Social Expenditure in Peru 2000-2005," which analyzes social expenditure in Peru in recent years and seeks to contribute to the identification of aspects that need to be focused on in order to improve the social investment in children.

Furthermore, the National Association of Centers (*Asociación Nacional de Centros*) in alliance with the Discussion Table for the Fight against Poverty (*Mesa de Concertación para la Lucha contra la Pobreza*, MCLCP), Save the Children, and other social and civil organizations have launched the "Children First in the Public Budget" Campaign. This campaign aims at contributing to the improvement and increase of public investment directed to children at regional and local levels.

In the context of this initiative, the National Agreement Forum in 2005 signed the "Commitment for the Immediate Improvement of Expenditure Quality, with a Long-Term View," in which the priorities for human capabilities development that must be expressed in the Financial Equilibrium Law are defined. Concurrently, the Public Sector Budget Law establishes protection of budget towards priority actions on children. This law introduces administrative mechanisms to ensure the fulfillment of the protection and financing of activities related to children by means of the programmatic functional classification.

Moreover, in order to guide local and regional authorities towards ways of incorporating programs directed at children and adolescents that are described in their plans of action into governmental development plans and participative budgets, UNICEF, *Cáritas* in Peru, the MCLCP and the Ministry of Women and Social Development (MIMDES) have published the report "Investing in People: Guide to Incorporating Actions Directed to Children and Adolescents in the Local Participative Plans and Budgets." This report is widely used by decision-makers involved in municipal public policies.

Lastly, a recent important work initiative in the topic of investment directed to children in Latin America and the Caribbean, taking place in Peru and formed by a group of private and public institutions, is devoted to promoting advocacy for child rights, as well to bringing children and adolescents to the forefront of the discussion for the public budgets and economic policies. The institutional base of this platform is Save the Children Sweden, Save the Children Norway, and the Advocacy Network for Child Rights in Latin America and the Caribbean.⁶ The aim of this platform is to provide users with a participative, timely, accurate and current means of communication and information gathering that is focused on the defense of child rights. The platform thus aims at promoting public participation in the public budgets and economic policies.

Finally, in **Uruguay**, UNICEF is working jointly with the University of the Republic, the Ministry of Social Development (MSD), the Planning and Budget Office (PBO) and the National Administration of Public Education (NAPE), in order to assess and analyze the country's investment in children and adolescents, consequently being capable of proposing alternatives to improve it. The objectives of this line of work are aligned with the promotion of the analysis and discussion of the budget in order to improve resources directed to children, as well as make them more efficient.

To this end, work is being performed on the review and monitoring of the budget directed to children and on the research on social investment. The objective of this research is to generate information and analysis on the magnitude and evolution of public social expenditure in recent years. The results of the studies are shared with different institutions and citizens in general, in order to increase awareness on the subject and influence the debate on priorities of investment for children and adolescents in Uruguay.

In this context, different publications are and have been produced, among which are the elaboration, in 2005, of the book "Investment in Children in Uruguay. Analysis of the Social Public Expenditure: Trends and Challenges." Regarding this experience, UNICEF collaborated with the government in the elaboration of the education budget in Uruguay for the 2005-2009 period. This collaboration influenced the increase of public expenditure in the education sector, going from 3% of GDP in 2004, to 4.5% in 2009. Besides the support in the elaboration of the budget, in 2005 a series of workshops with key actors were developed. These had the objective of fostering understanding of the needs of children during the planning and formulation of the budget, so to achieve an equitable allocation of local and national resources among the different population groups.

⁶ For further details see Platform of Investment in Children in Latin America and the Caribbean (<http://inversionenininfancia.org>).

Table 2. Initiatives to Improve Public Expenditure on Children in Latin America

<i>Country</i>	<i>Budget Cycle Stages</i>			
	<i>Drafting</i>	<i>Legislation</i>	<i>Execution</i>	<i>Auditing</i>
<i>Argentina</i>	- Elaboration of proposals for the improvement and protection of social investment	- Quantitative analysis and assessment of social investment directed to children		- Promotion of civil society organizations and private sector participation in proposals for the improvement and protection of the social investment
<i>Bolivia</i>	- Elaboration of the Municipal Development Index for Infants, Children and Adolescents			- Review of the Functional Social Expenditure and the Social Expenditure on Children
<i>Brazil</i>	- <i>Orçamento Criança e Adolescente</i> (Budget for Children and Adolescents)		- UNICEF's Municipal Seal	- <i>Orçamento Criança e Adolescente</i> (Budget for Children and Adolescents) - <i>Sistema de Monitoramento do Investimento Criança</i> (Investment in Children Monitoring System)

<i>Country</i>	<i>Budget Cycle Stages</i>			
	<i>Drafting</i>	<i>Legislation</i>	<i>Execution</i>	<i>Auditing</i>
<i>Colombia</i>	- Municipalities and departments for children and adolescents		- Alliance for Colombian Children (Economy and Children Group)	- Alliance for Colombian Children (Economy and Children Group)
<i>Costa Rica</i>	- Social Investment Monitoring System			- Social Investment Monitoring System
<i>Ecuador</i>	- Fiscal Policy Observatory -Social Investment Surveillance Network	- Fiscal Policy Observatory		- Social Investment Surveillance Network
<i>Guatemala</i>	- Assessment of cost of Comprehensive Child Protection Policies	- National Committee of Children and Adolescents		- National Committee of Children and Adolescents
<i>Paraguay</i>	- Social Expenditure Budget Project (study and recommendations)	- Social Expenditure Budget Project (regular Newsletter)		- Social Expenditure Budget Project (regular Newsletter and Educational Guides)

<i>Country</i>	<i>Budget Cycle Stages</i>			
	<i>Drafting</i>	<i>Legislation</i>	<i>Execution</i>	<i>Auditing</i>
<i>Peru</i>	<ul style="list-style-type: none"> - Social Surveillance Strengthening Program - “In the Public Budget, Boys and Girls First” Campaign - Platform of Investment in Children in Latin America and the Caribbean 	-“In the Public Budget, Boys and Girls First” Campaign		- Social Surveillance Strengthening Program
<i>Uruguay</i>	<ul style="list-style-type: none"> - Review and Monitoring of the budget directed to children - Support for the elaboration of the education budget 	- Training Workshops		- Review and Monitoring of the budget directed to children

Source: authors’ research

V. Case Analyses

A. Argentina: Guaranteeing the Fulfillment and Protection of Rights. Prioritizing Social Investment in Children

Purpose and Process

In Argentina, the main initiatives aimed at improving social investment in children have been developed since 2004 and promoted by UNICEF. The idea behind these initiatives is the necessity for adequate public policies, which can only be effective if framed within and anchored to a budget to meet those needs.

