



OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS

**Human Rights in Budget
Monitoring, Analysis and Advocacy**

Budget Training Support Pack

March 2010, OHCHR

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Part 1

Exercises and Handouts

Session 3.1

Human Rights Refresher: Human Rights Quiz

1. Question: What are State Obligations in relation to Human Rights?
Answer: To respect, protect and fulfil
2. Question: What does the obligation to protect entail?
Answer: To stop others interfering in the enjoyment of a right.
3. Question: What is the normative content of economic and social rights?
Answer: To be available, accessible, acceptable and adaptable.
4. Question: What does « acceptable » mean?
Answer: Goods and services must be culturally appropriate for the beneficiaries.
5. Question: Which international treaty has been ratified by the most countries?
Answer: The Convention of the Rights of the Child
6. Question: "... consists of deploying the maximum available resources with a view to achieving progressively the full realization of the rights"
Answer: « Progressive realisation »
7. Question: What is the minimum obligation in relation to right to education?
Answer: Free compulsory primary education for all.
8. Question: Which human rights principle is missing here: universality and inalienability, indivisibility, interdependence and inter-relatedness, participation and inclusion, accountability and rule of law?
Answer: Equality and non-discrimination
9. Question: What form of participation can be negative and counter-productive?
Answer: Tokenism and exploitation
10. Question: What was the female and male adult literacy rate of *Liberia* in 2007?
(NOTE: Change question in relation to training context)
Answer: Male 69% and female 41%
11. Question: Nearly a billion people do not have access to ...
Answer: Clean water
12. Question: How many MDGs are there?
Answer: 8
13. Question: How could I define my role in relation to the realisation of human rights?
Answer: Duty-Bearer
14. Question: Across the world this group earns only 75% earned by others for the same work. Who are they?
Answer: Women
15. Question: What is the main different between the UNCRC and the African Union's Charter on the Rights and Welfare of the Child.
Answer: Duties in addition to obligations
16. Question: What document indicates that human rights make up one of the three pillars of the United Nations?
Answer: The UN Charter

Session 3.2 Handout

Role pattern and capacity gap format

<p>Rights Holder:</p> <p>Children with disabilities</p>	<p>Claim:</p> <p>Ensure access to quality primary and secondary education without discrimination</p>	<p>Capacity gaps:</p>
<p>Duty-bearer (1):</p> <p>School Administration</p>	<p>Obligations:</p> <p>Improve physical accessibility to classroom and toilets, ensure teachers attendance</p>	<p>Capacity gaps:</p>
<p>Duty-bearer (2):</p> <p>Provincial Direction of Education</p>	<p>Obligations:</p> <p>Carry out regular inspections in public and private schools and address individual complaints</p>	<p>Capacity gaps:</p>
<p>Duty Bearer (3):</p> <p>Ministry of Education</p>	<p>Obligations:</p> <p>Promote inclusive education policies, train teachers, adapt textbooks</p>	<p>Capacity gaps:</p>

Session 4 Handout

Experience exchange: Budget process, legal frameworks and fiscal flows

NATIONAL AND SUB-NATIONAL GOVERNMENTS, BUDGETS AND HUMAN RIGHTS

Human rights obligations apply to local governments because they are a constituent element of government or because national government has devolved powers to them. In both cases, the primary responsibility for protecting and promoting rights lies with the national government, which has the double responsibility to monitor local government performance to ensure that rights are respected, and enable local governments to perform their duties by providing them with adequate powers and resources.

International Council for Human Rights Policy
Local Government and Human Rights: Doing Good Service (p.20)

National and sub-national budgets: Some basic human rights questions

When seeking to address a specific human rights issue and how the government's budget may relate to it, a preliminary question would be: What is the legal framework for the budget, what does it say about the division of budget authority, and who has the service delivery responsibility, among different levels of government? Where would you find this information?

If sub-national governments have responsibility for service delivery, the following are some of the key questions that arise related to the human rights in budgets obligations of various levels of government:

National budget

- Are priorities “correct” in human rights terms in the national budget?
- What are the formulas to distribute central funds to the sub-national level? Do they ensure equality and non-discrimination? Transparency (access to info)?
- Are allocations to, and revenue-raising authority of, sub-national governments sufficient for them to carry out their HR obligations?
- Have allocations to sub-national levels been released in a full and timely fashion?

Provincial- or state-level budgets

- Did allocations from the national budget arrive in full and on time?
- Are provincial/state-level budget priorities “correct” in human rights terms?
- Are expenditures at this level in keeping with the government’s human rights obligations?
- What are the formulas to distribute funds to local/municipal levels? Do they ensure equality and non-discrimination? Transparency (access to info)?
- Are allocations to lower levels of government sufficient to allow them to carry out HR obligations?
- Have allocations to these lower levels been released in a full and timely fashion?

Local or municipal budgets

- Did the allocations from the national and state/provincial budget arrive in full and on time?
- Are local-/municipal-level budget priorities “correct” in human rights terms?
- Are expenditures at this level in keeping with the government’s human rights obligations?

Session 6 Handout

The government's budget, budget cycle and budget work

The budget and society

The budget expresses the objectives and aspirations of the government in power. In a democratic society, these objectives and aspirations should, at least in theory, reflect those of the majority of the electorate. Government really has no money of its own. In the budget—in outlining its plans for spending money—it is explaining how it is going to spend money that belongs to the public. In a democratic society, citizens give the government a mandate via their votes. Politicians are obliged to translate that mandate into policies and plans that are, in part reflected in the budget ...

No government in the world has infinite public resources at its disposal. At the same time, there is a boundless array of needs to be met through public expenditure. The budget thus always incorporates trade-offs between different spending priorities and includes value judgements about which services, and whose interests, are most important. The budget is clearly a political and contestable document.

Trevor Manuel, South African Minister of Finance, in the 1998 Republic of South Africa Budget Review, cited in Judith Streak, *Monitoring government budgets to advance child rights: a guide for NGOs*

Cape Town: Idasa, 2003, pp. 1-2.

The budget process and human rights principles/standards

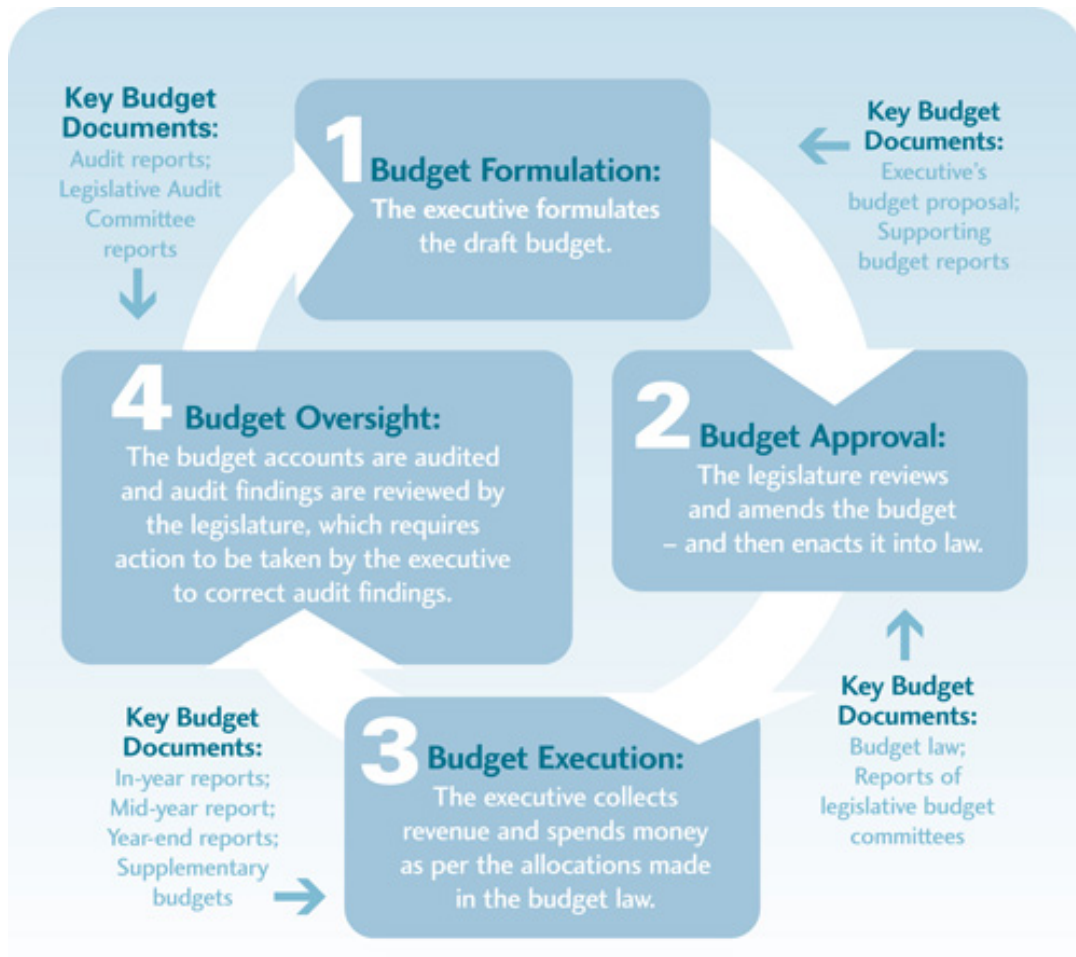
Three human rights principles have particular relevance to the budget process. They are:

- **Transparency** (the right of access to information). Governments must make information about the public budget readily available and understandable to people. The government should also make available data that enables people to understand what the figures in the budget mean.
- **Participation**. Transparency is essential to enable people to exercise their right to participate. In the context of the budget, people should be enabled to have a meaningful say in the formulation, approval and enactment of the budget, as well as in its monitoring.
- **Accountability**. In a democratic society, governments must be accountable to the people. In this context that means that governments must answer to the people for how they raise and spend the public budget. Transparency by the government and participation by the people are essential components of a system of accountability.

Throughout the workshop, we will be considering ways in which these human rights principles and standards are or should be integral to the budget process.

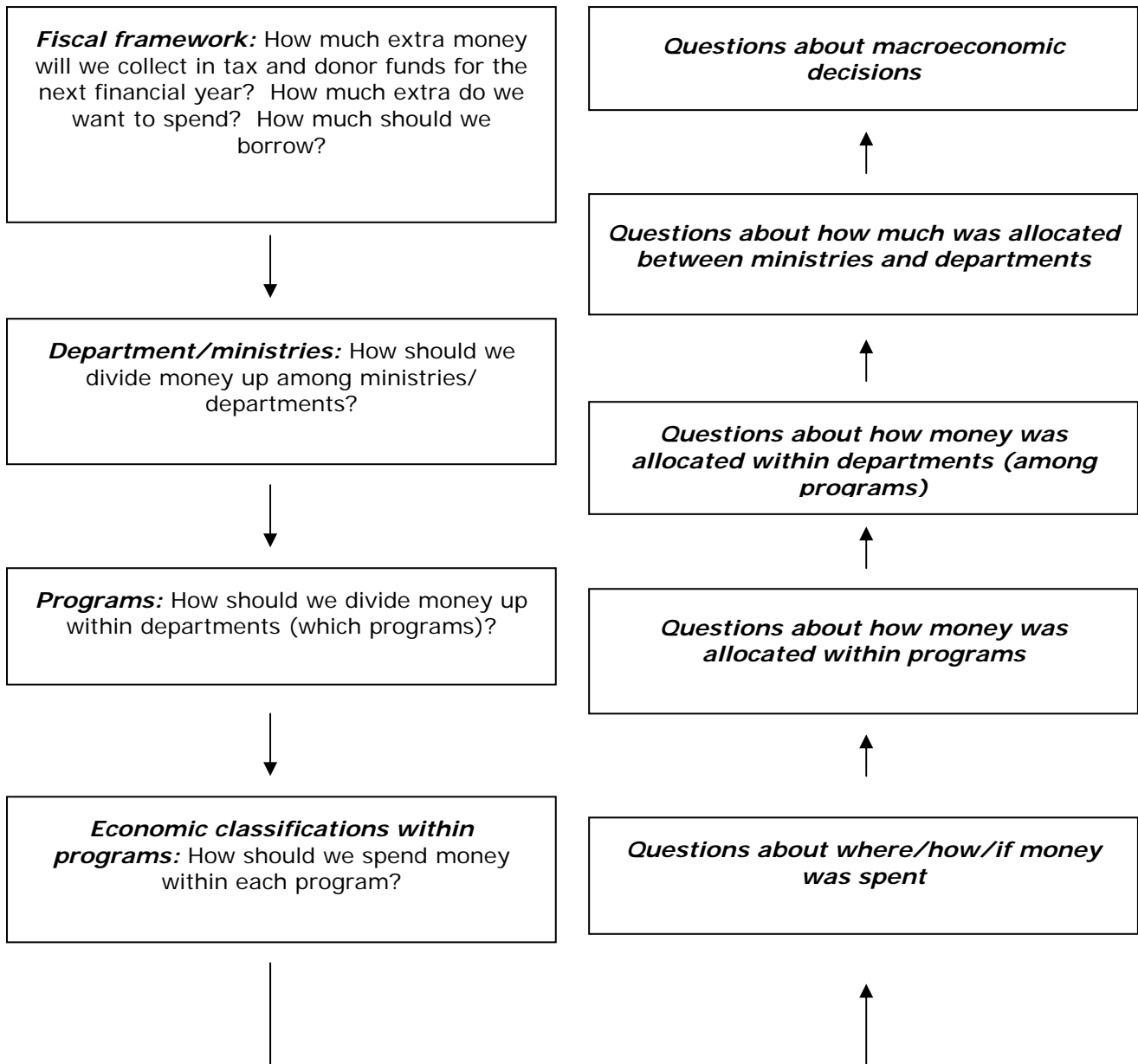
The Budget Cycle

The government's budget is not simply one document. It is a year-long cycle with different phases that offer a range of actors, including civil society, (more or less significant) opportunities to influence both how public resources are raised and spent, and what the budget's outcomes should be.



Interventions in the Budget Cycle

Stage in budget cycle	What happens?	Who are the government actors in your country?	Obstacles/challenges to UN, NI and CSO interventions in your country
1. Formulation of budget	The budget plan is put together by the executive branch of government		
2. Enactment of budget	The budget plan may be debated, altered and approved by the legislative branch of government		
3. Execution of budget	The policies of the budget are carried out by the government		
4. Auditing and assessment of budget	The actual expenditures of the budget are accounted for and assessed for effectiveness		



Budget Classifications¹

Why do we need to know about budget classifications?

Government budgets are developed and presented in different formats. It is important to know what those formats are and how they are structured, as the different formats provide different information. Depending upon what you are looking for and what you want to determine through your budget work, one format will likely be more useful than another.

If you find that the budget you have been provided by a government ministry or department does not present the budget figures in a way that is useful for you, it may be that you need the budget in a different format. The ministry or department may, indeed, not have prepared the budget in the format you need, but you will, at least, know to ask if other formats are available.

A messy detail: In the real world, few budgets are purely one format or another, but are, in general, a mix.

Public budgets are constructed and classified in three ways. Models are represented in the following pages.

1. *Administrative classification*: Shows which government entity (department, ministry or agency) will have responsibility for spending a funding allocation and will ultimately be held accountable for its use.

Ministerial Classification	Departmental Classification
Ministry of Human Resource Development	Dept. of Elementary Education Dept. of Higher Education Dept. of Women and Child Development
Ministry of Transportation	Dept. of Railway Transportation Dept. of Aviation
Ministry of Rural Development	Dept. of Land Resources Dept. of Drinking Water Dept. of Rural Development

¹ This section on budget classification draws heavily on materials developed by Fundar, the International Budget Partnership and the International Human Rights Internship Program for Human Rights and Budgeting Learning Programs they sponsor. The three organizations retain the copyright for these materials. To use them, or any part of them, in any other training program, publication or website, please obtain permission from IHRIP (ihrip@iie.org).

2. *Economic classification*: Provides information on the nature of an expenditure, and arranges expenditures and receipts of the entity into significant economic categories which distinguish:
- Operating outlays from capital outlays
 - Spending for goods and services from transfers to individuals/institutions
 - Tax receipts from other types of receipts, and from borrowing and inter-governmental loans and grants

Economic Classification		
Expense		
Current Expense	Goods and Services	Wages and Salaries Employee benefit schemes Other goods and services
Interest payments Subsidies and current transfers		
Capital Expense		
	Acquisition of fixed capital assets	
	Capital transfers	

3. *Functional classification*: Specifies how much is being allocated to different purposes in accordance with the priorities of the budget entity. Functional classifications indicate the programmatic purpose or objective for which the funds will be used (e.g., health, education, defence).

Functional Classifications	Sub Functional Classifications
Defense	Military Defense Civil Defense Foreign Military Aid R & D — Defense
Public Order and Safety	Police Services Fire Protection Services Law Courts Prisons

Economic Affairs	<p>General Economic, Commercial, and Labor Affairs</p> <p>Agriculture, Forestry, Fishing, and Hunting</p> <p>Fuel and Energy</p> <p>Mining, Manufacturing, and Construction</p> <p>Transport</p> <p>Communication</p>
Health	<p>Medical Products, Appliances, and Equipment</p> <p>Outpatient Services</p> <p>Hospital Services</p> <p>Public Health Services</p>
Education	<p>Primary and Primary Education</p> <p>Secondary Education</p> <p>Tertiary Education</p> <p>Subsidiary Services to Education</p>

Budget Classifications and Human Rights

How might knowing these different budget classifications help you in your human rights work? Is one of the classifications potentially more useful than another? If so, for what purpose? For example:

1. The government assures your office that it is working its hardest to ensure access to health services in remote areas by building new clinics in those areas that have historically been underserved. Despite this assurance, you continue to receive reports from around the country that pregnant women living in these remote areas are unable to access the necessary health care and as a result are dying during pregnancy and in child birth at a higher rate than in the rest of the country. Which of these classifications would provide you with useful information in this regard and what information would it provide you?
2. Your office is concerned with the quality of the medical care in clinics and hospitals in the country, because it regularly hears horror stories and receives complaints about the poor service provided by medical personnel that staff the clinics and hospitals. In which classification would you look for relevant information?
3. Your office learns that most pregnant women in one area of the country do not use the local health clinics or hospitals, although they are physically accessible, but instead rely on local midwives for any problems that arise during pregnancy and for childbirth. At the same time women in this area die in child birth at a higher rate than do women in other parts of the country. Your office wants to address this situation. You decide to look in the government's budget to see if one of the causes for the higher maternal mortality rate lies in health expenditures. Which of these classifications provides you with insights on this problem?

Session 8

Relating human rights and government budgets: An introduction

A government must meet its human rights obligations in the way that it raises its revenue as well as allocates and spends the budget. In what ways is the government meeting or failing to meet its obligations in the following case studies?

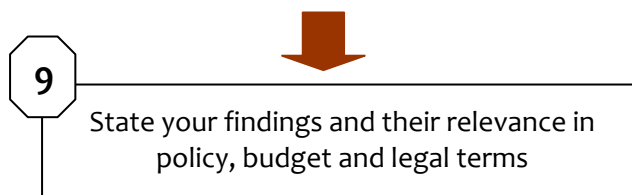
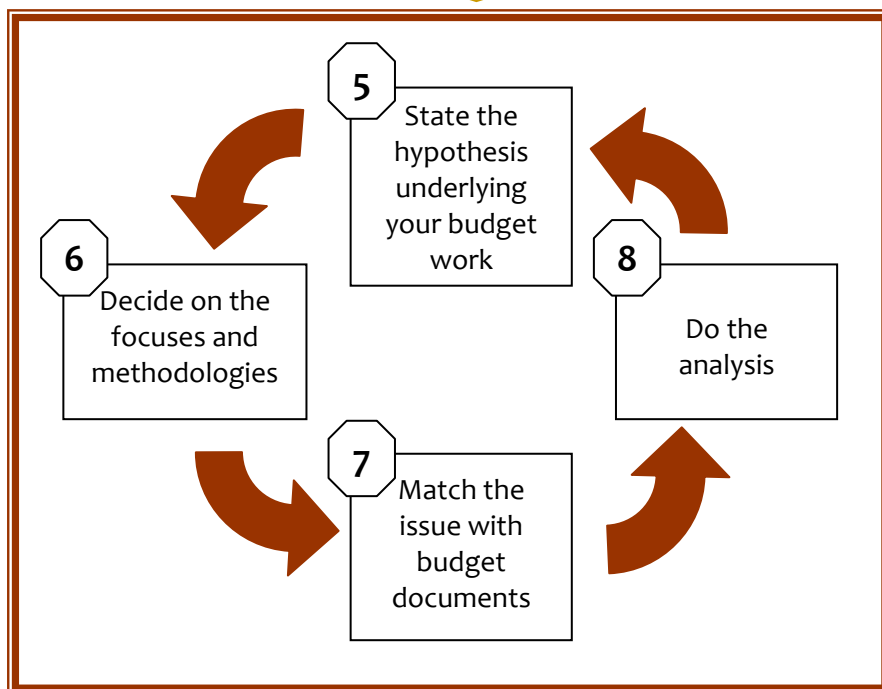
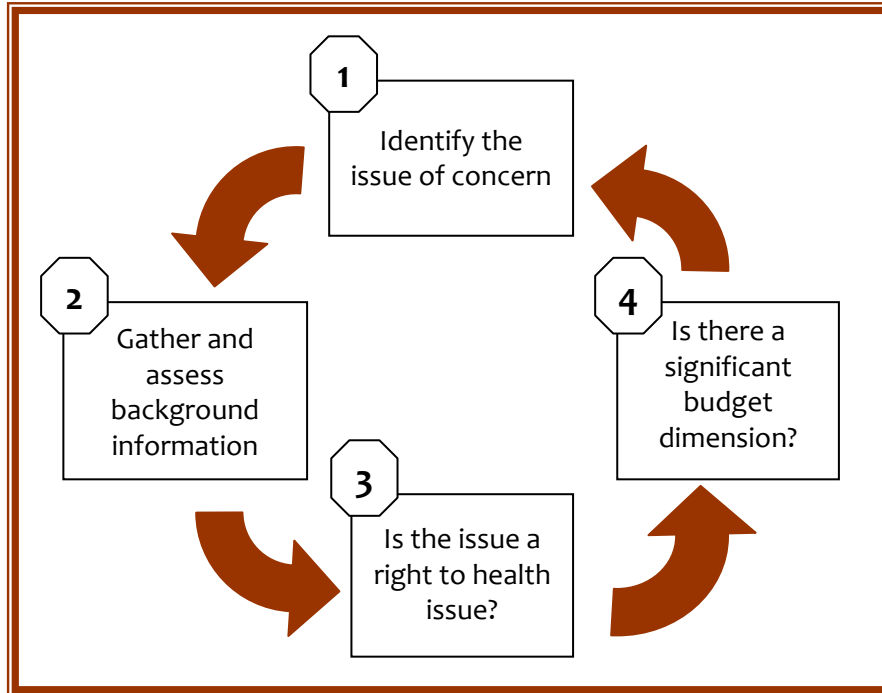
Case studies on government obligations and the budget

1. The army budget has risen by 10% this year and the Parliament has allocated 2 million dollars to build a monument to the President in the capital centre. Meanwhile, the government has cut the budget of the program on housing for the low-income population, citing the effects of the global economic crisis on public resources.
2. In country G the government allocates 50 million pounds for the construction of roads, some of which will cut through villages and will thus involve moving villagers off their land to make way for the roads. At the same time, the government does not allocate any funds to resettle the villagers.
3. People in the rural areas of Blossom County in Country C have to walk, on average, 20 miles to the nearest health clinic; no public transportation available. As a result, a number of people, including pregnant women, die annually due to lack of medical care. Over the course of several years, the government has claimed it has no resources to build additional clinics, but during that time the army's budget has increased by 25%, even though there was no war going on.
4. At the mid-year budget review, the government discovers that its revenues are coming in beyond projections. It decides to allocate the additional funds to the tourism sector, even though the Department of Health's allocation was only 70% of what it requested. At the same time, child deaths from epidemic diseases are well above international averages.
5. The Ministry of Finance develops a web site that is easy for users to navigate, and there they post recent years' budgets, as well as mid-year and end-year budget reports.
6. The government of country N has introduced a food subsidy program for people who qualify as "poor" according to the government's definition of poverty in the country. At the same time the government does not spend any funds to publicize the availability of the subsidies, and only 20% of those who qualify for the subsidies apply for them.
7. The government has privatized water services in country D. It has established a National Water Commission whose mandate is to oversee water contracts, to ensure that services are being provided efficiently and that all citizens of country D have access to clean water. While the government lays out the process for the selection and work of the Commission, it fails to allocate funds for its operation.
8. Country C has been experiencing significant economic growth over the past 10 years. Indeed, the Gross Domestic Product (GDP) has risen by an average of 8% each year. During the same time the government has limited increases in the budget to approximately 3% annually. The major cities are experiencing rapid growth as people from rural areas rush to the cities to secure jobs. One result of this migration to the cities is the rapid growth of informal settlements on the outskirts of the cities, where housing is very poor, sanitation facilities, health services and schools for the children are almost non-existent.
9. In country A the Ministry of Education's budget was increased by 5% from 2002 to 2005, while the school-age population increased only 2%. Each year, however, the Ministry of Finance does not release the Ministry of Education's funds until mid-year, and at that point releases only approximately 70% of the year's allocation.

10. The Ministry of Finance in the country hires a staff person whose responsibility it is to develop materials explaining the government's budget and the budget process in simple terms, and allocates funds for the printing of these materials and for their dissemination around the country.
11. In country X the population of Blossom State is comprised of three ethnic groups. The national government allocates educational funds to the states in an equitable fashion, but state authorities in Blossom State spend the education infrastructure funds to building primary schools in localities largely populated by one of the three ethnic groups.
12. Each year the people living in three states of Country Z suffer disproportionately from infectious diseases that increase in the rainy season. In 2003 the national government, which has responsibility for budgeting for immunization for these diseases, decides to cut the immunization budget and spends the funds instead on the construction in the capital state of a hospital with the most advanced equipment.
13. The government has introduced user fees for public health services in country X. It claims that such a step is necessary to ensure full funding of the nation's health care system. Over the next two years, a community-based organization does a survey in the communities with which it works, and learns that 20% of the pregnant women in those communities have not sought any pre-natal care from the clinics, as they cannot afford to pay the user fee.
14. The national government in Country F directs funds annually to state governments for the establishment and maintenance of a system of emergency food supplies. The local authorities in River State pocket most of the funds, with the result that emergency food supplies are inadequate when a drought hits the state.

State action	Right(s) involved	Failure of the						
		Obligation of Non-discrimination	Obligation to Respect	Obligation to Protect	Obligation to Fulfil (facilitate, provide, or promote)	Obligation under Art. 2(1) Progressive achievement	Obligation under Art. 2(1) Use of maximum available resources	Obligation under Art. 2(1) Legislative measures

Steps for doing budget work within a right to health framework (FAO framework)



Next step: identifying focus and methodology

Right holder	Issue: Maternal health/mortality	Claim: Right to Health (4A + Q)	Capacity gaps: K,M,S,R	Possible relationship to budget	Duty bearer	(Hypothesis and related) obligations	Capacity gaps: K,M,A,O,R
1. Pregnant woman in rural area	Not going for pre-natal check-ups. Clinics too far away.	Accessibility (geographical)		Building clinics would come from infrastructure budget	National government undertakes health infrastructure responsibilities; they fund these projects directly.	Some states have more health clinics by population than do other states. There appears to be some <u>discrimination</u> among states.	
2. Pregnant woman in rural area	Not going for pre-natal check-ups. Fees charged by clinics.	Accessibility (economic)		Revenue for health budget comes in part from fees	State government has responsibility for health care funding and service delivery	It appears the state does not having different scales of fees depending upon women's income. <u>Discrimination</u> against poor women.	
3. Pregnant woman	Inadequate supplies of drugs to stop haemorrhaging	Availability		Drugs purchased by national government; budget line for drugs	National government for purchasing; state government for disseminating to hospitals	It appears that the government is not prioritizing these drugs among its drug purchases. <u>Failure of MAR</u> .	
4. Pregnant woman	Inadequate supplies of drugs to stop haemorrhaging	Availability		Drugs purchased by national government, budget line for drugs	National government for purchasing; state government for disseminating to hospitals	The company contracted to supply drugs is run by friends of the President, and rumor has it that the price paid is too high. <u>Failure of MAR</u> .	
5. Pregnant woman in rural area	Scarcity of qualified medical personnel in rural clinics	Availability		Salaries of medical personnel paid from budget	Salaries paid by state governments; national government responsible for health policy	No incentive appears to be built into the salary scales to encourage qualified personnel to work in rural areas. <u>Discrimination</u> .	