The purpose is that decision-making groups take children’s problems into consideration when defining budgetary and taxation policies. UNICEF aims to involve children’s priorities in these aspects of the economic functioning. The general expected result is that the country be able to timely access the resources from a public budget at a national level, and that these decisions reflect the priorities of boys, girls and adolescents living in the poorest provinces.

In order to do this, actions are developed to protect, improve, identify and review public resources allocated to children which ensure a sufficient, equitable, and effective budgetary allocation.

According to UNICEF's work schedule, the activities developed can be classified into different lines of action as follows:

1. *Quantitative measure and analysis of social investment on children*: in this line of work, UNICEF helps identify the social investment in children made by the Argentine government, at the different levels, focusing on finding sector and regional inequalities in terms of investment;
2. *Elaboration of proposals for improvement and protection of investment*: through the joint work of UNICEF and the decision-making groups—sectors from the different branches and levels of government—, studies are performed in order to obtain concrete proposals aimed at improving and protecting the social investment of the Argentine public sector. Additionally, initiatives on tax education are underway;
3. *Involvement of civil society organizations and the private sector to improve and protect social investment*: Work is being performed on the training and involvement of civil society organizations, as well as on all aspects regarding public budgets, in order to influence the fulfillment of children's rights. The goal is that social actors involved in children's wellbeing (particularly those children in the most vulnerable provinces) become familiar with the allocation processes of public budgets and participate by proposing alternatives that improve the allocation of resources for public policies. The work with private companies and NGOs is aimed at guiding their own interventions of social investment on children and adolescents, enforcing the programmatic approach and the child rights perspective. Furthermore, UNICEF intends that these organizations develop an active role in strengthening and maximizing social investment from the public sector, particularly through local policies.

Assessment Methodology and Analysis of Public Expenditure on Children and Adolescents

Through the work cooperation between UNICEF and the Secretary of Economic Policy of the Argentine Ministry of Economy and Public Finances, a methodology was designed for assessing and analyzing public expenditure on children and adolescents, in order to evaluate the financial efforts made by governments to guarantee and enforce children's rights.⁷

By using this assessment methodology, an analysis is made based on expenditures on public policies impacting on boys and girls under 6 years of age, using two criteria⁸: on the one hand, taking the degree of specification of actions developed by the Government in relation to the target population (expenditure types) and, on the other hand, classifying the programs and/or activities into the different functional topic areas of the Government (expenditure categories). For further details, see Annex "Classifications of Public Expenditure in Children in Argentina".

The assessment methodology consists of reclassifying Government expenditure into the different ruling levels, analyzing each program and activity comprising the public expenditure

⁷ See UNICEF & Ministry of Economy and Industry of the Republic of Argentina (2004).

⁸ For further details on the methodology mentioned in the Argentina case see Ministry of Economy and Industry of the Republic of Argentina (2004), *op cit*.

from a budgetary standpoint, identifying the target population of the expenditure, and classifying the different initiatives into the classes and categories defined.

Main Results

The achieved results are very significant. In terms of ***state capacity strengthening***, the assessment procedure implemented by the Ministry of Economy and Public Finances and the data of the Public Expenditure on Children (GPC) and executed by the national government and the 24 jurisdictional provinces are available on the Internet. Mappings of financial allocation, disaggregated by sectors and provinces, are also available.

During the identification and review process of the efforts of the Argentine Government to improve the situation of children through social investment, there has been a ***greater visibility of the topic by different decision-making groups***, who utilize the information produced to guide the process of definition of public policies and budgetary allocations. In 2007, an important movement of state organizations as well as of civil society organizations and academic groups was generated regarding the debate on the recommendations to Argentina by the UN Child Rights Committee.

Regarding ***citizen participation*** on the design and implementation of public policies, there are growing instances from the Argentine government organizing advisory multi-sector councils in order to improve public policies which comprise a budget review and expenditure monitoring, through the utilization of data generated by the Country Program. An important breakthrough was the implementation since 2007 and 2008 of a national resource allocation methodology—presented by the Federal Council of Children, Adolescents and Families—to the Provinces. The methodology included the analysis of the GPC, considering the provincial efforts as one of the main factors to decide on the financial counterpart allocations of the national budget.

In 2007 and 2008, another instance of ***citizen participation*** in the definition of local policies and its links to the economy, tax and budget aspects was developed. This initiative was carried out by both UNICEF and *Fundación Ecoclubes*, and resulted in a “sistematization of citizen participation programs in the comprehensive administration of urban solid garbage in municipalities in Argentina.”

Numerous other activities of ***capacity building and participation for the impacting power of civil society organizations (CSOs)*** to improve public policies directed to children from the budgetary and financial perspective were developed. Since 2006, UNICEF and the Center of Implementation of Public Policies for Equality and Growth (CIPPEG) have been working jointly to promote the notion that children and adolescents are not able to have their rights fulfilled unless the government implements development policies and programs which are financed adequately.

In this line of work, a project called “Understanding the Public Budget” was developed, with the objective of building capacity of social organizations, strengthening their capabilities of citizen participation and monitoring of the local budget directed to boys, girls, and adolescents. These activities were developed in the provinces of Misiones, Tucumán, Chaco, and Salta. In the workshops, participating organizations elaborate concrete local proposals directed to the fulfillment of rights of boys, girls, and adolescents, which are later on presented publicly to government authorities. Moreover, tools were created to provide clear and simple information on the budget and facilitate public access to information on public expenditure. An example of such

tool is the “Orientation Guide for Citizen Participation on the Public Budget” (UNICEF & CIPPEC, 2008).

In connection with the Tax Education process, currently underway in the country, there exists the objective of strengthening the role of the Government as guarantor of the effective fulfillment of all rights of children and adolescents. In 2007 and 2008, UNICEF and the Secretary of Tax Education, from the *Administración Federal de Ingresos Públicos*⁹, elaborated **documents and training workshops** and exchange programs involving students from 600 schools in 10 provinces, based on theatrical plays performed in the educational institutions’ premises. The plays were directed at strengthening the values of citizenship, social character of taxes and highlighting the links between public policies and the fulfillment of rights. This activity is supported by *EUROsocial Fiscalidad*, which promotes the link between social cohesion and tributary and public policies, between Latin America and the European Union.