6. Pregnant woman in rural area	Poor quality of care at clinics and hospitals	Quality		Salaries of medical personnel, training, come from budget	Salaries paid by state governments; national government responsible for national standards	Everyone knows the salaries paid to health care workers are low. It is also not clear if the government provides adequate training. <u>Fulfil.</u>	
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The right to health, government obligations and budget work

	<i>Questions re: obligation of conduct</i>			<i>Questions re: obligation of result</i>
Budget Work Obligation	Analyzing revenue in the budget	Analyzing allocations	Tracking expenditures	Assessing the impact of revenue and expenditures
respect	<p><i>Is the government raising revenue in a way that will likely diminish individuals' current enjoyment of the right to health?</i></p> <p><i>Are increased taxes or user fees likely to impinge on individuals' current enjoyment of the right to health?</i></p> <p><i>Example of failure of respect: Increased taxes mean that poor families have less available to pay for visits to the doctor or for medicines.</i></p>	<p><i>Is the government allocating funds in a way that will likely diminish individuals' current enjoyment of the right to health?</i></p> <p><i>Has the government allocated funds for programs the likely result of which is that some people's current enjoyment of the right to health will be curtailed?</i></p> <p><i>Example of failure of respect: Allocation for a government project that will displace a community, and displaced residents will not have access to a local health clinic.</i></p>	<p><i>Is the government expending funds in a way that will likely diminish individuals' current enjoyment of the right to health?</i></p> <p><i>Example of failure of respect: Expenditures for a government project that displaces a community, and no expenditures to ensure that displaced residents will have access to health services.</i></p>	<p><i>Have revenue increases actually interfered with someone's prior enjoyment of the right to health?</i></p> <p><i>Have specific expenditures actually interfered with someone's prior enjoyment of the right to health?</i></p> <p><i>Example of failure of respect: The impact of government expenditure for a project is to displace a community, and by the dislocation, disrupting residents' access to health services.</i></p>
protect	<p><i>Does the government have an effective system in place to monitor and prevent tax evasion?</i></p> <p><i>Example of compliance with obligation to protect: The government is diligent in ensuring that specific excise taxes that are earmarked by law for health care are efficiently and fully collected.</i></p>	<p><i>Has the government allocated sufficient funds to ensure that supervisory bodies or regulatory agencies can operate effectively?</i></p> <p><i>Example of compliance with obligation to protect: Allocations to allow for monitoring of private health services, to ensure that they are up to standards.</i></p>	<p><i>If properly allocated, are the regulatory agencies spending their funds in line with allocations?</i></p> <p><i>Example of compliance with obligation to protect: Expenditures to ensure monitoring of private health services, to ensure they are up to standards.</i></p>	<p><i>Are the regulatory agencies spending their funds in a way that is actually controlling third parties?</i></p> <p><i>Example of compliance with obligation to protect: Government expenditures on oversight of private health services result in the monitoring bodies' spotting instances of failure by those services to meet the necessary standards, and the subsequent correction of shortcomings.</i></p>

	<i>Questions re: obligation of conduct</i>			<i>Questions re: obligation of result</i>
Budget work Obligation	Analyzing revenue in the budget	Analyzing allocations	Tracking expenditures	Assessing the impact of revenue and expenditures
fulfil (facilitate)	<p><i>Is the government raising revenue in a way that will likely facilitate people's enjoyment of their right to health?</i></p> <p><i>Fundamental question: Is the government raising enough revenue to provide adequate funding for health?</i></p>	<p><i>Is the government allocating funds in a way that will likely facilitate people's enjoyment of their right to health?</i></p> <p><i>Example of key question: Is the government providing sufficient allocations to ensure access to free primary health for all?</i></p>	<p><i>Are the allocated funds actually being spent? In not spending funds that have been appropriately allocated, a government may be failing to facilitate someone's enjoyment of their right to health.</i></p> <p><i>Example of failure to fulfil: Health funds for a year are not fully expended. (overlap with failure to use maximum available resources, below)</i></p>	<p><i>Did the government raise revenue in a way that has facilitated people's enjoyment of their right to health?</i></p> <p><i>Are people actually experiencing greater enjoyment of their right to health as a result of government expenditures?</i></p> <p><i>Key question: Did adequate government funding enhance people's access to quality health care services?</i></p>
fulfil (provide)		<p><i>Is the government allocating funds to provide goods and services that are necessary to ensure individuals' basic enjoyment of the right to health?</i></p> <p><i>Example of compliance with obligation to provide: Government makes allocations for health care for disadvantaged communities.</i></p>	<p><i>Is the government spending funds intended to provide the goods and services necessary to ensure individuals' basic enjoyment of the right to health?</i></p> <p><i>Example of compliance: Government spends funds earmarked for health for disadvantaged communities.</i></p>	<p><i>Do people have the goods and services necessary to ensure their basic enjoyment of the right to health as a result of government expenditures?</i></p> <p><i>Example of compliance: People in disadvantaged communities enjoy greater access to quality health care.</i></p>
fulfil (promote)		<p><i>Is the government allocating funds designed to ensure that people are aware of their right to health?</i></p> <p><i>Example of compliance: Allocations for outreach to advise people of the importance of immunization and the availability of free immunization.</i></p>	<p><i>Is the government expending funds on programs and projects designed to ensure that people are aware of their right to health?</i></p> <p><i>Example of compliance: Expenditures for outreach to advise people of the importance of immunization and the availability of free immunization.</i></p>	<p><i>Is people's awareness of their right to health increasing as a result of government expenditures?</i></p> <p><i>Example of compliance: Increased immunization in communities.</i></p>

	<i>Questions re: obligation of conduct</i>			<i>Questions re: obligation of result</i>
Budget work Obligation	Analyzing revenue in the budget	Analyzing allocations	Tracking expenditures	Assessing the impact of revenue and expenditures
progressive achievement	<p><i>Is the government increasing revenues to the extent necessary to enable it to progressively increase allocations to programs and services that advance the right to health?</i></p> <p><i>Key question: Are revenue increases at a minimum keeping pace with inflation and population growth?</i></p>	<p><i>Is the government allocating increasing funds (where necessary), in real terms, towards the fulfilment of people's right to health?</i></p> <p><i>Key question: Are shares of the budget devoted to the right to health growing larger (where necessary) over time?</i></p> <p><i>Key question: Are per capita allocations on (necessary) right to health programs, etc., increasing, in real terms, over time?</i></p>	<p><i>Are relevant expenditures increasing in real terms over time?</i></p> <p><i>Key question: Are per capita expenditures on health increasing in real terms over time?</i></p>	<p><i>Are the expenditures having the effect of increasing people's enjoyment of their right to health over time?</i></p> <p><i>Example of evidence of compliance: A growing number of people are accessing health clinics.</i></p>
use of maximum available resources	<p><i>Is the government doing everything it reasonably can to increase revenue to secure funds to direct to right to health concerns?</i></p> <p><i>Key question: Is revenue keeping pace with growth in the GDP? Could more revenue be raised?</i></p> <p><i>Key question: Is the government seeking support from bilateral or multilateral agencies where domestic resources are inadequate?</i></p>	<p><i>Are government allocations towards right to health-related matters using the maximum of available financial resources?</i></p> <p><i>Key question: Are right to health-related areas allocated an appropriate share of the budget compared to lower priority areas?</i></p>	<p><i>Are budget allocations being fully and efficiently expended—and are any added revenues in mid-year being directed to priority right to health concerns?</i></p> <p><i>Key questions: Is the Ministry of Health getting its allocations early in the fiscal year so that it can fully and effectively spend its allocation during the year?</i></p> <p><i>Are full funds making their way from central government to state and local health departments?</i></p>	<p><i>Are expenditures being used in such a way as to have the maximum beneficial impact on the enjoyment of the right to health?</i></p> <p><i>Example of compliance with obligation: Appropriate and reasonably priced medicines are being made widely available to those who need them.</i></p>

	<i>Questions re: obligation of conduct</i>			<i>Questions re: obligation of result</i>
Budget work Obligation	Analyzing revenue in the budget	Analyzing allocations	Tracking expenditures	Assessing the impact of revenue and expenditures
non-discrimination	<i>Is the government raising revenue in a way that is discriminatory?</i>	<i>Is the government allocating funds in a way that is discriminatory?</i> <i>Key question: Are certain socio-economic groups being treated in a discriminatory fashion in budget allocations related to the right to health?</i>	<i>How are the allocated funds actually being spent? Allocations that are neutral on their face could be spent by government authorities in a discriminatory fashion.</i> <i>Key question: Are certain socio-economic groups receiving less in government expenditures on health than other groups as a result of discrimination?</i>	<i>Does the revenue system actually burden certain socio-economic groups in a discriminatory fashion?</i> <i>Are the benefits of government expenditures spread unevenly among different socio-economic groups as a result of discrimination?</i> <i>Example of evidence of compliance: Health indicators for historically disadvantaged groups improve.</i>
to ensure participation	<i>Has the government established structures and processes to facilitate civil society participation in commenting on/proposing /effecting modifications in revenue at the national and local levels?</i>	<i>Has the government established structures and processes to facilitate civil society participation in commenting on/proposing/ effecting modifications in budget allocations related to the right to health at the national and local levels?</i>	<i>Has the government established structures and processes to facilitate civil society initiatives designed to track expenditures on the right to health in national and local government budgets?</i>	<i>As a result of government action, does civil society have an effective voice and role in the development of revenue schemes and budget allocations as well as in tracking of expenditures and assessing impact related to the right to health?</i>
to ensure access to information	<i>Has the government established structures and processes to facilitate civil society access to information on revenue in national and local budgets?</i>	<i>Has the government established structures and processes to facilitate civil society access to information on allocations related to the right to health in national and local budgets?</i>	<i>Has the government established structures and processes to facilitate civil society access to information about expenditures related to the right to health at the national and local levels?</i>	<i>As a result of government action, is civil society able to get access to budget-related information related to the right to health in a way that enables it to be well-informed about government budget issues?</i>

Session 9 Handout

Specific Obligations, the Government's Budget and Budget Work

OBLIGATION OF EQUALITY AND NON-DISCRIMINATION

A government must abide by its obligation of equality and non-discrimination in the way it raises, allocates and spends the budget.

REVENUE

Different forms of revenue affect people and groups of people differently. It is important to understand the different types of revenue and their human rights implications. A central consideration for human rights is: who pays the revenue? Consider, for example, income taxes:

<i>Comparing regressive, proportional and progressive taxes</i>			
Total income	<u>Taxpayer 1</u> \$20,000	<u>Taxpayer 2</u> \$200,000	
<i>Tax type</i>			<i>Total taxes</i>
<i>Regressive</i> Amount of tax Tax as share of total income	\$ 2,200 11.1%	\$ 2,200 1.1%	\$ 4,400
<i>Proportional</i> Amount of tax Tax as share of total income	\$ 400 2.0%	\$ 4,000 2.0%	\$ 4,400
<i>Progressive</i> Amount of tax Tax as share of total income	\$ 20 .1%	\$ 4,380 2.2%	\$ 4,400

Exercises

1. Two families live in a small town in the country of Florina, where the head of the household of each family pays taxes on the entire income of his/her respective households. One family, the Richmonds, has a total annual income of £90,000. The other family, the Littletons, has a total annual income of £20,000. The government of Florina is considering two tax options:
 - a. To impose an income tax at the rate of 4% on the total income of each family, or
 - b. To impose an income tax of 2% on the first £10,000 of a person's annual income and 5% on any income above this amount.
 - i. Calculate how much revenue the government will raise from each option.
 - ii. Which option is more equitable to the taxpaying families?

2. The Richmonds spend £20,000 every year on items consumed in their household and that the Littletons spend £6,000 on such items. The government of Florina is considering a measure to impose a sales tax of 10% on all household consumables.
 - a. How much additional revenue the government will raise from this option?

- b. Calculate the percentage of their annual income that each household would pay under this new tax.
- c. What conclusions can you draw from this about sales taxes (or value-added taxes)?
3. The Richmonds are a couple with two children as are the Littletons. Both families are fairly healthy, but they suffer the inevitable influenzas and childhood cuts and bruises. Both families go to the local health clinic, where the charge to be seen by a medical professional is £20. During the past year each family ended up having a family member go to the clinic eight times.
- a. How much in total did each family pay during the year for clinic visits?
- b. What percentage of their family income did each household pay in fees?
- c. What conclusions could you draw from this about fees for access to primary health care?
4. *Self-created revenue by the Ministry of Health, Khartoum State*²

Revenue	2005		2006		2007	
	Amount in Million SDG	%	Amount in Million SDG	%	Amount in Million SDG	%
Head office	4.2	14.1	5.8	17.5	7.5	18.8
Curative medicine	20.9	69.7	21.6	65.3	25	62.8
Primary health	4.9	16.2	5.7	17.2	7.3	18.4
Total	30	100	33.1	100	39.8	100

The self-created revenue in primary health and curative medicine is derived almost exclusively from fees for access to primary care and secondary care respectively. What questions does this report raise about access to maternal health care services by poor women in Khartoum State?

² From Summary of Financial Report, Ministry of Health, Khartoum State, Sudan.

ALLOCATIONS (AND EXPENDITURES)

Governments are obliged to allocate and spend funds in a non-discriminatory fashion. Since rights belong to each person, one way to help assess whether funds are being allocated in a non-discriminatory fashion is to determine *per capita* (for each person) allocations (and expenditures): how much is allocated (and spent) for each person (in a group, in a geographical region, etc.)? It is possible then to compare if spending is equal across ethnic groups or geographical areas, etc.

The formula for determining *per capita* allocation (or expenditure) is:

$$\text{Per capita allocation (or expenditure)} = \frac{\text{Allocation (or expenditure)}}{\text{Number of people}}$$

Exercises

1. In the country of Florina the national Ministry of Health takes responsibility for infrastructure development in the States. Here is some initial data:

Republic of Florina
Ministry of Health
State health infrastructure allocations in Ministry of Health budget
(millions of currency)

	2005	2006	2007	2008
Alpha	16.50	17.00	18.00	18.80
Beta	36.00	37.10	39.00	40.50
Gamma	42.10	43.50	45.60	47.40
Epsilon	17.30	17.90	18.80	19.60
Zeta	15.10	15.60	16.40	17.10
Eta	9.70	10.00	10.50	10.90
Kappa	11.50	11.90	12.50	13.00
Lambda	29.70	30.60	32.10	33.30

Population of States

	2005	2006	2007	2008
Alpha	1,152,327	1,180,498	1,225,733	1,268,201
Beta	2,337,515	2,398,611	2,488,376	2,577,019
Gamma	2,726,378	2,803,444	2,908,376	3,011,883
Epsilon	1,300,212	1,332,919	1,385,616	1,435,278
Zeta	1,005,910	1,030,789	1,070,427	1,106,593
Eta	578,327	594,265	617,455	638,881
Kappa	820,413	840,772	874,798	905,882
Lambda	1,912,616	1,960,376	2,037,891	2,109,330

- a. On the basis of this data, do the allocations appear to discriminate among the States?
- b. Add into your assessment the following data:
- The majority of the populations in Alpha, Epsilon and Kappa States are from a minority group.
 - Epsilon, Zeta and Lambda are rural states.

How does that affect your assessment?

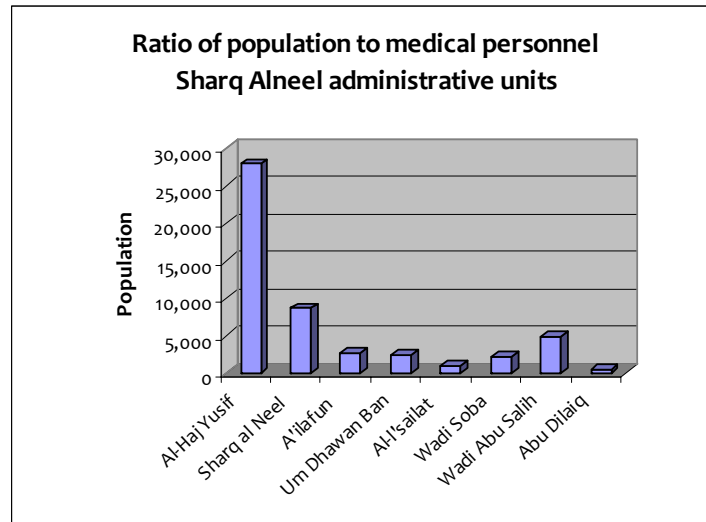
- c. Add to your assessment the following data:

Numbers of health clinics by State				
	2005	2006	2007	2008
Alpha	89	93	98	103
Beta	231	235	240	245
Gamma	275	280	284	287
Epsilon	125	127	129	132
Zeta	101	104	107	111
Eta	60	62	64	66
Kappa	71	74	78	81
Lambda	190	193	196	200

Numbers of hospitals by State				
	2005	2006	2007	2008
Alpha	6	7	7	7
Beta	12	12	13	13
Gamma	13	13	13	14
Epsilon	7	8	8	9
Zeta	6	7	7	8
Eta	4	4	5	5
Kappa	4	4	5	5
Lambda	11	12	12	13

How does this data affect your assessment?

2. What does the following chart say about equality and non-discrimination? (Sharq al Neel is a locality within Khartoum State.)



OBLIGATION OF PROGRESSIVE REALIZATION

Progressive realization implies improvement over time, that is, over the course of several years. Assessing whether a government is meeting this obligation often requires the use of a basic budget analysis tool: adjusting for inflation. Government budgets (including multiple-year reports) are typically presented in nominal terms; in other words, the figures are not adjusted for inflation. Without adjusting for inflation, it is impossible to tell whether the government is increasing its “buying power” over time.

“Adjusting for inflation” makes budget figures from different years “equivalent” to one of the year’s current values, so as to enable valid comparisons among the years. Typically budget figures from past years are converted into “today’s” buying power (or the most recent year’s buying power). This conversion requires use of the Consumer Price Index (CPI) for succeeding years. Here is a sample CPI chart.

Republic of Messina	
Year	CPI
2000	72.4
2001	77.7
2002	84.4
2003	90.2
2004	94.9
2005	100.0
2006	105.7
2007	109.6
2008	113.9
2009	118.5

A "formula" for adjusting for inflation (from nominal values to real values) is:

$$\frac{\text{Past Year's Value} \times \text{Most Recent Year's CPI}}{\text{Past Year's CPI}}$$

We will use this CPI chart and formula in the exercises below.

REVENUE

The obligation of progressive realization would imply that a government should steadily increase its revenues, so that it is able to devote increasing funds to areas important to the realization of economic and social rights.

1. Referring to the following data, and using the CPI information and formula provided above, is the Messina government's revenue increasing in real (i.e., inflation adjusted) terms?

Republic of Messina Summary Financial report 2004-2008 (in millions of currency)

	2004	2005	2006	2007	2008
Revenues	211,919	230,091	255,471	279,459	303,318
Expenditures	260,427	277,106	301,447	319,643	339,113
Deficit	48,508	47,015	45,976	40,184	35,795
GDP	870,527	948,734	1,003,987	1,086,254	1,177,365

ALLOCATIONS AND EXPENDITURES

1. Here is a financial report from the Ministry of Finance of the Republic of Messina, showing just the Ministry of Health figures. Has the Ministry of Health been devoting increased financial resources to the realization of the right to health in the years shown?

Republic of Messina

Financial Report 2004-2008 (in millions of currency)

	Budget 2004	Actual 2004	Budget 2005	Actual 2005	Budget 2006	Actual 2006	Budget 2007	Actual 2007	Budget 2008	Actual 2008
Health	3,054	3,050	3,250	3,200	3,500	3,350	3,800	3,470	4,150	3,601

...

2. The obligation of progressive realization means that governments cannot take steps backwards, i.e., “retrogressive measures.” Consider the following from the Summary Financial Report of the Ministry of Health, Khartoum State, Sudan:

Percentage of expenditure on health to the total expenditure of the State

Item	Period/Expenditure in Million of SDG				
	2003	2004	2005	2006	2007
Total expenditure of Khartoum State	615	906	1.133	1.269	1.578
Total expenditure of Ministry of Health Khartoum State	85	112	132	141	150
Percentage of expenditure on health to the total expenditure of the State	%14	%12	%12	%11	%10

OBLIGATION TO USE THE MAXIMUM OF AVAILABLE RESOURCES

“Maximum available resources” speaks directly to issues of the government’s budget, and indeed this obligation relates to the government’s budget in a multitude of ways.

The Committee on Economic, Social and Cultural Rights (CESCR) has said that this obligation means the following:

- A government must do the maximum it can to mobilize resources within the country.
- Government expenditures must be efficient (and logically revenue collection should be too).
- Government expenditures must be effective (this goes to the question of impact).
- Failure to curb corruption is a failure to comply with the obligation.
- Funds earmarked in the budget for ESC rights must not be diverted to non-ESC rights areas.
- Funds earmarked for ESC rights must be fully expended for that purpose.
- If the government takes a step backwards (retrogression), it must show that it has used the maximum of available resources to avoid taking such a step.
- A government must do all it can to secure international assistance where national resources are inadequate to realize ESC rights.

The CESCR also uses some indicators to guide them in assessing a government’s compliance with this obligation:

- Comparing ESC rights-related expenditures versus expenditures for non-ESC rights-related areas.
- Comparing expenditures in an area (e.g., education, health) with expenditures in the same area by countries at a comparable level of development.
- The more developed a country is, the more its citizens should be enjoying their ESC rights.
- Comparing allocations and expenditures against international indicators, such as UNDP’s indicator that the equivalent of 5% of GDP should go to human expenditures.

REVENUE

1. Is the growth in revenue in step with growth in the GDP?

Growth in the Gross Domestic Product (GDP) of a country typically means, in very simple terms, growth in the “wealth” in a country. With increased wealth, a government should

be able to increase its revenues. In other words, growth in revenue should at least keep pace with growth in the GDP; in other words, revenue as a share of the GDP should at least stay constant. Failure to do so could represent a failure to use the maximum of available resources.

A formula for determining budget revenue as a share (percentage) of the GDP is:

$$\frac{\text{Revenue}}{\text{GDP}} \times 100$$

Has Messina's government taken advantage of growth in the GDP?

**Republic of Messina
Summary Financial report 2004-2008
(in millions of currency)**

	2004	2005	2006	2007	2008
Revenues	211,919	230,091	255,471	279,459	303,318
Expenditures	260,427	277,106	301,447	319,643	339,113
Deficit	48,508	47,015	45,976	40,184	35,795
GDP	870,527	948,734	1,003,987	1,086,254	1,177,365

2. Rules related to revenue coming in over projections

Currently, Ministries of Finance in many countries have complete or significant discretion in allocating excess revenues without seeking prior approval from legislatures. Take a look at the report on the next page.

- What do you notice about projections of revenue vs. actual revenue?
- What do you notice about what the government actually spends vs. what it had budgeted?

How would you articulate an argument about the government's compliance with its obligation to use the maximum of available resources to advance economic and social rights?

Republic of Xenia

Ministry of Finance

Financial report 2005 – 2008

	2005 budget	2005 actual	2006 budget	2006 actual	2007 budget	2007 actual	2008 budget	2008 actual
Revenue								
Income tax	121	122	127	126	128	128	131	130
Value added tax	1,704	1,922	1,855	2,096	1,963	2,101	2,110	2,249
Fees	95	101	100	120	115	131	125	140
State enterprises	993	1,103	1,050	1,199	1,100	1,359	1,300	1,523
Total revenues	2,913	3,248	3,132	3,541	3,306	3,719	3,666	4,042
Expenditures								
Legislative services	35	33	39	38	45	44	50	50
Foreign Affairs	54	73	60	81	68	98	100	126
Municipal and local government	431	421	445	439	460	457	470	465
Statistics	9	8	10	9	10	10	12	11
Land affairs	53	77	58	89	65	99	72	113
Education	301	339	305	321	315	321	335	357
Health	323	322	331	329	340	340	350	347
Labour	125	123	129	128	135	133	142	141
Trade & industry	201	251	250	309	264	289	300	323
Safety and security	150	148	156	155	162	161	170	169
Defence	315	369	351	401	375	437	420	491
Judiciary	125	125	135	133	140	140	162	151
Environmental affairs	34	33	40	38	42	43	60	49
Tourism	150	193	162	207	175	237	198	272
Housing	135	136	140	141	150	155	165	168
Road and transport	199	222	205	237	215	250	250	284
Water affairs	160	169	175	181	185	193	210	210
Public works	113	139	141	151	160	185	200	203
Total expenditures	2,913	3,181	3,132	3,387	3,306	3,592	3,666	3,930

3. Inefficient tax collection

Tax collection is notoriously inefficient in many countries. See the article on the next page:³

How would you phrase a “maximum available resources” concern in such cases?

CEBU NEWS

³ Available at: <http://www.philstar.com/Article.aspx?articleId=590517&publicationSubCategoryId=107>

BLGF: Most LGUs are inefficient in collection of taxes

By Rene U. Borromeo/FPL (The Freeman) Updated July 05, 2010 12:00 AM

CEBU, Philippines - Most local government units in Cebu and Central Visayas are inefficient real property tax collectors, according to the Bureau of Local Government Finance.

BLGF-7 assistant regional director Herminigilda Garsula said, while the real property taxes is considered the most important revenue base, most LGUs have failed to use its taxing power.

Garsula said BLGF statistics show that last year's business taxes collections of various LGUs in the region is much bigger than the real property taxes.

In Naga City for example, only P31.9 million or 67 percent of the P47.4 million assigned target was collected. Talisay City also fell short of its target in real property taxes having collected only P51.4 million against its P58.4 million target.

All LGUs in Central Visayas only collected a total of P1.376 billion in 2009 an amount lesser by P469.9 million compared to the P1.846 billion overall business taxes collected for the same period.

Real property taxes are derived from payments of land owners, buildings and machineries.

Garsula explained that the increase of the income of the LGUs depends on their willingness and ability to use their taxing powers.

"Property taxation is the largest own-source revenue at local levels," Garsula said.

She believes that outdated land inventory and property tax base are the possible reasons why most of the LGU officials have failed to effectively collect real property taxes.

Other reasons could be that their tax assessments are not reflective of the current market values, poor collections, lack of political will and failure to mobilize and manage land resources.

Cebu City's real property tax collection last year reached P642.4 million or P91.3 million higher than the P551.1 million target assigned by the BLGF.

During the recent seminar for the new elected mayors in the region the BLGF officials said they believe that most LGU officials are hesitant to intensify the collection of taxes because they thought it will be politically disadvantageous for them.

The law empowers the mayors and the local treasurers to be the prime movers of local revenue generation.

The local chief executives are charged with ensuring that all taxes and other revenues are collected, while the treasurers' task is to collect the taxes through their authorized personnel.

Garsula explained that when all the key players in resource mobilization share the responsibilities in local revenue administration as a team, optimum results are attainable.

Those LGUs that only have a little collection of taxes are just depending on their shares of the Internal Revenue Allotment (IRA) from the national government. – **THE FREEMAN**

ALLOCATIONS

1. Priority of ES rights issues within the budget

The Committee on Economic, Social and Cultural Rights has indicated that governments should prioritize ESC rights in their budgets, and even in the face of serious resource constraints, they must prioritize the minimum core content of the rights.⁴

Consider the budget below, and how would you describe the priority given to ESC rights?

From the Government of Southern Sudan's "Budget at a Glance" (Approved Budget 2008)

Annex 1: Details of the budgets of GoSS Institutions

SECTOR	MINISTRY	Salaries	Operating	Capital	TOTAL
Accountability	Anti-Corruption Commission	1,620,522	3,064,478	2,315,000	7,000,000
	Auditor General's Chamber	2,220,558	1,626,992	3,162,450	7,000,000
	Centre for Census, Statistics and Evaluation	6,272,006	6,462,494	1,275,500	14,000,000
	Finance & Economic Planning	4,246,473	14,987,159	766,368	20,000,000
	S.Sudan FFAMC	825,982	690,018	484,000	2,000,000
	S.Sudan Reconstruction & Development Fund	1,316,114	1,399,416	284,470	3,000,000
Economic Functions	Commerce, Trade & Supply	3,247,036	3,402,162	3,360,800	10,000,000
	Industry & Mining	3,934,764	3,897,084	8,643,152	16,475,000
	Information & Broadcasting	6,719,736	4,270,264	24,010,000	35,000,000
	Investment Authority	531,192	418,808	50,000	1,000,000
	Telecommunication & Postal services	3,386,007	6,216,825	2,397,168	12,000,000
Education	Education, Science & Technology	179,338,203	29,361,797	11,300,000	220,000,000
	Health	26,564,694	47,826,306	65,609,000	140,000,000
Infrastructure	HIV/AIDS Commission	2,338,822	1,238,178	1,423,000	5,000,000
	Housing, Lands & Public Utilities	4,885,083	14,483,808	180,631,109	200,000,000
	Electricity Corporation	5,685,805	30,106,719	14,208,476	50,000,000
	Transport & Roads	6,475,521	12,089,165	221,435,314	240,000,000
	Urban Water Corporation	5,617,219	6,880,361	2,602,420	15,000,000
	Water Resources and Irrigation	5,837,112	2,543,204	4,619,664	13,000,000
Natural Resources & Rural Devt	Agriculture & Forestry	12,637,980	9,676,928	7,685,092	30,000,000
	Animal Resources & Fisheries	12,145,452	4,435,217	7,419,331	24,000,000
	Cooperatives & Rural Development	3,245,125	4,762,966	26,991,910	35,000,000
	Environment, Wildlife Conservation & Tourism	78,489,513	16,136,255	11,374,232	106,000,000
	S.Sudan Land Commission	888,355	700,000	411,645	2,000,000
Public Administration	President's Office	10,482,271	48,039,878	8,577,851	67,100,000
	Vice-President's Office	951,726	6,163,262	2,885,022	10,000,000
	Presidential Affairs	1,739,424	5,029,562	3,131,014	9,900,000
	Cabinet Affairs	6,398,948	11,151,052	650,000	18,200,000
	Labour, Public Service & HRD	4,316,967	2,804,033	2,079,000	9,200,000
	Parliamentary Affairs	800,859	4,320,609	5,878,532	11,000,000
	Regional Cooperation	3,524,670	6,575,330	1,900,000	12,000,000
	Civil Service Commission	781,849	1,091,676	126,475	2,000,000
	Local Government Board	942,892	1,455,104	602,004	3,000,000
	Employees Justice Chamber	989,587	1,461,013	391,200	2,841,800
	Public Grievances Chamber	725,464	992,816	261,720	2,000,000
	S.Sudan Legislative Assembly	19,991,106	9,208,894	54,737,961	83,937,961
	Judiciary of Southern Sudan	43,130,564	4,045,948	9,998,000	57,174,512
	Legal Affairs & Constitutional Development	22,378,176	2,253,383	641,206	25,272,765
	Internal Affairs	330,085,731	39,436,494	50,478,775	420,000,000
S.Sudan Human Rights Commission	1,924,770	2,050,983	1,024,246	5,000,000	
Security	De-Mining Authority	1,493,824	1,043,676	462,500	3,000,000
	DDR Commission	3,512,350	2,021,450	466,200	6,000,000
	SPLA Affairs	700,000,000	200,000,000	100,000,000	1,000,000,000
Social & Humanitarian Affairs	Gender, Social Welfare & Religious Affairs	1,574,574	4,138,726	2,286,700	8,000,000
	Culture, Youth and Sport	3,492,114	2,531,285	1,976,601	8,000,000
	Peace Commission	1,331,680	1,220,320	448,000	3,000,000
	War Disabled, Widows & Orphans Commission	1,196,526	1,052,718	750,756	3,000,000
	War Veterans Commission	101,085,551	1,195,249	719,200	103,000,000
	SSRRC	5,531,378	21,966,622	2,500,000	30,000,000
Transfers to States	State Council of Ministers		10,000,000		10,000,000
	State Legislative Assembly		36,000,000		36,000,000
	General Block Grants to States		270,000,000		270,000,000
OVERALL TOTAL		1,646,852,277	925,916,676	856,333,084	3,428,102,037

⁴ For example, General Comment 14, para. 47, says: "... A State which is unwilling to use the maximum of its available resources for the realization of the right to health is in violation of its obligations under article 12. If resource constraints render it impossible for a State to comply fully with its Covenant obligations, it has the burden of justifying that every effort has nevertheless been made to use all available resources at its disposal in order to satisfy, as a matter of priority, the obligations outlined above. It should be stressed, however, that a State party cannot, under any circumstances whatsoever, justify its non-compliance with the core obligations set out in paragraph 43 above, which are non-derogable."

2. Trade-offs within ministries, departments and agencies

Because resources are always limited, in any budget certain areas and lines are given priority. Are the maximum available resources going to human rights priorities? What would you say about the priorities reflected in this budget?