Another practice related to the work on influencing the improvement of social investment, is that performed by private companies by means of the development of a series of **workshops to incorporate the perspective of child rights and the programmatic approach of rights** into the framework of public policies based on shared responsibilities. These activities respond to the initiative “Businesses for Children,”¹⁰ directed mainly to the private sector with the aim of facilitating its commitment to the development of children and adolescents in the country.

Incorporating the perspective of gender, UNICEF and the Institute of Economic and Social Development (IESD) developed a **proposal for improving the social investment** in child care, directed at ensuring both the fulfillment of rights of boys, girls and adolescents, and gender equality, by means of improving public policies that strengthen the care for children and adolescent within the family environment.

The offices of UNICEF and ECLAC in Argentina jointly elaborated a diagnostic of the responses from the government to the effects of the crisis during the beginning of the present decade, focusing on the consequences on children. This work analyzes the roles played by international financial institutions (IFIs) in the support and conditions given to the governments in the context of the crisis. As a result of this work, the objective was to promote the generation of **mechanisms which protect the social investment** as a means of alleviation and moderation in similar situations of instability which may affect the country or other countries in Latin America and the Caribbean.

Another initiative related to the improvement and protection of social investment in children in Argentina is the **introduction of the topic of social investment in children in the universities’ agenda** in the country. In this respect, a cooperation project was implemented between UNICEF, the National University of Cuyo, the Ministry of Social Development of the Province of Mendoza, and *Fundación Arcor*, which was comprised of a post-graduate course on the situation of children, public policies directed at children and adolescents, and social investment in the Province of Mendoza; a diagnostic report with inputs from many areas of the university and promotion and training activities on the topic of social investment in children and adolescents, with different social actors. This activity is complemented with a similar project with the National University of Córdoba.

Finally, there are **actions of South-South Cooperation** provided by the Ministry of Economy and Public Finances in Argentina to other initiatives in Latin America dedicated to the

⁹ Internal Revenue Service in Argentina.

¹⁰ For further details see <http://www.empresasxlainfancia.org/>

assessment, analysis and comparability of social expenditure in different countries. In 2009, for example, a project of an assessment and analysis of a social investment directed to children in Haiti was developed and implemented jointly by the two countries.

B. Brazil: Social Movements to Prioritize Public Policies Directed to Children

History, Purpose, and Process

Social mobilization initiatives to place public policies directed at children at the center of the stage date back to the experience of Participatory Budgeting, which started developing at the end of the 1980s in the city of Porto Alegre, located in the southeast of the country, in the State of Rio Grande do Sul. This experience of society participation in the budget decision-making process showed that the transparent and democratic management of resources is the most adequate way to achieve an efficient utilization of the public funds and to prevent corruption. By means of this exercise, society has shown that public expenditure can be effective and efficient in meeting the agreed upon goals through the contribution of different sectors of society.

Taking the participatory budget experience into consideration, UNICEF promoted social mobilization projects in order to improve the availability of resources directed at children, as well as to gather the attention of society in general so as to improve life conditions and the development possibilities for children and adolescents in Brazil. The projects involve the production and distribution of publications on the situation of Brazilian children and adolescents. Furthermore, it involves informing State powers (executive, legislative, and judicial), civil society organizations, the public opinion, and the private sector about the trends in the situation of children in Brazil, as well as how much public expenditure is allocated to this group, so that actions directed to the prioritization the fulfillment of their rights can be taken. Moreover, capacity building of actors, including those in the municipal level, for the monitoring and protection of adequate allocation of resources for children and adolescents in the public budget is sought.

This experience started developing in Brazil at the meeting of the Executive Group of the “Pact for Children,” which took place in April 1995. The first methodological suggestion was to involve the Institute of Applied Economy Research (IPEA) and the Student Assistance Foundation (FAE), with support from UNICEF, in a study on expenditure directed at children by the Brazilian government.

As a response, a study of the federal expenditure directed at children and adolescents between 1994 and 1997 in Brazil was elaborated¹¹, which included expenditures corresponding to the federal level of government within three ministries (Ministries of Health, of Social Welfare and of Education and Culture) along with pension benefits and sanitation services. In this pioneering work the following expenditure classification--based on the degree of specificity of the corresponding public policies—was proposed:

- *Specific or Direct Expenditure*: Directed specifically at children;
- *Indirect Expenditure*: Directed at women, but impacting children wellbeing. For example, assistance during pregnancy and delivery and the pension benefit related to maternity;
- *Collective Expenditure*: Actions which are not directed at the individual but that benefit the entire population and are distributed based on demographic participation. For example, epidemiologic surveillance, sanitation, and cultural services.

¹¹ For further details see Chagas, Barbosa da Silva, & Corbuci, 2001.

In 1999, the government-run Institute of Socioeconomic Studies (INESC) entered into an agreement with UNICEF to give continuity to the assessment of the public expenditure on children and, in 2004, the *Fundação ABRINQ* and the Child's Friend Monitoring Network joined this agreement, widening the scope of their work.

Budget on Children and Adolescents and the Review System of Child Investment

In October 2005, INESC, *Fundação ABRINQ* and UNICEF jointly published the report "Budget for Children and Adolescents" (*Orçamento Criança e Adolescente, OCA*). The objective of the report was that citizens and communities be able to identify—in a simplified and educative way—the Budget for Children and Adolescents allocated by the Brazilian government. It was about monitoring all the actions and expenditures from the public expenditure directed at the protection and development of children.

This instrument comprised the guiding principles for selecting, grouping and assessing the public expenditure based on the Methodology for the Budget for Children and Adolescents, developed in previous years by the participating institutions. This methodology made it possible to verify, identify and analyze the expenditures directed at general actions of protection and development of children by the public sector for a certain time period.

The Methodology for the Budget for Children and Adolescents was developed in parallel with the guidelines mentioned in "A World For Children," a document approved by the U.N. General Assembly, and was also aligned with the guidelines of Article 4 of the Convention on the Rights of the Child, which establishes that "States Parties shall undertake all appropriate legislative, administrative, and other measures" for the implementation and non-violation of the rights of children and adolescents."

This initiative was also based on the strategy of promotion of the Millennium Development Goals and of the Pact for Peace, in such a way as to contribute to the creation of a real Brazil for children, based on active and sustainable human development. The publication was designed as an instrument for action directed at organizations that advocate for the effective fulfillment of the rights of children and adolescents.