Ministry of Health, Khartoum State				
	2006 Budget	2006 Expenditure	2007 Budget	2007 Expenditure
Preventive	2,868,813	2,827,869	3,868,412	4,120,564
Primary	3,641,186	4,210,815	2,578,941	2,629,506
Curative	4,523,897	7,906,383	7,880,099	10,877,367
Total	11,033,896	14,945,067	14,327,452	17,627,437

3. Geographical trade-offs

Investing money in an underserved area on, for example, a new health clinic, will generally provide greater benefits to the people there than the people in a better-served area would derive from having the same amount of money invested in an additional health clinic in their area. In other words, the former investment will normally be a more efficient and effective use of funds than would the latter. In economics, this is related to the concept of "marginal utility."⁵ In human rights terms this could be considered a maximum use of available resources. Consider the graph on page 29. How would you state an argument based on "use of maximum available resources"?

4. Wage cap ceilings

Governments' budgets are typically developed within a macroeconomic framework which defines priorities and sets limits. Sometimes these priorities and limits are contrary to what human rights would call for. Read through the article on the next page.

Why do wage cap ceilings raise issues about "use of maximum available resources"?

⁵ Marginal utility is defined as the increase in utility as a result of consuming one more unit of a good.

IMF Trims Use of Wage Bill Ceilings

By Marijn Verhoeven and Alonso Segura
IMF Fiscal Affairs Department

September 5, 2007

- MDGs call for much higher government spending on human resources
- IMF revisits use of public sector wage bill ceilings
- New guidelines call for more flexibility to accommodate scaled-up aid

A subject of substantial controversy over the past few years has been the use of wage bill ceilings in policy programs supported by the IMF's Poverty Reduction and Growth Facility (PRGF).

Many critics claim that caps on public sector wage bills have stopped low-income countries from using donor resources for expanding employment in key poverty-reducing sectors, like health and education. This, they argue, has hurt the quality—and hindered the expansion—of service delivery, be it in combating HIV/AIDS or increasing primary school enrollment, and, in turn, has impeded their progress towards the Millennium Development Goals (MDGs).

Under scrutiny from critics, as well as its own official watchdog (the Independent Evaluation Office), the IMF has recently reexamined the use of wage bill ceilings as part of a larger review of its advice to low-income member countries in the face of high and volatile aid inflows. The new guidelines call for transparent and sufficiently flexible ceilings that can accommodate spending of scaled-up aid, particularly for sustainable donor-financed employment in the social sectors.

Rationale for caps on wage bills

If countries are to meet the MDGs, governments will indeed need to spend more to address their human resource constraints. In some cases, however, already high wage bills can hinder governments from doing so without complicating macroeconomic management. As a result, many countries have responded by establishing wage bill ceilings in the context of a PRGF-supported program as a complement to other fiscal targets in an effort to keep wage costs in check, while attempting to protect spending, including for additional hiring, in priority sectors.

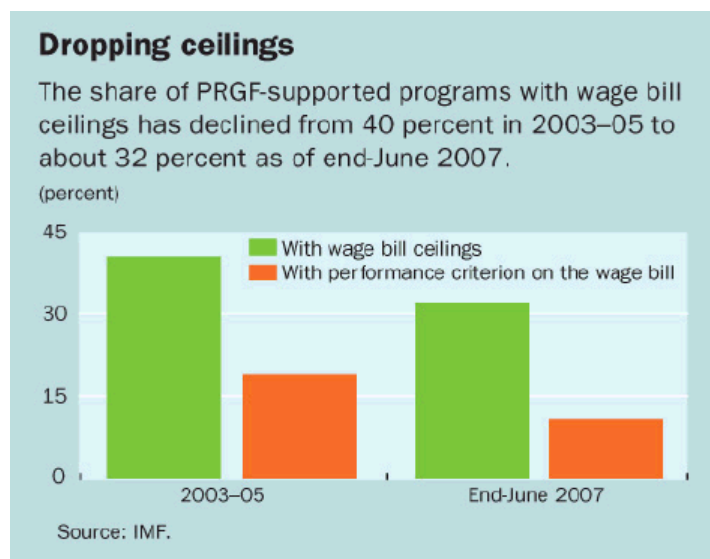
Wage bill ceilings usually provide only a short-term fix and ultimately need to be supplanted by civil service reform. Prolonged use of wage bill ceilings may lock in inappropriate civil service structures unless combined with structural reforms to address inefficiencies of civil service employment and pay structures.

Often, civil service reform is needed to address problems such as overly compressed wage scales; overstaffing (particularly, at lower levels of government); and ineffective promotion, transfer, hiring, and redundancy procedures. In addition, wage ceilings may create incentives to increase nonwage compensation, such as housing allowances and other in-kind benefits. In these cases, the resulting fragmentation of civil servant remuneration can encourage inequities in compensation, reduce the overall transparency of such spending and, hence, render wage bill ceilings ineffective.

Wage bill ceilings in practice

To what extent have wage bill ceilings been included in PRGF-supported programs? They have been applied only when first-best measures to control wage costs—such as the

introduction of functioning payroll systems or strong budget controls—have not been available, and the share of PRGF-supported programs with wage bill ceilings has declined from 40 percent in 2003-05 to about 32 percent as of end-June 2007 (see chart).



Only three out of a total of 28 PRGF arrangements—those for the Central African Republic, Chad, and Malawi—had wage ceilings as a quantitative performance criterion (a measure that is so critical, by itself, that non-implementation would warrant considering the program to be off track); another six programs include them as indicative targets (a weaker form of conditionality).

Applying the ceiling

In general, wage bill ceilings have been used to address concerns about wage bill dynamics and to support structural reforms of public sector employment and wages.

In **Ghana**, where wage spending had been a source of significant budget overruns, the government's PRGF-supported program included a performance criterion on the wage bill in 2005. The ceiling was established to support government efforts to bring wages under control, while a computerized payroll system for the public sector was being developed. The PRGF-supported program with Ghana was concluded in October 2006.

In **Mozambique**, similar concerns about a loss of fiscal control as a result of a ballooning wage bill led the government to introduce a quantitative benchmark on the wage bill in its PRGF-supported program in 2004. The benchmark aimed at focusing attention on factors underlying wage increases, and highlighted the need to link civil service hiring decisions to overall development objectives and comprehensive civil service reform. It also served to stress concerns about potential macroeconomic problems that could result from entering into long-term expenditure commitments without long-term donor commitments to finance them. Meanwhile, Mozambique has successfully moved beyond the post-conflict environment under which the ceilings were initially established, and the wage bill conditionality was dropped in June 2006.

Nicaragua agreed to the introduction of a performance criterion on the wage bill against a background of public sector wages being well above comparable private sector wages, while the wage bill had grown rapidly to reach about 8½ percent of GDP at end-2005, at the high end for Latin American countries. The performance criterion reflected concerns about the risk of a wage-price spiral that could undermine the country's external competitiveness. The PRGF-supported program with Nicaragua was concluded in December 2006.

What has been their impact? A [recent review](#) by Fund staff found that despite their intended short-term nature, wage bill ceilings tended to persist in PRGF-supported programs, were difficult to monitor, and distracted governments from efforts to strengthen institutions for better controlling wage spending. But the review also concluded that wage bill ceilings were never applied to a specific sector, and indeed in some cases, priority sectors—such as education—were excluded from the wage bill ceiling (for example, in Benin).

The ceilings also allowed flexibility to expand employment in priority sectors when external financing was available (for example, in Senegal, Malawi, and Zambia). In addition, periodic program reviews provided opportunities for adjusting these ceilings as resource availability and priorities changed.

A [recent report](#) by the [Center for Global Development](#) (CGD) also looks at the use of wage bill ceilings in PRGF-supported programs. In the case of Zambia, it found that their initial application was justified as a short-term instrument to rein in payroll dynamics that threatened macroeconomic stability. In the case of Mozambique, these ceilings were included in programs because of large increases in the wage bill, apparently only in part aimed at priority sectors. In practice, however, the ceilings were relatively lax, and hence apparently did not impose a major constraint on the wage bill.

In both cases, additional recruitment was allowed in priority sectors (mostly health and education), although wage bill ceilings were found to be ineffective in protecting priority spending, partly because there was no way to enforce or systematically monitor whether such priority uses under the ceilings were implemented.

The way forward

As countries strengthen their budget and payroll systems and formulate fiscal policy using medium-term frameworks, the need for wage bill ceilings as a means for controlling wage and employment costs will diminish. However, developing these systems will take time. In the interim, there may be an occasional need for wage bill ceilings, and after much dialogue and debate, the IMF has recently clarified [policies regarding the use of such ceilings](#) in PRGF-supported programs, underscoring that they will be used in exceptional circumstances and should be based on the following criteria:

- **Clear justification.** The rationale for wage bill ceilings should be guided by macroeconomic considerations. Program documentation should justify their use in a transparent manner, including their consistency with the MDGs.
- **Limited duration.** Wage bill ceilings are a temporary device. Governments should tackle the root causes of wage-related fiscal problems, such as the need for civil service reform and strengthened payroll management.
- **Sufficient flexibility.** Wage bill ceilings should be sufficiently flexible to accommodate spending of scaled-up aid, particularly for sustainable donor-financed employment in priority sectors such as education and health.
- **Periodic reassessments.** The need and rationale for wage bill ceilings should be reassessed at the time of program reviews.

This article is the latest in a series on the IMF's role in low-income countries and follows ["IMF moves to clarify aid role."](#)

EXECUTION OF BUDGET/EXPENDITURES

1. Efficiency in spending

Economists generally consider efficiency in spending to be desirable. Efficiency may also be desirable from a human rights perspective, particularly if the spending thereby makes the maximum use of available resources to realize human rights. The government's buying over-priced or poor quality goods would not be making the maximum use of existing resources. (Buying well-priced, quality goods that are not effective in realizing a right would also not be making the maximum use of available resources)

Consider the following case:

You work in Eta State in the Republic of Florina. You have heard numerous stories about women dying in childbirth in the State. One of the causes has reportedly been the shortage of drugs, including Oxytocin, at the hospitals. Oxytocin is used to stop hemorrhaging in childbirth. The State Department of Health says that each year they run short of Oxytocin, because they don't have enough funds for drugs. However, the head of the Department is also disturbed about the situation, and is interested in exploring the question further. Together you gather the following information:

- When bought in bulk (as the State Department of Health would do), Oxytocin costs about \$6.50 per dose.
- The Department head provides you with a copy of the previous year's (2008's) Department of Health financial report, which shows the following:

Blossom State Department of Health	
Financial Report 2009	
...	
Medicines	
Atripla	5,125
Isoniazid	2,010
Rifampicin	1,850
Pyrazinamide	1,000
Ethambutol	945
Oxytocin	2,650
Aspirin	750
Ibuprofen	500
...	

- She also finds the following three invoices:

Invoice						
Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
James	247	Surface		2/1/08	Payment upon receipt	2/1/08
Qty	Item #	Description		Unit Price	Discount	Line Total
100.00	MO191	Oxytocin		\$10		\$ 1,000.00
Total Discount						
					Subtotal	\$ 1,000.00
					Sales Tax	
					Total	\$ 1,000.00

Invoice						
Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
James	352	Surface		1/5/08	Payment upon receipt	1/5/08
Qty	Item #	Description		Unit Price	Discount	Line Total
75.00	MO191	Oxytocin		\$10		\$ 750.00
Total Discount						
					Subtotal	\$ 750.00
					Sales Tax	
					Total	\$ 750.00

Invoice						
Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
James	611	Surface		1/10/08	Payment upon receipt	1/10/08
Qty	Item #	Description		Unit Price	Discount	Line Total
90.00	MO191	Oxytocin		\$10		\$ 900.00
Total Discount						
					Subtotal	\$ 900.00
					Sales Tax	
					Total	\$ 900.00

Is there an issue about use of maximum available resources? If so, how would you state it?

2. Under-expenditure of funds

If funds have been allocated, but not spent, then the maximum available funds have not been used. Consider the following financial report.

Republic of Florina
Ministry of Health
Financial Report 2005-2008

	2005 budget	2005 actual	2006 budget	2006 actual	2007 budget	2007 actual	2008 budget	2008 actual
Alpha	35	30	34	29	32	28	32	29
Beta	49	45	50	45	49	44	49	45
Gamma	55	50	55	49	54	49	53	49
Epsilon	29	21	26	23	24	21	23	22
Zeta	23	20	23	19	23	19	21	20
Eta	7	6	8	6	7	5	7	6
Kappa	20	17	19	16	18	16	17	16
Lambda	35	32	33	31	33	30	32	30
Totals	253	221	248	218	240	212	234	217

- What do you notice in the report?
- What could be possible reasons for the regular under-expenditure for funds?
- How would you phrase an argument about use of maximum available resources?

3. Administration of funds/leakages

Funds may be allocated for primary health care or emergency health services, for example, but may never be fully expended for those purposes, because they are siphoned off at some point along in the flow of funds from the Ministry of Finance to the service provider. This problem may be identified through a PETS process undertaken by civil society or an independent agency, or they can be identified through the audit process. Consider the following information and data on the following pages (pages 43-45).

- Which States would be of particular concern to the Auditor General?
- How could the problem of leakage be articulated as a failure to use the maximum of available resources?

National report of the Auditor General of the Republic of Florina for 2008, p. 21:

.... The Ministry of Health has once again received an adverse opinion. The root cause of the adverse opinion is the failure by the Ministry to institute adequate monitoring of funds devolved to the States for recurrent expenditures and to act to remedy clear irregularities in the handling of those funds. In particular, while records indicate that over the past three years the Ministry has released the full funds to the States in a timely fashion, records in five of the eight states show lower receipts to their Health Departments than was allocated to them by the Ministry. The Ministry has taken no action to identify the reasons for the discrepancies.