The quantification of the Budget for Children and Adolescents made relevant information available, especially those on the performance of programs and government actions directed at reducing the vulnerability of child rights, both at the municipal and state levels and on issues related to the federal administration. It is a powerful tool for the promotion and advocacy of rights of children and adolescents, which allows the civil society to unveil the usually obscure nature of public budget and shine a light into the reality of public expenditure with an impact on the population aged 0-18.

Subsequently, UNICEF developed a Monitoring System of Investment in Children (*Sistema de Monitoramento do Investimento Criança, SimIC*), with the objective of monitoring the budget execution by the federal government—in areas related to children and adolescents—in a more systematic way. The SimIC contemplates the promotion on the Internet (<http://www.investmentocrianca.org.br/>), and the publication of a Child Investment Newsletter twice a year (BIC, the Portuguese acronym for "Boletim Investimento Criança"), which analyzes

the evolution of the federal expenditure directed at children during the years of 2006, 2007, and 2008¹².

The revealed data shows an increase of 27% in the federal government budget resources directed at actions and programs mostly for children and adolescents, in the last two years. The federal investment, which was of R\$ 31.6 billion in 2006, rose to R\$ 37.9 billion in 2007, and reached R\$ 46.8 billion in September of 2008.

The publication also comprises a comprehensive analysis of the budgetary performance of programs rated as “social” by the Pluriannual Plan (2004-2007), as well as a comparative analysis between the Investment in Children and the Social Expenditure in terms of other economic indicators, like GDP (Gross Domestic Product), the internal debt, tax collection, among others. In 2007, for example, the total amount executed by the federal government was 1.42% of the GDP. That percentage represented an increase compared to 2006 (1.25%).

Main Results

One of the main results of the process is the growing institutionalization and coverage of the initiative with tight and sustainable alliances. The elaboration of reports on a regular basis allowed fiscal and budgetary information to be known, generating important means of social mobilization. Through this process, relevant information supporting the formulation of public policies was generated.

Consequently, the Brazilian government had more resources for policies for children and adolescents in spite of the context of strong fiscal restrictions of previous years. The priority of public policies for children was intensified, particularly in the social policy arena. On the other hand, the monitoring of the public budget strengthened social control, transparency and mobilization.

Among the lessons learned are:

- The effectiveness of social movements for the influencing of budget resources directed at children depends on timely access to the information and on the quality (and complexity) of the revealed information;
- The Legislative Power, as a privileged actor for the advocacy of rights of children and adolescents, requires timely and pertinent information;
- It is necessary to democratize the access to a methodological approach and to the results of the analyses made to guarantee and strengthen participation;
- The instrument is effective in identifying the public investment aligned with the Millennium Development Goals (MDGs);
- It would be desirable to reformulate the methodology so to be able to include it in the local budget monitoring system, and to increase the local and national social movement that advocate for children budgets. In this respect it is suggested that a detailed guide be included, a user-friendly training kit developed, as well as other actions of capacity building for municipalities and local NGOs, and that state networks for the coordination and technical and political support for local NGOs be strengthened.

¹² The first issue of the Newsletter, with the corresponding 2008 semester, can be found at http://www.investmentocrianca.org.br/SimIC/Boletim/UNICEF_bic2008.pdf.

Some of the actual results obtained by the Brazilian government as a consequence of the actions mentioned are: 1) the signing of the Commitment “Child Friendly President,” signed by President Luiz Inácio Lula da Silva when elected; 2) The Child Friendly President Plan (presented in 2003), which comprised over 200 actions with public investment directed at children aged 0-18 and; 3) the constitution of a Child Friend Monitoring Network (2004).

Lastly, since the year 2000 in Brazil, there has been the initiative of the UNICEF Municipal Seal, which involved the commitment of a great proportion of municipalities to review the progress towards the objectives of health and education of “A World Fit for Children.” The municipalities are also following-up on 15 objectives of public policies, including national birth registries, the expansion of the “Health in the Family” program, and national access to HIV tests for pregnant women. Every two years, an evaluation is performed on which municipalities are progressing significantly on goals, and therefore become eligible for the “Municipal Seal.”

The revealed data on social investment by the Monitoring System of Investment in Children are also utilized on this successful initiative. According to the information published by *Fundação Abrinq*, the most updated indicators of the state of the program are as follows:

- 2,263 city mayors adhered to the 3rd program edition (2005-2008);
- 535 participated in the analysis to be eligible to receive the award (2005-2008);
- 132 were awarded with the “Child Friendly Mayor” seal;
- 5 were acknowledged nationally for the fulfillment of child rights;
- 7.5 million children were beneficiaries in those municipalities.

C. Ecuador: The Crisis as an Opportunity

Purpose and Process

The economic crisis that broke in 1999 in Ecuador seriously affected the most vulnerable social groups of society, specially children, and led to high levels of debt for the public sector in that country. The financial restrictions limited the possibilities of implementing redistributive public policies and put the sustainability of social expenditure at risk.

In the context of this situation, UNICEF summoned a group of national and international experts to analyze the economic situation and its implications for children, from the public budget perspective. The conclusion of the study was that the social sector allocations were insufficient and the funds were allocated in an inefficient and non-egalitarian way. The results were presented to decision-making sectors in Ecuador, including government authorities, lawmakers and leaders of political parties. Based on this evidence, the social expenditure was prioritized and the additional earnings of the year 2000, derived from the increase in crude oil prices, were used to improve social investment as part of a new and wider social and fiscal pact.

From this successful experience of resource allocation directed at the social sector, a citizen monitoring system was formed, charged with monitoring economic decisions taken by the Equatorian government. This system was articulated around the Fiscal Policy Observatory, which has been legitimated by participation of different social actors and by a growing dialogue with public sector authorities.

Fiscal Policy Observatory and Social Investment Surveillance Network

In 2002, as a result of a UNICEF and UNDP initiative, the Fiscal Policy Observatory was created with the aim of working towards the improvement of the social investment in the country. The Observatory has been consolidating through participation of organizations and citizens, and turned into a “budget and fiscal issues space” that is respected by society.

As part of this initiative, two regular publications, which have gained the attention and credibility of the Equatorian society, are produced: the Fiscal Policy Observatory Newsletter and the Macroeconomy Guide Book. The Newsletter is aimed at a specialized audience and has a circulation of 10,000 copies per month. The Guide Book is aimed at a broader audience and has a circulation of 30,000 copies every two months.