This report by the Auditor General makes reference to the following financial reports from the Ministry of Health and State Departments of Health:

Republic of Florida				
Ministry of Health				
	2005 budget	2006 budget	2007 budget	2008 budget
National policy management	19	26	35	41
Administration	51	57	65	75
State infrastructure funds	178	184	193	201
State health operating funds	253	248	240	234
Alpha	35	34	32	32
Beta	49	50	49	49
Gamma	55	55	54	53
Epsilon	29	26	24	23
Zeta	23	23	23	21
Eta	7	8	7	7
Kappa	20	19	18	17
Lambda	35	33	33	32

Alpha State			
	2006 budget	2007 budget	2008 budget
Salaries	19	18	18
Sanitation	3	2.8	2.9
Administration & Other	1.5	1.4	1.6
Supplies & Medication	8.5	7.8	8.5
Total State Health Budget	32	30	31

Beta State			
	2006 budget	2007 budget	2008 budget
Salaries	27	27	28
Sanitation	5	4.8	4.1
Administration & Other	4	4.1	3.7
Supplies & Medication	12	11.1	12.2
Total State Health Budget	48	47	48

Gamma State	2006 budget	2007 budget	2008 budget
Salaries	29	29	28
Sanitation	5.7	5.1	5.2
Administration & Other	3.9	4.1	4.3
Supplies & Medication	14.4	12.8	13.5
Total State Health Budget	53	51	51

Epsilon State	2006 budget	2007 budget	2008 budget
Salaries	15	29	13.8
Sanitation	2	5.1	1.4
Administration & Other	1.5	4.1	1.3
Supplies & Medication	7.5	12.8	6.5
Total State Health Budget	26	24	23

Zeta State	2006 budget	2007 budget	2008 budget
Salaries	13	13	12.5
Sanitation	2	1.6	1.4
Administration & Other	1.2	1.4	1.3
Supplies & Medication	5.8	6	5.8
Total State Health Budget	22	22	21

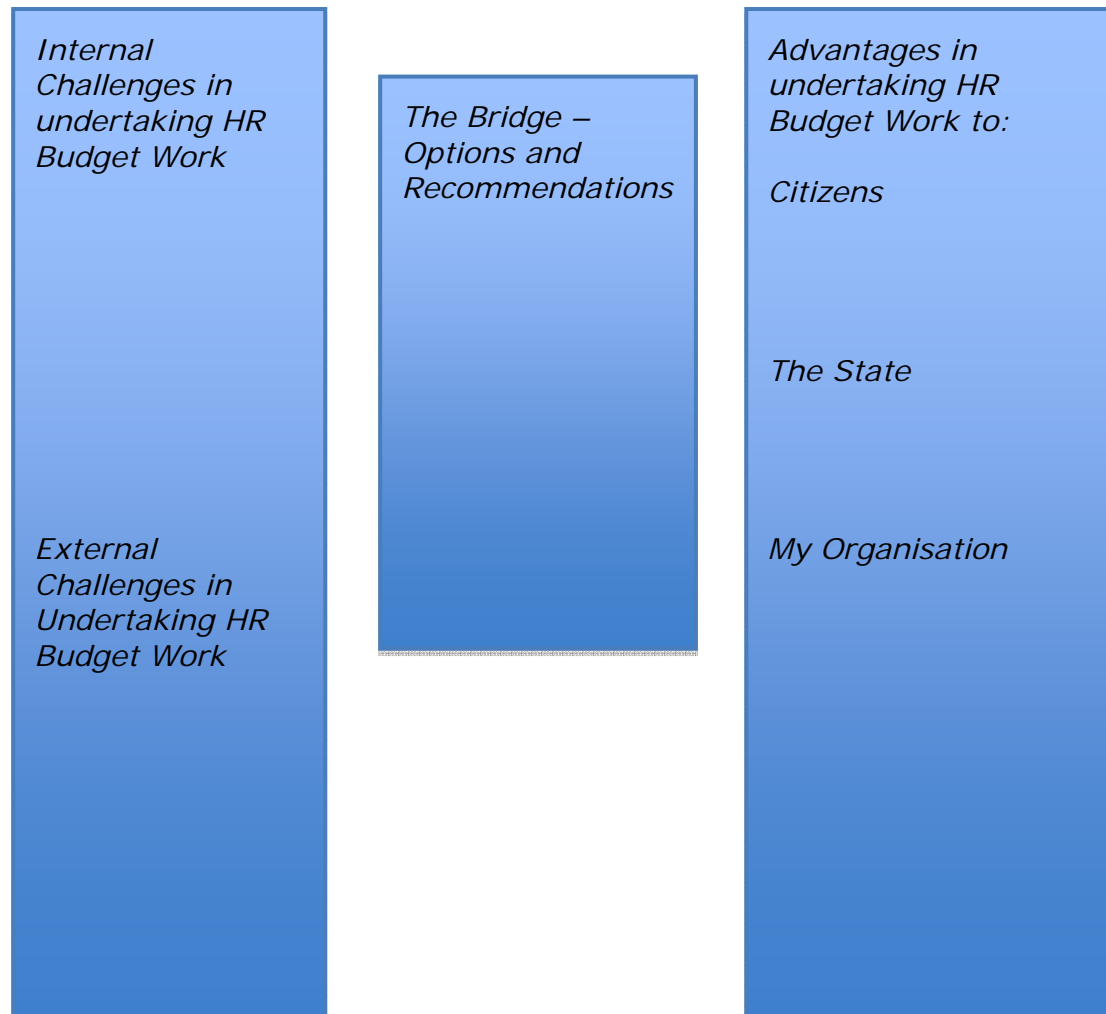
Eta State	2006 budget	2007 budget	2008 budget
Salaries	5	4.7	4.7
Sanitation	0.8	0.5	0.6
Administration & Other	0.4	0.4	0.3
Supplies & Medication	1.8	1.4	1.4
Total State Health Budget	8	7	7

Kappa State	2006 budget	2007 budget	2008 budget
Salaries	11	10.6	10.1
Sanitation	1.4	1	1
Administration & Other	1.1	1.1	0.9
Supplies & Medication	5.5	5.3	5
Total State Health Budget	19	18	17

Lambda State	2006 budget	2007 budget	2008 budget
Salaries	17.5	18	17.8
Sanitation	3	3.1	2.6
Administration & Other	1.5	1.6	1.4
Supplies & Medication	9	9.3	9.2
Total State Health Budget	31	32	31

Session 12 Handout

Budget Monitoring and Analysis: Strategic choice in our work « H » Exercise



Part 2

Session 9 "Answer" Sheet

9.1 EQUALITY AND NON-DISCRIMINATION

Revenue

Exercise 1:

- a) 4% on each family: Richmonds pay 3,600, Littletons, 800.
- b) 2% on first 10,000, 5% on income above this amount: Richmonds: 4,200, Littletons, 700. Total: 4,900

Second option produces more income. Second option is more equitable, because the scheme does a better job of protecting basic income needed to access rights (Littletons pay smaller share of their income).

Exercise 2:

- a) Richmonds pay 2,000, Littletons, 600, for a total of 2,600.
- b) Richmonds: 2.2%, Littletons, 3%
- c) Sales taxes generally burden the poor more, and are thus discriminatory on the basis of income.

Exercise 3:

- a) 160
- b) Richmonds: 0.17%; Littletons: 0.8%
- c) User fees for access to primary health care take a greater share of the income of the poor, and are thus discriminatory.

Exercise 4:

Sudan's National Health Policy guarantees free primary care and emergency care. At the same time, the Ministry of Health of Khartoum State is relying increasingly on user fees derived from primary health care services. This practice is not only contrary to national policy, but is discriminatory in that user fees hit the poor harder (discriminatory on the basis of income), and thus limits their access to maternal health care services (a large share of which is antenatal care). Their access to emergency care is also in question here (at least it should be red-flagged), as those fees likely are recorded under curative medicine, and those fees as a share of revenue are also going up.

Allocations and expenditures

a)

Per-capita allocations	2005	2006	2007	2008
Alpha	14.32	14.40	14.69	14.82
Beta	15.40	15.47	15.67	15.72
Gamma	15.44	15.41	15.68	15.74
Epsilon	13.31	13.43	13.57	13.66
Zeta	15.01	15.13	15.32	15.45
Eta	16.77	16.83	17.01	17.06
Kappa	14.02	14.15	14.29	14.35
Lambda	15.53	15.61	15.75	15.79

Allocations appear to discriminate in the period 2005-2008.

b)

	2005	2006	2007	2008
Average <i>per capita</i> allocations	14.97	15.05	15.25	15.32

- Alpha, Epsilon and Kappa states receive the lowest allocations per capita. The majority of the population in these three states is from minority groups. There would appear to be discrimination here.
- Epsilon, a rural state, receives the lowest per capita allocations in the period 2005-2008. However, Zeta and Lambda receive above average *per capita* allocation in all four years. As a result it is difficult to conclude that there is discrimination between rural and urban areas.

c) Clinics

Number of persons per clinic	2005	2006	2007	2008
Alpha	12,947.49	12,693.53	12,507.48	12,312.63
Beta	10,119.11	10,206.86	10,368.23	10,518.44
Gamma	9,914.10	10,012.30	10,240.76	10,494.37
Epsilon	10,401.70	10,495.43	10,741.21	10,873.32
Zeta	9,959.50	9,911.43	10,003.99	9,969.31
Eta	9,638.78	9,584.92	9,647.73	9,680.02
Kappa	11,555.11	11,361.78	11,215.36	11,183.73
Lambda	10,066.40	10,157.39	10,397.40	10,546.65
Average	10,825.90	10,803.70	10,891.15	10,948.31

- On the basis of the number of persons/clinic during the period 2005-2008, there appears to be discrimination. The clinics in Alpha, Epsilon and Kappa (minority states) have to serve more people per clinic, at the same time that their allocations are below average (which makes it very difficult for them to build enough clinics to catch up to the average).
- In the rural states (Zeta, Lambda and Epsilon), the number of people per clinic is below the average. There thus does not appear to be discrimination on the basis of rural/urban.

Hospitals

Number of persons per hospital	2005	2006	2007	2008
Alpha	192,054.50	168,642.57	175,104.71	181,171.57
Beta	194,792.92	199,884.25	191,413.54	198,232.23
Gamma	209,721.38	215,649.54	223,721.23	215,134.50
Epsilon	185,744.57	166,614.88	173,202.00	159,475.33
Zeta	167,651.67	147,255.57	152,918.14	138,324.13
Eta	144,581.75	148,566.25	123,491.00	127,776.20
Kappa	205,103.25	210,193.00	174,959.60	181,176.40
Lambda	173,874.18	163,364.67	169,824.25	162,256.15
Average	184,190.53	177,521.34	173,079.31	170,443.31

These figures do not seem to point to a pattern of discrimination.

9.2 PROGRESSIVE REALIZATION

Revenue

1. Yes (adjusted to 2008 terms)

2004: 254,347
2005: 262,073
2006: 275,289
2007: 290,423
2008: 303,318

Allocations and expenditures

Republic of Messina

Financial Report 2004-2008

	Budget 2004	Actual 2004	Budget 2005	Actual 2005	Budget 2006	Actual 2006	Budget 2007	Actual 2007	Budget 2008	Actual 2008
Health	3,054	3,050	3,250	3,200	3,500	3,350	3,800	3,470	4,150	3,601
Real terms	3665	3661	3702	3645	3772	3610	3949	3606	4150	3601

1. While the budget has been going up, expenditures have been going down, so this would seem to indicate a failure of progressive realization (remember that the population will also typically be increasing during this time, so the *per capita* decrease would likely be even more dramatic).
2. Even though the budget of the Ministry of Health has been increasing (although these figures are not adjusted for inflation, so the increase is likely not as significant as it seems), as a share of the overall budget, the percentage allocated to health has been declining. This would seem to point to a failure of progressive realization (as well as use of maximum available resources, which calls for prioritizing ESC rights). The National Health Policy has a target of 15% of the budget directed to health, in line with the Abuja Declaration.

9.3 MAXIMUM AVAILABLE RESOURCES

Revenue

1. Revenue as a share of GDP

Republic of Messina
Summary Financial report 2004-2008 (in millions of currency)

	2004	2005	2006	2007	2008
Revenues	211,919	230,091	255,471	279,459	303,318
Expenditures	260,427	277,106	301,447	319,643	339,113
Deficit	48,508	47,015	45,976	40,184	35,795
GDP	870,527	948,734	1,003,987	1,086,254	1,177,365
Percentages	24.34	24.25	25.45	25.73	25.76

Yes, the budget as a share of the GDP has been increasing over the years.

2. Rules related to revenue coming in over projection

Exercise: Revenue is consistently coming in over projections. At the same time, certain line items are consistently spending more than they were allocated at the beginning of the fiscal year. This would seem to indicate that the Ministry of Finance is deliberately under-projecting revenue so as to have the power to provide additional funding to certain areas of the budget not “pre-approved” for those added expenditures by the legislature. The extra revenue would be “available resources,” and as such, should arguably be directed to ESC rights areas if there is need. However, not all of the areas benefitting from extra expenditures are ESC rights areas. This could represent a failure of MAR.

3. Inefficient tax collection

Because the government has an obligation to do everything it can to secure resources to allocate to ESC rights, failure to efficiently collect taxes can be seen as a failure of MAR. It would be important to determine why tax collection is inefficient, as the reason would bear on the government’s capacity and/or willingness to fix the situation—and thus on its compliance with the obligation.

Allocations

1. Priority of ES rights issues within the budget

Certain ES rights (e.g., health and education) appear to have been given a low priority within the government’s budget, at the same time that the police (Rule of Law—internal affairs) and army (Security—SPLA Affairs) have been given large shares of the budget.

2. Trade-offs within ministries, departments and agencies

According to the General Comment on the Right to Health, Primary and Prevention care should be prioritized. It is important here to look not only at allocations, but at expenditures. For example, in 2006, P&P’s budget together come to more than Curative’s, but the actual expenditures on P&P are less. In 2007, P&P’s budget comes to less than Curative’s, and the expenditures are considerably lower. This seems to be a failure to use MAR for HR priorities.

3. Geographical trade-offs

Directing more medical personnel (and associated funding) to a locality like Al-Haj Yusuf or Sharq al Neel would be a more efficient use of funds than directing it to localities where the ratio of patients to medical personnel is lower (as it is, for example, in Abu Dilaiq). In other words, the government would be using the maximum of available resources by directing funds to the former areas.

4. Wage cap ceilings

Setting a wage cap for the government's budget would likely constrain hiring or increasing the pay of teachers, providing incentive pay for medical personnel to work in rural areas etc., because the majority of teachers and medical personnel are typically government employees. As a result, a wage cap ceiling could be at odds with the government's obligations to realize human rights. If not properly considered, it could be a failure to use the maximum of available resources, in that there is additional funding in the budget, it simply cannot be used for wages.

Expenditures

1. Efficiency in spending

There is an issue of MAR, because Eta State appears to be spending too much for Oxytocin. Bought in bulk, it should be about \$6.50 a dose. However, the invoices indicate that the State Department of Health is spending \$10 a dose. As a result, it is not making maximum use of the \$2,650 allocated for the purchase of Oxytocin.

2. Under-expenditure of funds

- All states consistently under-spend funds allocation by the Ministry of Health
- Possible reasons: lack of capacity to spend funds, delay in transfer of funds from the Ministry of Finance, lack of political will to improve health services in the country
- The Ministry of Health is failing to use the maximum of available resources, because funds have been allocated (and thus available) for health expenditures that are consistently not fully spent.

3. Administration of funds/leakages

- The Auditor General should be concerned with the following states: Alpha, Beta, Gamma, Zeta and Lambda. Those five states show a total state budget that is less than what was allocated to them by the Ministry of Health for each year from 2006-2008.
- According to the CESC, the maximum available resources obligation means that funds earmarked for ESC rights must not be diverted and must be fully expended for that purpose.

Part 3

Main Actors and Checklist of Issues

Main actors in the budget process

Various national actors have important roles to play in realizing economic, social and cultural rights. States have the primary responsibility to respect, protect and fulfil economic, social and cultural rights. Different State organs can play a variety of roles, where:

(a) *the legislature* is often in charge of approving the national budget and can thus ensure that the *maximum available resources* are devoted to fulfilling these rights;

(b) *the executive* complements the work of the legislature and has an important role in ensuring that legislation is supported by adequate policies and programmes, and that budgets are correctly prepared and executed and their use audited; and

(c) *the judiciary* has a role in ensuring that the State and others respect economic, social and cultural rights, and provides remedies if such rights are violated.

Furthermore, national human rights institutions (NHRIs), intergovernmental organizations, experts and civil society organizations are increasingly examining ways to monitor the progressive realization of economic, social and cultural rights through the use of statistical indicators, and analysis of national law and policy as well as budgets.⁶

Depending upon the country and context, a smaller or larger group of actors is involved at each stage in the budget process.

Formulation: The most important actor at this stage of the budget process is the Ministry of Finance, which is responsible for preparation of the government's overall budget. It does this in consultation with the line ministries (e.g., the Ministry of Health, Defense, Public Works), who thus also have an important role to play. International financial institutions, such as the World Bank and the International Monetary Fund, can influence the government's macroeconomic strategy, which in turn shapes the budget. National human rights institutions and civil society, particularly if they monitor the budget over the course of years, can influence the formulation of the budget, particularly through the line ministries.

Enactment: The Executive submits the budget developed by the Ministry of Finance to the legislature. Legislatures typically have the responsibility of approving the government's budget and enacting it into law. In a number of countries, civil society lobbies the legislature for modifications in the government's budget.