The Observatory has become the main point of reference for the public opinion and the media in terms of fiscal issues. On a regular basis, the country’s main newspapers publish articles on aspects of social investment and state budget inspired by the information disclosed by the Observatory. Proposals from their members have influenced the discussions within the Congress and in the Executive power. Besides, their recommendations are taken into consideration in the format and content of the “budget proforma”¹³. In the proforma of 2005, the Ministry of Economy and Finances presented all budget pre-allocations, which had not been publicly informed until then. The Observatory plays an important role of citizen surveillance on the fiscal accounts, supporting the democratization of the public debate.

Also in 2005, the Ministry of Economy and Finances projected the creation of a Sub-Secretary of Social Investment under its scrutiny. In that process, a horizontal (South-South) cooperation exercise was developed jointly with the Secretary of Economic Policy of Argentina to identify functions, strengths and weaknesses related to an area of these characteristics directed at the monitoring and evaluation of the social investment. In the end, however, the sub-secretary was not created even though the Ministry kept the subject as its priority.

The Observatory initiative has been complemented by the implementation of a national Social Investment Surveillance Network, formed by a group of civil society organizations (with participation of the Ministry of Economy and Finances), with the objective of promoting the improvement of the use of public funds directed at the social expenditure in Ecuador.¹⁴

The activities of the Network are directed at promoting improvements in the transparency and quality of the social investment by overseeing procedures, generating proposals and fostering joint cooperation between the civil society and the government. Their added value consists of identifying, strengthening and articulating processes of social surveillance which have already been implemented in different contexts, both by civil society actors and by local governments who are applying the good practices of transparency in their administrations. The network is well-accepted, favoring the impact of different actions developed by the citizenry.

The objectives of the Network are: 1) coordinating actions between the actors involved to elaborate influential group strategies; 2) exchanging information related to the social investment both at a national and local levels; 3) sharing experiences and innovative methodologies contributing to a better social investment; 4) generating a learning space on the use and destiny of

¹³ Government administrative act by which public resources are allocated to the different sectors and functions.

¹⁴ For further details on the functioning of the network see <http://www.inversion-social.ec/>

the public resources and their impacts on society; 5) strengthening the social patchwork, the relationships between the different groups and actors within the society; 6) validating, communicating and training on the innovative and successful initiatives developed by public and private actors working in the social sector in Ecuador; 7) favoring the improvement of Equatorian fiscal policies by means of the inclusion of network-generated proposals, so to improve budget decisions made by national and local authorities and; 8) promoting the fulfillment of the right of access to public information.

The focus of the monitoring is on public investment and the work is articulated on the level and timing of the social investment, the quality of the administration of social services, and the design and monitoring of public policies at a national and local levels. The main areas of work of the network are health, education, employment and social welfare. Moreover, in this line of work are contemplated certain different topics: Respect and Promotion of Human Rights, Equality, Gender/Sex Approach, Diversity, Justice, and Access and Disclosure of Information and Transparency.¹⁵

The process of generating strategic alliances between the government and the civil society for the citizen surveillance of the social expenditure within the country was broadened in 2007 and 2008, by means of the articulation between the national and the local sectors in such a way as to promote the monitoring of the territorial social investment and the creation of local networks.

Main Results

As a consequence of the process of advocacy for the improvement of the social investment in favor of children, Ecuador has advanced important steps in terms of allocation of resources directed to the social sector. Furthermore, it has created a constitutional and legal framework which secures, protects and prioritizes fiscal resources to protect strategic areas of development of society, such as education and health.

Among the legislation reforms which favored the better availability of resources for the social sector are: 1) the elimination of budget pre-allocations, which reduced the possibilities of making fiscal policies flexible; 2) the search for greater transparency in the administration of extra-budget resources by means of the *Organic Law for the Recovery of Crude Oil State Resources and the Administrative Rationalization of the Debt Processes*, and the tax modifications included in the *Reform Law for Tax Equality*.

These changes permitted that, in spite of the fiscal and economic vulnerability of the country in recent years, the resources directed to the social sector increased more than the income growth rate did, which implies a prioritization of the society and the political will to preferably direct resources to those functions.

The Equatorian government reallocated around 120 million dollars of the budget to the health and education sectors, according to the information generated by the Fiscal Policy Observatory and by the Observatory of the Rights of Children and Adolescents. During this process, the dialogue with the Executive power authorities increased, as well as that with the main political party heads, represented in the National Congress and their offices.

¹⁵ According to the regulations of the Organic Law of Transparency and Access to Public Information (OLTAPI) passed in May 2004.

The following charts show the increase in the social sector in comparison with the Gross Domestic Product (GDP) and the relation between social expenditure and the expenses used to comply with financial services of the public debt (interest).

The proportion of the economy income directed at social services provided by the government more than tripled between 2000 and 2008. For example, in 2000 the health budget was US\$ 180 million and in 2008 it rose to US\$ 1.5 billion. And, regarding the public debt, whereas in 2004 the social expenditure represented only 60% out of the total interests paid in that year, in 2008 that ratio was reversed and the expenses directed at the social sector surpassed the payment of debt interest in almost 25%.

Figure 4. Evolution of the Social Expenditure in Ecuador (2000-2008) - Values as percentage of GDP

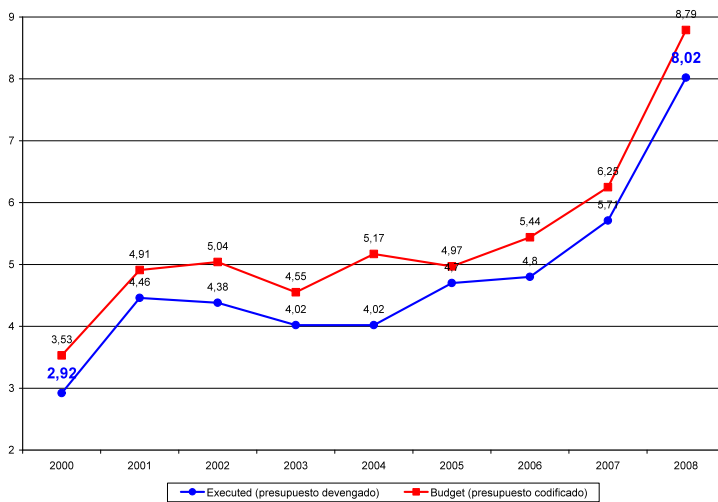
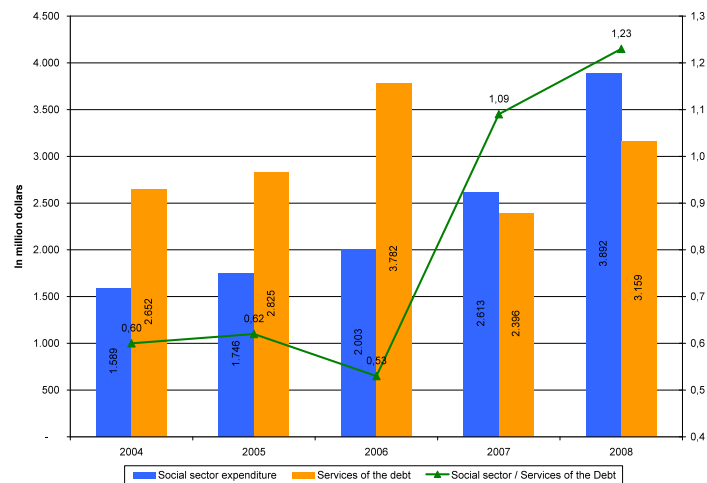