Implementation/execution: The primary responsibility for implementation/execution of the budget rests with the government, principally with line ministries. Civil society in a number of countries is involved in a range of ways in monitoring expenditures, including through analyzing in-year and annual financial reports, PETS, community-based monitoring of expenditures and the procurement processes.

Oversight/audit: The Supreme Audit Institution (SAI) in a country is responsible for auditing the government's budget and financial reports. The SAI's reports are typically submitted to the legislature for review and action to address shortcomings in the government's financial management. Civil society not only monitors this process, but can be involved in social audits and other forms of independent audits of government expenditures. In a number of countries the judiciary has played a role in overseeing the budget process, particularly if civil society organizations bring a case to the court that implicates the government's budget in some way.

⁶ OHCHR, *Frequently Asked Questions on Economic, Social and Cultural Rights*, Factsheet 33, 2008

A simple checklist for OHCHR staff to engage effectively in budget work

Human rights standards and issues

- ✓ Be aware that the government's human rights obligations apply to government policies, policy-formulation and planning, as well as to how it raises, allocates and spends public funds.
- ✓ Be able to articulate how the government's policies and budget relate to the core content of rights (particularly, availability, accessibility, acceptability and adaptability).
- ✓ Understand what the government's human rights obligations, particularly the obligations of non-discrimination, the use of maximum availability resources, progressive realization, relate to government's budget (revenue, allocations, expenditures, and impact), as well as to the macroeconomic strategies it pursues.

General knowledge about the budget and budget cycle

- ✓ Know where responsibilities lie within the government for key human rights related areas (e.g., education, health and housing)—national government, state/provincial and/or local/municipal—and the relevant human right obligations of each level of government.
- ✓ Identify the government funding sources (national, state and/or local funding, donor funds, etc.) and flows for these key human rights-related areas (e.g., education, health, housing etc.).
- ✓ Be familiar with the timeline on the budget (particularly the fiscal year) as well as the key actors in the budget cycle at the relevant levels of government.
- ✓ Be aware of the accessibility of information about the budget. How easy is it for you to access budget information? For government institutions, such as HR Commissions? For civil society? How does the country, where you are based, rank on the Open Budget Index (OBI)?
- ✓ Know the role of the legislature in budget approval and monitoring. How knowledgeable are legislators about the budget? How active a role do they play in reviewing the executive's budget proposal and monitoring implementation? Could they play a more active role if they knew more? Do they understand the relationship of rights to the government's budget?

Working with ministries, departments and agencies, and national HR institutions

- ✓ Ensure that employees in government ministries are aware of human rights and their human rights obligations, and how these rights and obligations relate in specific ways to the budgets of their ministries. Encourage them to explore ways to make their budgets more human rights-based and -compliant.
- ✓ Ensure that employees in national human rights institutions are aware of how the content of rights and HR obligations relate to the government's budget. Encourage them to explore ways to monitor and assess the government's budget and to advocate for its being more human rights-compliant.

Working with civil society budget analysis

- ✓ Know which civil society groups are doing budget work and how the work they do relates to the human rights issues of concern to OHCHR.
- ✓ Ensure that, if they don't already use a rights framework for their work, they understand how it could apply and be useful in their work. Support and facilitate workshops and capacity building activities that creates and increases awareness and knowledge on the relationship of human rights to the government's budget.
- ✓ If they would find it useful, make connections and facilitate dialogue between budget groups concerned about human rights and relevant government ministries and legislators.
- ✓ Be aware of the level of risk associated with civil society budget work in your country, and be prepared to intervene in the case of government harassment of organizations or individuals carrying out the work.

Part 4

Country Case Studies

Uganda: How PETS was born in 1996

Background and motivation

The initial idea of conducting PETS was conceived by the World Bank and the Ministry of Finance and Planning, following some inconsistent observations in the performance of the primary education sub-sector.

Despite substantial increase of public expenditure in primary education since late 1980s, this did not translate into improvements in educational outputs (increase in enrolments, availability of schools, teachers and textbooks), which was noted by the donors and government of Uganda. According to the official statistics, primary school enrolment remained stagnant at around 2.5 million, in addition to insufficient number of classrooms, untrained teachers and lack of training materials.

The above observations gave rise to suspicion that funds were not reaching their specific targets despite the fact that budgetary allocations for primary education were more or less released in full by the end of each fiscal year. The hypothesis was that public funds were captured (by local politicians and public officials) and not reaching the intended facilities (schools). In addition, there was less systematic information flow about how the funds released by Ministry of Finance.

Objectives and scope of PETS

Therefore, the main objective was to establish how much of the resources provided by Government (including Donor Funds) reached selected schools and health units over the period of 1991/92-1995/1996, and to assess the management of those resources; and improve understanding of the way decentralization (a policy being implemented at the time of PETS) was functioning in relation to provision of primary education and primary health care. It was also intended to identify deficiencies in the provision of primary education across the country and, on a pilot basis, develop a methodology for tracking funds released by Government for priority areas.

The Scope of the study was to track the Capitation Funds (paid by government for number of student enrolled in districts and schools) and teacher salaries spent in the provision of primary education. These funds were disbursed to school level through districts. Textbooks and classrooms were procured centrally and the funds spent were not amenable to the tracking methodology. However, questions to assess status of classrooms and textbooks were included for cost reasons.

There was no clear-cut methodology designed for PETS because part of the objective of the study was to develop and begin testing on a pilot basis a methodology for tracking funds allocated to and released for priority areas.

Results

- Shocking results (80 % average leakage of funds) attracted attention from outside the Task Force.
- Consequently, high profile meeting, chaired by the Vice President of Uganda and, attended by senior cabinet ministers and other political functionaries was arranged. This presentation was followed by a number of important decisions made by government and implemented by MOES, MOLG and MOPED. One important decision was to implement the recommendation of publishing of fund transfers to districts in newspapers - a practice that has continued to this day. All schools were to open accounts and post on notice boards amount of funds received and expenditure.

- The uniqueness of the PETS results also attracted the Donor Community and the NGOs in Uganda.
- The lesson learnt is that dissemination/advocacy strategy should be prepared upfront. Also, it is important to share the recommendations with policy makers who are more likely to initiate changes. The strategy should always include all stakeholders to enhance ownership but the line Ministry must be at the forefront of the dissemination/advocacy. The study should present succinct findings and recommendations in an action plan format.

Follow-up of the PETS' Recommendations

The results of the first PETS in Uganda set a stage for subsequent ones to be conducted by Government of Uganda in collaboration with donors involved in education sector.

Since 1997, sector wide approach and budget support was introduced in education sector and other sectors as well. In fact, direct budget support has become the main mode of funding sectors. Joint Sector Reviews (JSR) is also a common mode of reviewing sector performance and results published in newspapers and websites (See February 2010 Annual Performance Review/Planning and Budget Workshop).

The sector budget support funding modality now in use and joint sector reviews are promoting key human rights principles of participation and transparency in sector activities, achievements and challenges.

Recommendations of PETS

Recommendations from these PETS have been prepared in Action Plan Format, detailing the roles of Duty Bearers (at different levels of government) and Right holders (See separate presentation on these). This allows for tracking the action undertaken, ongoing and outstanding overtime.

PETS is a monitoring tools that allows one to highlight achievements and challenges towards realization of rights. It is a means and not an end.

Malawi: Using the PETS methodology to help guarantee the right to education⁷

Some or all of the funding for local service delivery in spheres such as health or education typically comes from the national government. Too often only a portion of the funds allocated at the national level actually arrives to the service delivery provider. When that service provider is a district education department or a school, and schools are over-crowded, there are too few textbooks, and teachers are under-qualified, this “leakage” of funds becomes a significant obstacle to students’ enjoyment of their right to education. Furthermore, a failure by the government to work to correct the problem is also a failure to use the maximum of available resources to realize the right to education, because while the funds have been allocated to education, through “leakage” they are being used for other purposes.

The Civil Society Coalition for Quality Basic Education (CSCQBE) in Malawi uses Public Expenditure Tracking Surveys (PETS) to address serious problems of mismanagement and corruption within the education system in that country, including problems related to funds reaching district education offices, schools and Education Supplies Units. CSCQBE, comprised of NGOs, community-based organizations, teachers’ unions, religious-based organizations, and district networks, has developed and administered a set of questionnaires, to head teachers, schools, district education offices, teacher training colleges and others. These questionnaires have collected information about increases in budget allocations, the amount of funds allocated for as well as received by districts from the national level, teaching and learning materials received by schools and colleges, the amount and timeliness of teachers’ salaries, and a range of other topics that have a direct bearing on the quality of education experienced by students at different levels and in different parts of the country.

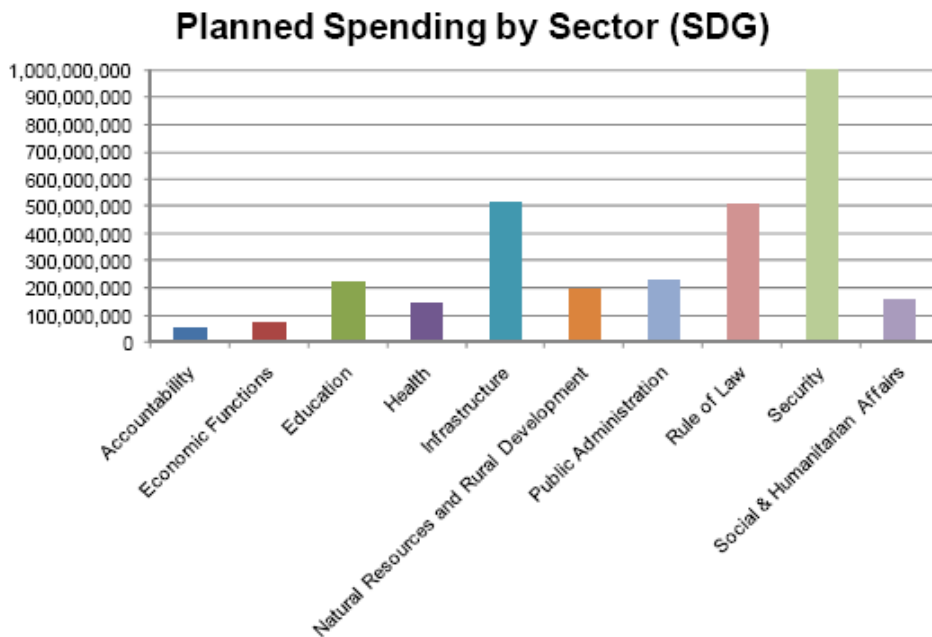
After it completes such a survey, CSCQBE develops a report summarizing its findings and introduces it at a public meeting with ministry officials, parliamentarians and others. It subsequently also holds district meetings to discuss the survey findings relevant to the districts. It works with local officials to formulate a plan to address the problems identified and monitors related commitments made by the officials.

CSCQBE’s efforts have had some significant positive results. In 2002, for example, they campaigned effectively for the reopening of teacher training colleges that had been closed for budget reasons. In 2004 the government undertook its own expenditure tracking survey, after observing CSCQBE’s work. In addition, in response to CSCQBE’s findings, the government started addressing educational disparities between rural and urban areas. In sum, PETS, together with extensive civil society involvement, has proved to be an effective tool in helping to ensure that the government’s budget is used to advance the right to education in Malawi.

⁷ Information on CSCQBE’s PETS initiative is drawn from International Budget Project (IBP), [*Our Money, Our Responsibility*](#) (2008).

Southern Sudan: Prioritizing economic and social rights in the government's budget⁸

The government's obligation under Article 2 of the ICESCR to use the maximum of available resources to realize economic, social and cultural rights has been interpreted by the CESCR to mean that the government should prioritize these rights in the budget, particularly ensuring that the minimum core content of rights are realized. As a result, one of the basic analyses of the budget relevant to assessing a government's human rights performance is determining the shares of the budget directed to different sectors of the economy and society. It is possible to show those shares graphically, as is in the following chart which reflects the amounts in the 2008 budget of the Government of Southern Sudan (GOSS):



Alternatively, it is also possible to determine the percentage of the budget directed to different sectors. This is done by identifying those funds allocated for specific sectors (such as education, security, infrastructure), dividing each sector's amount by the total of the budget, and multiplying by 100.

The chart above "shows" that the largest share of the GOSS 2008 budget went to Security, the vast majority of which was for the SPLA (the army of Southern Sudan), and a significant share for the police (Internal Affairs, in the Rule of Law category), while education and health received a much smaller share. The failure to prioritize the latter sectors raises significant questions as to the government's compliance with its obligation to use the maximum of available resources to realize ESC rights.

⁸ The source of the chart is the Government of Southern Sudan's "Budget at a Glance" (Approved Budget 2008)

South Africa: Advancing the rights of the child through budget work⁹

In Article 27(1) of the Convention on the Rights of the Child, States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development.

In 1998 the South African Government introduced a Child Support Grant (CSG), in line not only with this guarantee, but with a provision in the South African Constitution to assist those "unable to support themselves and their dependents" (art. 27(1)(c)).

Shortly after it was adopted, a coalition of civil society groups, concluding that the size of the proposed CSG grant was too small and that it would fail to reach many needing support, came together to push for expansion of the grant. Early on the coalition recognized that the research they were planning to undertake to develop evidence for their advocacy should include relevant budget information. The Institute for Democracy in South Africa (IDASA) was asked to help.

In 2000, IDASA and another member of the coalition, the Children's Institute, analyzed the size of the grant. One of their first findings was that the value of the grant had fallen in real terms since its introduction two years earlier. This information was brought to the attention of the relevant government departments and legislative bodies. Shortly thereafter, the grant was increased for the first time.

Since then, civil society has undertaken a range of activities, including awareness raising, negotiating with government entities, organizing marches and petitions, and approaching members of parliament, to continue their push for extending the CSG. On repeated occasions throughout the campaign, they analyzed the government's budget and financial report to pinpoint evidence demonstrating that there were sufficient resources in the government's budget to increase the size of the grant and/or to raise the age of eligibility—thus urging the government to use the maximum of available resources to advance the right to social security and an adequate standard of living.

The campaign has met with considerable success: in 1998 the CSG was R100 a month; as of 2009 it was R250. In 1998 children up to 7 years of age were eligible; as of 2009, the grant included youth up to 18 years of age. Between 2001 and 2009 the number of beneficiaries expanded from 1.9 million to over 9 million, and the budget allocation for the CSG went from R2.4 billion in 2001 to \$14.4 billion in 2008.

Since 1998 South African children's rights to social security and to an adequate standard of living have been greatly enhanced by a well-focused and energetic civil society campaign that has made strategic and effective use of budget analysis.

⁹ Based on excerpts from "[South Africa: Civil Society Uses Budget Analysis and Advocacy to Improve the Lives of Poor Children](#)," available on the website of the International Budget Partnership (IBP)

Argentina: Progressively realizing the right to education in Buenos Aires

The Argentine Constitution guarantees the right to education; the Constitution of the City of Buenos Aires guarantees access to early education for children from 45 days after birth to 5 years of age. There is widespread socio-economic inequality in Argentina generally and in the City of Buenos Aires specifically, at the same time that the government has undertaken a commitment to an egalitarian approach in education. This is the context within which the Asociación Civil por la Igualdad y la Justicia (ACIJ) in 2006 decided to begin analyzing how the city government uses its education resources. An initial analysis revealed that through its budget the City of Buenos Aires, rather than neutralizing existing inequalities in education, ended up discriminating against those already of a low-income background. One of the main objectives of ACIJ's work has thus been the eradication of those structures and practices that keep the poorest children in the City on a path of a lower quality education.

Since ACIJ began its education work, its primary focus has been overcrowding in the schools and the lack of spaces in pre-school for a significant number of children, particularly those living in poor neighbourhoods. ACIJ identified the neighbourhoods in the City where overcrowding is most severe, and determined that those same areas suffer from lower educational infrastructure spending than do richer areas of the city. This led ACIJ to focus on the infrastructure spending (construction, repair and maintenance). It has documented that since 2002 the City Department of Education has consistently and significantly under-spent its infrastructure budget despite the crying need for more classroom space to relieve overcrowding. This situation is one where the government is not only discriminating against students on the basis of their family's income, but, by under-spending needed infrastructure funds, is also failing to use the maximum of available resources to advance the right to education in the city.

ACIJ takes the executive's budget when it is released and analyzes it geographically (by neighbourhoods in the City) and spending area. It also tracks spending over time, to determine whether the government is working to progressively realize its obligations. It presents comments on its findings to the legislative body and members of the executive branch. It also uses the media to good effect.

ACIJ has been successful in making the City's education budget visible. Prior to 2006 neither legislators nor the public knew what the education budget was being spent on or where it was being spent. Although many politicians were concerned about social spending, because of the lack of readily-accessible information in the budget, it was very difficult for them to understand where the funding was going. Prior to ACIJ's work, few people were aware of or talking about the human rights impact of education spending, particularly the rich versus poor break-down in that spending. ACIJ has been successful in changing the dialogue about education in the City of Buenos Aires.

Mexico City: Moving towards a human rights-friendly budget

Mexico has ratified several international human rights treaties, but there is still a considerable gap between the guarantees in these treaties and reality for many people, who lack the basic conditions necessary to live a dignified life. Aware of this gap, in 2006 the Government of Mexico City along with the Office of the High Commissioner for Human Rights (OHCHR) in Mexico and the Human Rights Commission of Mexico decided to undertake a human rights diagnosis to analyze the extent to which the government of Mexico was fulfilling its human rights obligations. The diagnosis was to assess the human rights situation in the city and identify the main obstacles that were preventing people there from exercising and enjoying their rights. The diagnosis was the first step in the development of a human rights program leading to the harmonization of local legislation with human rights standards, and the consolidation of public policies with the human rights attributes of universality, indivisibility, interdependence and progressive realization. The OHCHR, along with a Coordinating Committee comprised of representatives from the Legislative Assembly, City Government, the Supreme Court, Human Rights Commission and civil society, carried out the diagnosis, which featured direct participation by a range of actors, including employees of the federal government, human rights organizations, academic institutions and other civil society groups.

The diagnosis identified 2,400 "lines of actions" that would need to be implemented by forty governmental departments and agencies in Mexico City. Each department or agency was to select those lines of action that related to their area of work, and classify them into one of three categories:

- Lines of action for which the department or agency already had in place programs fully aligned with the lines of actions, and thus where no further action was needed.
- Lines of action for which the department or agency had programs that were in partial alignment, but where some adjustments would be needed to fully comply with the human rights principles mentioned.
- Lines of action where the department or agency had no relevant programs and where a gap thus needed to be filled.

Civil society organizations have worked closely with governmental departments and agencies to align, to the extent possible, the lines of action with the existing budgets for the years 2009 and 2010. They have also played a key role in helping the departments and agencies to identify additional resources that would be needed to cover the gaps between the programs currently in place and the costs of what was suggested in the lines of action. The thought has been that departments and agencies may be able to include the cost of these new programs and related adjustments in future budgets.

**Nigeria: Oil money and the failure to use the maximum of available resources
in the Niger Delta**

The Nigerian budget relies heavily on revenue from oil extraction in the country, particularly from states in the Niger delta. Long-standing poverty and neglect of people's needs by the federal as well as four state governments of the delta region have led to growing violence and insecurity. The latter has caused a drop in oil production, which has in turn has led to decreasing revenues and shrinking government budgets. It was in this context that the Niger Delta Citizens and Budget Platform (NDCBP), a civil society coalition, decided to monitor and analyze the budgets of the four states (Akwa Ibom, Bayesa, Delta and Rivers States). In doing so, they uncovered a range of human rights-related problems related to and in the budget.

Through its budget work the coalition developed substantial evidence as to why the rights to education and health, in particular, of people in the four states has been so poorly realized. While shrinking revenues have been a real problem, in various ways the state governments have repeatedly failed to make maximum use of the resources available in their budgets. Budget lines with vague names, such as "security vote," were to be expended by the chief executives of the states, with no accounting for the expenditures required. Through a sectoral analysis, NDCBP determined that neither the health nor education sector was allocated substantial funds in any of the budgets, and expenditures came in under even the inadequate allocations. NDCBP encountered civil servants who were not even aware of funds appropriated for their areas. By a close review of budget figures, they also uncovered numerous duplications in allocations and expenditures among different departments of the governments.

The coalition's monitoring teams visited the site of infrastructure projects detailed in the governments' budgets, and repeatedly found that despite expenditures set out in the budget, little or no work had been done and no building (e.g., a school or a health clinic) was visible. They also learned that the Rivers State budget provides allocations for capital projects to be spent by the legislators. Such allocations raise questions about the separation of powers, as the legislature is supposed to monitor budget expenditures by the executive; it would have less motivation to do so when it has been given funds out of the same budget. Moreover, no system was in place to ensure that spending by the legislators was in keeping with the state's human rights obligations, or that the spending was not duplicative of or in conflict with state policies and plans, and thus efficient.

NDCBP was able to secure only minimal budget documentation from the state governments through normal channels (except in Bayelsa State), and in many cases had to rely on informal means to get anything meaningful. This problem is one faced by budget groups around the world and is a violation of the guarantees of access to information as well as participation in governmental affairs guaranteed by the Universal Declaration of Human Rights and international treaties. Nonetheless, NDCBP's report, *2009: Citizens Report on State and Local Government Budgets in the Niger Delta* is an example of how much can be said about a government's compliance with its human rights obligations working with even minimal information from the government.

**South Africa: the Treatment Action Campaign (TAC), the right to health
and the government's budget**

The Treatment Action Campaign (TAC) has been at the forefront of the struggle in South Africa for access by the millions of South Africans with HIV and AIDS to medicines to help counter the diseases. Over the years, TAC has used a range of strategies, including negotiation with the government, mobilization of its large membership and litigation, to pressure the government in particular to:

- 1) make Nevirapine available to pregnant women as part of a comprehensive program to counter mother-to-child transmission of the AIDS virus; and
- 2) make anti-retrovirals (ARTs) available to those already suffering from HIV and AIDS.

In both cases the government repeatedly maintained that making Nevirapine and ARTs widely available would be prohibitively expensive.

TAC's position has been based on Section 27 of the South African Constitution, which says that the state must take reasonable measures "within its available resources" to achieve the progressive realisation of the right to health care. The Campaign argued that where issues of affordability arose, the onus was on the government to cut costs, by licensing generic medicines, for example, and/or by making progressive policy shifts towards redistributing more of the state's resources to healthcare.

In the late 1990s, the government and the TAC were caught in argument over the cost of the then-available medication to counter mother-to-child-transmission, with TAC countering the government's cost figures with research that showed that a widespread program would be cost-effective over the longer-term, because of the infections it would prevent. Then in 2000 another drug, Nevirapine, which was as effective as AZT and considerably cheaper, became available. However, in a court case the government presented evidence that a full rollout of Nevirapine would cost R250 million (\$33.33 million), and was thus too expensive. In response, TAC cited a 2001 Intergovernmental Fiscal Review which indicated that provincial departments of health had under-spent their budgets by R473 million (\$63.1 million) in 2000—more than the projected cost of Nevirapine. In December 2001, the High Court found in favour of the TAC and ordered the government to draw up a plan setting out a national programme for the prevention of mother-to-child transmission using Nevirapine. The Constitutional Court agreed with the High Court.

In 2000 the government had also come out against a whole scale roll-out of ARVs, again saying that it would be too expensive. TAC undertook research which came up with figures on the numbers of lives that would be saved and infections prevented by ARVs, along with the projected costs from 2002 to 2015 of a comprehensive ARV program. TAC acknowledged the substantial cost of an ARV program, but argued again that in the long-term, such an investment would be cost-effective. A government task force subsequently agreed that such a plan would be affordable as well as save hundreds of thousands of lives. In August 2003 the government said it would draw up a plan.

TTAC's successful use of costing and analysis of the health budget, which was undertaken both by specialized budget analysts as well as by partner organisations did much to undermine the government's arguments, and in so doing proved that Nevirapine and ARV treatment was affordable within the government's available resources.

Pakistan: Monitoring earthquake reconstruction funds

It is generally recognized that the poor typically suffer the most from natural disasters, and thus in such contexts their human rights are most at risk. Moreover, relief aid that would help restore enjoyment of rights to the victims of natural disaster is too often subject to fraud and misuse. Growing civil society capacities to monitor budgets can, however, play an important role in minimizing fraud and maximizing the realization of rights.

Substantial international aid flowed into Pakistan following the devastating earthquake there in October 2005. In early 2006 a public agency, the Earthquake Reconstruction and Rehabilitation Authority (ERRA), was established to oversee the reconstruction process. The ERRA plan targeted health and education infrastructure as well as housing. Receiving numerous complaints about the pace and quality of reconstruction efforts, the Omar Asghar Khan Development Foundation (OAKDF), an NGO, undertook systematic research to assess ERRA's budget and other data as well as a participatory effort to learn from people in the affected areas about their experience with reconstruction. The former research uncovered the fact that, despite the ERRA's public claims, as of July 2008 only 175 schools out of the 5,344 damaged or destroyed had been rebuilt, and only 12% of the targeted health units had been rehabilitated. The participatory research uncovered numerous reports that ERRA had not, for example, fully paid the promised housing reconstruction subsidies, and was not listening to those affected by the earthquake about the type of housing they wanted to replace housing that had been destroyed.

In 2007 OAKDF launched a campaign to pressure ERRA to:

- 1) realign rehabilitation assistance with people's priorities;
- 2) adjust federal and provincial budgets so that resources were distributed equitably; and
- 3) promote voting for candidates based on merit rather than clan loyalty in the impending elections.

The campaign derived its power not only from its research, but from the 300 people's organizations, lawyers, workers and the media that were involved in it. The campaign was multifaceted, including, in addition to the research, effective use of the media and numerous protests, including a sit-in in front of the Parliament and President's Office in Islamabad, as well as direct involvement as an implementing agency for ERRA's reconstruction efforts for one union council.

In late 2008 the head of the ERRA agreed to three of the campaign's demands: that it make the balance of the housing subsidy payments available immediately, that it expedite the reconstruction of road, health, education and water facilities, and that it reconstruct facilities in politically unstable areas. The ERRA's own data shows stepped up reconstruction activity during this latter part of the campaign, and many observers credit the campaign for the improvements. OAKDF's initiative is also a very fine example of how participatory monitoring of project implementation and related expenditures, together with analysis of allocations in a budget, can play an essential role in ensuring that the maximum of available resources are used by the government to realize people's rights to housing, health and education.

Latin America: Fiscal policy, non-discrimination and the use of maximum available resources

Fiscal policy is a way that governments can influence the economy. A sound fiscal policy not only promotes stability and macroeconomic growth, it can also be a powerful tool to reduce poverty and inequality. A recent study¹⁰ has shown, however, that because of the combination of inadequate revenue collection and poorly targeted expenditures (both representing a failure by governments to use the maximum of available resources), the fiscal policies of governments in Latin America have not generally contributed to the reduction of poverty and inequality in that region.

Economic inequality in Latin America and Europe is very similar before taking into account the effect of direct taxes and income transfer programs. After such taxes and transfers, however, inequality in Europe falls considerably, while in Latin America it remains about the same. According to the study, this can be explained in significant part by a failure in revenue collection and by poorly targeted spending in Latin America.

In Latin America, most tax systems tend to be neutral or regressive in terms of income redistribution. The share of revenue from direct taxes (income taxes) is low given the level of development of the region. The problem is not low tax rates, but widespread illegal evasion of taxes. The proliferation of many generous tax deductions, exemptions and loopholes also significantly reduces tax revenues, while simultaneously favouring high-income households and substantially reducing their tax burden. Collection of direct taxes is also very low compared to indirect tax collection (i.e., taxes on goods and services). This makes total tax collection relatively regressive, because the poorest pay proportionally more of their income on these indirect taxes than do the wealthy. In contrast, in Europe, where direct tax collection and indirect tax collection produce about the same amount of revenue, most tax systems tend to be progressive with regard to income redistribution.

Although Latin American governments have increased social spending in recent decades, they have not done so in ways that have significantly reduced poverty and inequality. Governments typically redistribute income through the provision of services (e.g., education) and income transfers (e.g., retirement pensions or conditional cash transfer). However, in Latin America public spending on services such as education has done little to increase human capital of the poor, because the quality of education in public schools is very low. Similarly, public spending on transfers has increased in recent years, but not in an equitable fashion. Most of the increase has gone to social security, which favours high-income households (as retirement pensions exclude workers from the informal sector), while social assistance schemes, such as conditional cash transfers that would help reduce inequality and poverty, represent only 15% of total public spending on transfers.

¹⁰ Jeffrey Puryear and Mariellen Malloy Jewers, "La política fiscal y los pobres en América Latina," Inter-American Dialogue, SÍNTESIS 3, Junio 2010.

Philippines: Procurement processes and using the maximum of available resources

Governments spend their budgets in part through paying for their own costs (e.g., salaries of police, teachers, medical personnel, etc.), and in part through procuring goods and services (e.g., textbooks, medical supplies, construction of roads, etc.) from individuals and companies outside the government. The procurement process is typically quite technical and challenging to understand. However, learning about the processes and developing skills to monitor and assess them can be a very worthwhile investment for those interested in realizing human rights.

In the 1990s the education sector in the Philippines suffered from widespread corruption, particularly in the procurement of textbooks. In 2003 a newly elected government decided to tackle this problem, which it believed was rooted in the award of overpriced contracts to unqualified bidders, suppliers not honouring their contracts, and some vendors providing poor quality books. Government Watch (or "G-Watch") is a project of the Ateneo School of Government in the Philippines. It tracks public expenditures and monitors implementation of government projects through the efforts of a small staff and hundreds of volunteers. The new government, working with G-Watch, instituted a "Textbook Count Program," as part of which civil society would monitor the textbook procurement bidding process, the production of the textbooks themselves, and their delivery to schools.

A team of trained volunteers monitored and assessed the solicitation and review of bids, as well as the award of contracts, to ensure that the winning bidder had met all the necessary requirements. Once decisions on the contracts had been made, the Department of Education created quality inspection teams comprised of Department employees and representatives of civil society. The teams visited the printing presses and warehouses of the suppliers to ensure that contract specifications were being met. Each team was provided with a checklist of issues to verify, and they informed vendors of problems identified so that they could be fixed.

Monitoring delivery of the textbooks was the most complex challenge, as it involved by far the largest number of volunteers, because the books were to be delivered to 4,800 locations. A schedule for deliveries was set, so that volunteers would know when they needed to be on site. Despite the government's efforts at coordination, a number of deliveries were delayed, with the result that they could not be monitored. However, the teams were able to monitor about three-quarters of the delivery sites.

As a result of the combined efforts of the Department of Education, G-Watch and thousands of volunteers, the costs of textbooks in the Philippines ended up being approximately half of what it had historically been; defective books were identified and replaced; and a significantly greater proportion of the ordered textbooks arrived to the schools than had previously been the case. Procurement monitoring proved itself to be an effective tool in enabling the government to ensure that it was spending the maximum of its available resources to ensure quality education (through the provision of well-produced textbooks) for students in the Philippines.