Figure 5. Social Investment and Services of the Debt in Ecuador (2004-2008)



Note: the data for 2008 are provisional.

Source: Ministry of Economy and Finances of Ecuador (<http://mef.gov.ec/>).

Even though it is not possible to identify the proportion of the social expenditure directed at children during the years under analysis, since the increases have been significant in health, social protection, housing and education, the impact on children is of material importance. In recent years, the government has continued to prioritize the social investment on the public budget. Currently, the Ministry of Finances in Ecuador, in collaboration with UNICEF and other cooperation institutions, has concentrated its efforts in bringing the government administration much closer to the citizens.

In this line of work, many publications have been elaborated to strengthen institutional conditions. Among them are the Economic Situation Newsletter, the Citizenship Transparency Newsletter, the series of Fiscal Comments, the elaboration of a guide explaining, in a simplified way, the meaning and notes derived from the Debt Audit process, and the creation of a Report Module about the public finances, available at the web page of the Ministry.

Furthermore, in cooperation with UNICEF and the Ministry of Coordination of Social Development, the Ministry of Finances of Ecuador elaborates a newsletter entitled “How the

Social Investment is Doing,” with the objective of supporting the process of improvement of the financial allocations directed at basic social services, and promoting its management in a more efficient and transparent way. The issue #25 of the Newsletter, published in May of 2009, provides information related to the budget execution in the Central Government in 2008 and some significant results from the different social programs or projects¹⁶.

The involvement of civil society organizations in the review of public policies and the sustained dialogue with decision-making actors on public policies have modified the tone and direction of the budget discussion in the country. In this context, the topic of children constitutes a meter of the social investment, which sensitizes the public opinion and makes it possible to reach consensus for the betterment of social investment which transcends individual, party and corporate interests.

VI. Final Comments. Lessons Learned and Recommendations

Children and adolescents can be the most effective leverage point for investments in human capital and thus crucial to breaking the cycle of poverty in developing countries. However, this fact, even if well accepted, does not automatically translate into policy. Child poverty, social disparity, and exclusion are rampant in Latin America. Children in the region show levels of suffering and inequality that are incompatible with the countries' GDP.

In Latin America, international, regional and national organizations have learned that in order to be effective in promoting and implementing children's rights, it is necessary and crucial to ensure adequate economic resources, especially since successive economic crises and neoliberal policies have jeopardized progress achieved. They learned that they must be able to discuss and have a proactive dialog with economic and finance authorities at national, state and municipal levels. The basis for these actions has been reinforced by the strong commitment in the region to make the CRC a tool for action and ultimately a reality for all children. This is a relevant lesson that can be applied to African countries.

A government's public budget is the legal and practical instrument that, in a democratic environment, allows for the possibility of maximizing economic resources for the realization of children's rights, as established by article 4 of the Convention on the Rights of the Child. Public budget is a key way for influencing public policies towards more inclusive societies with social justice and opportunities for all, in particular the most vulnerable, such as children and women. Nevertheless, the allocation of resources for programs that will positively and effectively impact children and adolescents is not a given.

The drafting and execution of the public budget is the result of negotiations and some time-intense lobbying by corporations, groups and political parties. However, children cannot be left alone to ensure that they receive their fair share of available public resources. They don't vote and are not members of political parties. Because of this, their needs and interests have a weak or null representation and power of negotiation. This is why it is imperative that child budget initiatives be undertaken, as these initiatives are instruments for more inclusive societies. The different experiences in Latin America show that it is feasible and worthy to develop such initiatives.

¹⁶ The Newsletter is available at http://www.unicef.org/ecuador/como_va_la_inversion_No25.pdf

Throughout the budget cycle, there are different moments in which it is possible and necessary to influence it in favor of children, as discussed in section III of this paper. In each stage, namely budget drafting/formulation, enactment/legislative approval, execution, and audit/evaluation, specific actions can contribute to a higher and more effective allocation for children.

In this paper, we presented a broad panorama of the activities that countries in Latin America are developing on child budget initiatives and we analyzed in depth the experience in three countries. From these experiences we can draw the following lessons learned and recommendations that can orient and guide the work in other regions, in particular in Africa:

- Like other instances of comparability among different initiatives in Latin America, in this line of work there are no magical recipes or single solutions. Each country has its very marked idiosyncrasies at a world level, combined with internal diversity aspects which make it necessary to identify the particularities of each case, so to implement responses that bring children closer to allocation processes of public policies. As a consequence, it is necessary to identify, in each case, the current political state, which alliances sustain the country's governability and the degree of development and institutionalism of the different stakeholders participating in these processes;
- Yet, based on the cases here analyzed, it can be stated that, in general terms, the initiatives require the creation of networks and alliances involving the participating actors—in the elaboration, legislative approval, and execution and monitoring processes of the budget and sector policies. This comprises policymakers belonging to the executive powers of Government, the legislative actors and civil society, including academic sectors, civil society organizations, the private sector, religious institutions, multilateral cooperation organizations, among others;
- The experiences have proven that it is essential to foster trust-generation processes among the different actors. On the one hand, this comprises the relationship between the civil society and the public sector, and on the other, the internal dialogue necessary with the different stakeholders. For example, a specific effort is required in order to improve the interactions amongst the areas of government, between the decision-makers involved with finances and the public budget allocations, and the corresponding social sectors (health, education, social development, and others) that define the policies and programs that require monetary funds in order to be sustained;
- The initiatives must be inserted in the government structures articulating the social policies. The experience shows that it is essential to institutionalize the tools of review and participation to improve the policies by means of resource allocations to children and adolescents. It is also crucial to favor the dialogue between economy/finances and the policymakers in the social sectors through articulation instances of public policies, which allow for the promotion of these instruments and generate the necessary agreements to be able to put this into practice;
- Furthermore, a feature of civil society organizations is the difficulty to make consensus of representation. In general, these institutions are disperse and do not agree on representation for participation in the design, implementation and monitoring of public policies. The experiences analyzed show that a particular effort must be oriented on this regard;

- The cases reviewed show that one important output was an increased experience of participation in the formulation and design phases of budget, as well as in the monitoring, follow-up and auditing, as can see in the chart “Important Initiatives to Improve Public Expenditure on Children in Latin America,” from Section IV. On the contrary, as we can see in the same chart, even though certain isolated experiences in the budget execution phase exist, the work related to support and participation in the phase of implementation of public policies is almost inexistent. It would be recommended to increase the work on that key step of the budget process;
- Another feature is the increased shortfall in the work related to the legislative sector. This is likely to be the result of a more technical incapacity of analysis on part of legislators and their advisors. In this sense, the advice is to foster actions of capacity building and specialization in the technical charts favoring more debate on the budget and incorporate the problem of children on the legislative schedule;
- Additionally, as is suggested by the cases of Ecuador and Argentina, the attempts at overcoming socioeconomic crises make way to important opportunities to prioritize investment on children and work with the budget. Crises can be a window of opportunities for implementing child budget initiatives and improving the allocation of resources to children, in particular to those living in poverty. In this context, is important to prepare the actors involved, in order to generate proposals aimed at guiding the recovery processes while fostering inclusion and equality, positioning the problem of children as central issues;
- The cases of Argentina and Brazil show the potentials of the alliances of academic centers, as well as universities and privately owned organizations, to position children on their schedule and foster debate favoring policies directed at children;
- In this context, the role of the media is essential, through the creation of alliances between the private sector and civil society organizations, as is the case in Brazil and Paraguay, where public-opinion-led initiatives generated significant changes in the budget allocations;
- Lastly, is the necessity to systematize and evaluate more deeply the experiences developed—besides giving continuity to the most successful initiatives that, in many cases, constitute concise actions achieving important results, but in an isolated and discontinued way.

Bibliography

- Behrman, J. (1993). The economic rationale for investing in nutrition in developing countries. *World Development*, V. 21, 1749-1771.
- Birdsall, N. (2001). Why Inequality Matters: Some Economic Issues. *Ethics & International Affairs*, Vol. 15, pp.3-28.
- Birdsall, N. (2007). Income Distribution: Effects on Growth and Development. Working Paper Number 118, Center for Global Development.
- Budlender, D. (2008). Integrating gender-responsive budgeting into the aid effectiveness agenda: Ten-country overview report. Community Agency for Social Enquiry, Cape Town.
- Castanha, N. (2001). "Hacia la definicion de una Norma Modelo sobre abuso y Explotacion Sexual de Ninos, Ninas, y Adolescentes en las Americas." Documento de trabajo interno del Instituto Interamericano de Nino, Montevideo.
- CEPAL & UNICEF. (2009, forthcoming). Informe Final de Pobreza infantil, desigualdad y ciudadanía. UNICEF, Oficina Regional para América Latina y el Caribe.
- CEPAL. (2009). Comisión Económica para América Latina. CEPALSTAT Bases de Datos y Publicaciones Estadísticas. Retrieved September 10, 2009 from <http://www.eclac.cl/estadisticas/bases/>
- Cetrángolo, O., & Gómez Sabaini, J. (2007). La tributación directa en América Latina y los desafíos a la imposición sobre la renta. (Direct taxation in Latin America and the challenges for income taxation). Serie Macroeconomía del Desarrollo 60, CEPAL, Santiago de Chile.
- Chagas, A., Barbosa da Silva, F., & Corbuci, P. (2001). Gasto Federal com Crianças e Adolescentes: 1994-1997. (Federal Expenditure with Children and adolescents). IPEA/UNICEF, Brazil.
- Cornia, G. (2006). Globalization and the distribution of income between and within countries. In Chang, H. (ed.) *Rethinking Development Economics*. London: Anthem Press.
- ECLAC. (2005). Economic Commission for Latin America and the Caribbean. Latin America and the Caribbean 10 years after the Social Summit: a regional overview. Paper submitted to the Panel Discussion of Regional Commissions on the Follow-up to Copenhagen during the forty-third session of the Commission for Social Development, New York, 9-18 February. Retrieved September 11, 2009 from www.rrojasdatabank.info/inechile2/SSFEB005.pdf
- Frost, N. (Ed.). (2005). *Child welfare: Major themes in health and social welfare*. New York: Routledge.
- Gordon; Nandy; Pantazis; Pemberton; Townsend (2003): *Child Poverty in the Developing World*, The Policy Press, Bristol.
- http://aa.ecn.cz/img_upload/65636e2e7a707261766f64616a737476/Child_poverty.pdf
- Gore, R. & Minujin, A. (2003). Background Note: Budget Initiatives for Children. DPP, UNICEF, New York
- Gore, R. (2009). Paper for the Toolkit Chapter on Social Budgeting, Draft document, DPP, UNICEF, New York.

- Heckman, J. (15 Jun, 2009b). O bom de educar desde cedo. (The advantage of educating while they're young). Interview to Isto E. <http://educarparacrescer.abril.com.br/politica-publica/entrevista-james-heckman-477453.shtml>
- Heckman, J. (Aug 7, 2009a). (a). Stimulating the Young. In The American. <http://www.american.com/archive/2009/august/stimulating-the-young>
- IPEA (2006). Instituto de Pesquisa Econômica Aplicada. Brasil: O estado de uma nação. (State of a Nation). Retrieved November 2008 from <http://en.ipea.gov.br>
- Minujin A. & Comas, (2009) Vulnerability and Resilience of the Middle Class in Latin America. GPIA Working Paper Series, The New School, New York.
- Minujin, A., Delamonica, E., & Dadvisziuk, A. (2006). The definition of child poverty: A discussion on concepts and measurements. Environment and Urbanization, Vol 18, No 2. Londres.
- Norton, A., & Elson, D. (2002). What's behind the budget? Politics, rights and accountability in the budget process. London, ODI retrieved September 15 from www.odi.org.uk/resources/download/1740.pdf
- Participatory Budgeting. (2009). What is Participatory Budgeting? Retrieved September 10, 2009 from <http://participatorybudgeting.org/>
- Sen. A. (1999). Development as Freedom. New York: Anchor Books.
- Thindwa, J. (2006). Entry Points for Civil Society to Influence Budget Processes: International Experiences. PowerPoint presentation during the training/workshop on Budget Analysis and Tanzania's Participatory Public Expenditure Review (PPER) conducted by the Research on Poverty Alleviation and the World Bank Institute. 20–23 January. Retrieved September 13, 2009 from info.worldbank.org/etools/docs/library/113663/6.pdf
- UNICEF & CIPPEC. (2008). Inversión Social en Infancia y Adolescencia. Guía de orientaciones para la participación ciudadana en el presupuesto público. (Social Investment in Children and Adolescents. Orientation guide for citizen participation in the public budget). Buenos Aires, Argentina.
- UNICEF & Ministry of Economy and Industry of the Republic of Argentina. (2004). Public Expenditure on Children in Argentina. Ministry of Economy and Industry of the Republic of Argentina (2004), op cit.
- UNICEF & UDAPE. (2006). Bolivia: Gasto social funcional y del Gasto Social para la Niñez 2000-2004.
- UNICEF & Universidad de Costa Rica. (2004). IV Estado de los Derechos de la Niñez y la Adolescencia en Costa Rica. Capítulo III: La inversión social pública en la infancia 2001. (IV State of Child Rights in Costa Rica. Chapter III: The Public Social Investment in Children 2001). San José, Costa Rica.
- UNICEF Argentina. (2004). Social Investment in Argentine Children: Newsletter #1. Ministry of Economy and Industry of the Republic of Argentina.
- UNICEF TACRO. (2005). ¿Cómo Influenciar una Mayor Inversión Social en la Infancia?: Argumentos y Estrategias. (How to Influence a Greater Social Investment in Children?: Arguments and Strategies). UNICEF, Oficina Regional para América Latina y el Caribe.

- UNICEF TACRO. (2009). Nuestras Prioridades. Retrieved September 11, 2009 from <http://www.unicef.org/lac/overview.html>
- UNICEF. (2005). The State of the World of Children, UNICEF, New York.
- UNIFEM. (2009). Gender Responsive Budgeting. Retrieved on September 10, 2009 from <http://www.gender-budgets.org/content/view/13/214/>
- Vegas, E. & Petrow, J. (2008). Raising student learning in Latin America: The challenge for the 21st century. Washington, D.C.: The World Bank.
- World Bank. (2009). Children and Youth. Early Childhood Development (ECD). Retrieved September 12, 2009 from http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTCY/0,,contentMDK:20246241~menuPK:396465~pagePK:148956~piPK:216618~theSitePK:396445~isCURL:Y_00.html

Annex: Classifications of Public Expenditure in Children in Argentina

Expenditure Types

Specific Expenditure (SE): programs and initiatives directed specifically at children up to 6 years of age (e.g., child daycare institutions, elementary schools, immunization programs, promotion of breastfeeding, etc.)

Indirect Expenditure (IE): proportion of expenditure directed to children aged 0-6 year-old by means of programs and initiatives directed to the family or other agents, which have a clear impact on child wellbeing (e.g., food programs directed at families, cash transfers, family financial benefits complementary to salary, etc.).

Extended Expenditure (EE): proportion of expenditure directed to children under 6 years of age by means of programs and initiatives favoring more extended population groups in which young children constitute only a part (e.g., assistance programs to vulnerable groups, actions for improving life conditions of the population, housing programs, etc.).

Public Assets Expenditure (PAE): proportion of expenditure directed at the youngest children by means of provision of public assets¹⁷ (e.g., defense, security, government administration, etc.).

Expenditure Categories

- *Direct Assistance*: comprises the money transfer initiatives or subsidies to families with children under 18 years of age, such as job development programs, with certain requirements for the benefit like having children not older than 18; and others directed to assist population in emergency situations because of climatic, or sanitation disasters, among others, by means of money transfers and in species (by giving them planks, mattresses, etc.). This category comprises, among others, the expenditure corresponding to financial family benefits complementing the salary income of many workers in the country.

- *Life conditions*: comprises the programs contributing to the improvement of the conditions of basic facilities, like housing, running water and drainage services, among others.

- *Sports, Entertainment and Culture*: constitutes in the development and promotion of sports and culture programs, the creation and maintenance of recreational parks and playgrounds; and promotion of cultural programs such as libraries, museums, choir institutions, art, etc., for children.

- *Development and Integration*: includes programs directed at the integration and development of vulnerable groups, namely the handicapped, excluded people, indigenous groups, and immigrants.

¹⁷ The economic theory defines “public assets” as those assets meeting two basic characteristics: i) assets whose consumption is not determined by rivalry, that is, assets whose benefits derived from their use by one additional individual has a marginal cost equal to zero and, ii) it is impossible or inconvenient to identify individually the people who are favored by their consumption. A typical example of a public asset is a lighthouse, which provides light and orientation to ships sailing close to the shore. The quantity of ships utilizing this service does not define the cost of the provision of the lighthouse, but once it is built and is lit up, it is available to all ships with the same cost of provision and, at the same time, it is not possible to deny the utilization of this service (the lighting) to any ship sailing close by.

- *Education*: includes basic education programs (preschool, elementary, primary and high school), compensatory programs, educational quality, curricula management, teacher training, etc.

- *Nutrition and Food*: comprises meal distribution tables, “glass of milk” services, community and/or family charity tables, handing out vouchers and food baskets, etc.

- *Child Protection*: comprises all programs directed to at-risk children, as well as those initiatives for protection of child rights, elimination of child work, prevention of and assistance for victims of domestic violence, etc.

- *Health*: includes maternal and infant programs, prevention of diseases and specific risks, pediatric immunization, school sanitation, medications, ambulatory assistance and hospitalization, ablation and implants, sexual and reproductive education/health services, HIV/AIDS and other sexually transmitted infections programs, etc.

These initiatives mentioned here under the different categories can be combined with the types mentioned in the section before, according to the following chart, which contains the correspondence between the two classifications presented.

Expenditure Type	Category
I. Specific Expenditure	Entertainment and Culture
	Education
	Nutrition and Food
	Child Protection
	Health
II. Indirect Expenditure	Direct Assistance
	Nutrition and Food
III. Extended Expenditure	Direct Assistance
	Life Conditions
	Sports, Entertainment, and Culture
	Development and Integration
	Nutrition and Food
IV. Public Asset Expenditure	Health
	Public Assets