

**UNICEF Submission to the Committee on the Rights of the Child  
Day of General Discussion on  
"Resources for the Rights of the Child - Responsibility of States"  
Investments for the Implementation of Economic, Social and Cultural Rights of Children and  
International Cooperation (CRC Article 4)  
Geneva, 21 September 2007**

## **Executive Summary**

UNICEF welcomes the theme of this day of discussion, which is in line with one area of its Medium Term Strategic Plan (MTSP) for 2006-2009. Under this MTSP area, entitled "Policy Advocacy and Partnerships for Children's Rights", UNICEF seeks to strengthen the capacities of States to design and implement economic frameworks, including national budgets which harness all available resources towards realizing children's rights. This area responds to the obligations put upon States parties under Article 4 of the CRC in relation to the implementation of social, economic and cultural rights, to undertake all measures "to the extent of their available resources, and, where needed, within the framework of international cooperation".

Although, in its outline for the Day of Discussion, the Committee has identified a number of issues with regard to the implementation of economic, social and cultural rights, this submission only addresses questions of economic resources, particularly areas where conceptual progress may be possible. Its aim is to stimulate new thinking on budgets and social and economic policy with respect to the implementation of the CRC, as well as to share experience at different levels on child rights-sensitive budget processes in particular.

This submission is divided into three parts. Part I addresses the concept of "available resources" and the process of identification of these resources. Part II examines the role of national budget with regard to its impact on children's rights and discusses the need to apply human rights principles and standards to budget processes. Part III highlights some of the approaches used to assess these instruments, as well as the challenges in implementing them. Finally, the paper concludes with some recommendations to the Committee, States parties and other stakeholders on how best to address the obligations arising from Article 4 of the CRC.

## **Introduction**

UNICEF considers the ultimate purpose of public policy, including budgetary and fiscal policies, to be the universal fulfilment of rights. Article 4 of the Convention on the Rights of the Child reflects this purpose, and is fundamental to the Convention on the Rights of the Child. It combines the pragmatism of the language of progressive realisation with the ambition of allocating resources for the realisation of children's rights to the maximum extent possible.

However, the 'maximum available resources' concept of Article 4 is conceptually difficult. Available resources have to be understood as going beyond the financial, into resources such as human capital that are hard to quantify. Available financial resources can be heavily impacted by borrowing or receipt of ODA. While there are tools of analysis, predominantly within the sphere of economic analysis, which can guide such decisions, there is no definitive or objective approach which determines a single right amount to borrow or accept.

The ‘maximum available resources’ concept of Article 4 is also difficult practically. Budget data is difficult to obtain, unreliable and often obscured by poor budget capacity and/ or corruption. Costing realisation of particular rights is challenging when, in order to secure most rights of children, multi-sectoral responses with numerous constitutive elements are required.

Given this, there is as much to be gained from looking at the process around the development of the budget and ways in which it can be ‘democratised’ as there is in looking at specific technical aspects of any putative budget. While there is no objectively correct way to determine precisely how much should be spent on what, it is possible to promote processes that will encourage better allocations of resources through opening up the economic analysis of the options to popular engagement and participation. Such processes require making the budget transparent and comprehensible, establishing avenues for participation and structures for accountability.

Another available approach is to compare the performance of other countries at a similar stage of economic development. Standards in areas such as healthcare or education and levels of investment in services for children can be compared between countries with comparable resources at their disposal. However, doing so absent a comprehensive, disaggregated and common set of indicators for children’s rights is necessarily arbitrary to some degree, making the need to develop such a common set of indicators an important step to the improvement of policy formulation, monitoring and evaluation for children.

More generally, the extent to which the budget serves as an instrument for realisation of children’s rights will be closely related to the extent to which the budget operates effectively and efficiently and prioritizes investments for children. Thus Public Financial Management is a concern for those working for children’s rights.

However, looking more broadly, there are two key considerations which should not be lost in consideration purely of budget allocations. First, the budget as a key determinant of resource allocations sits within a broader policy framework. Issues such as decentralization, national and sub-national planning processes, executive discretion in reallocating resources after legislative vote or other aspects of the overall governance structure all greatly determine the way in which any statement of intended resource allocation actually translates for children. This broader perspective also facilitates linking issues around the budget to issues around the National Plan of Action for Children which, in many countries, may contain a strong policy framework that is not adequately linked to a corresponding set of resources.

Second, efforts to examine resource flows may be complemented by exploring further measurement of overall outcomes for children. Investment in efforts to capture the situation of children in measures such as analytical frameworks or indices for child rights, child poverty and/ or child deprivation that lend themselves to advocacy and policy responses have the potential to stimulate and open up debate on the extent to which different approaches to resource allocation are delivering appropriate results for children.

### **Part I – “Maximum extent of .... Available resources”**

Article 4 of the Convention on the Rights of the Child (CRC) calls for public policies and resources to be oriented towards realizing children’s rights; this is echoed in other instruments and agendas such as the Millennium Declaration and Goals. The standard to be met is progress to the “*maximum extent of ... available resources*”. This both recognizes the reality of resource constraints, thereby making the requirements of the Convention realistic in a resource constrained world, but also establishes an ambitious and rigorous standard with major policy and budgetary implications.

However, the precise nature of these implications, what the maximum extent possible may be and how this might be measured presents a challenge to States Parties, to the Committee on the Rights of the Child, and to the broader community concerned with the rights of children.

***What are available resources?*** Himes refers to three aspects to consideration of available resources and their allocation for children:<sup>1</sup>

- The various types of resources available in a society for the survival, protection, development and participation of children;
- The different levels of society, including civil society, and the various levels of government at which these resources are available; and
- The key political issues of who controls these resources and makes the decisions regarding their allocation or reallocation.

In a framework that incorporates policy concepts from both the human rights and human development perspectives, types of resources are:<sup>2</sup>

- Human resources: Physical and mental health, knowledge, creativity, self-confidence, time availability, and skills (interpreted broadly to include important abilities such as child-rearing, teaching, leadership, managerial and political skills).
- Economic resources: income (in kind or cash, or individuals or enterprises), assets, natural resources (especially land and water), credit, government revenues and expenditures;
- Organizational resources: family and household structure, extended family or clan relationships, community structure and organizations, cooperatives, trade unions, religious organizations, the media, governmental organizations, other public- and private-sector institutions and managerial arrangements, technologies (to the extent not ‘embodied’ in human or economic resources).

These categories are inter-related. Economic resources such as family income and tax revenues can be allocated to purchase or improve human or organizational resources. Organizational resources, such as a smoothly functioning public sector institution, with strong management and service delivery controls, can enhance the outcomes or productivity of other resources, such as health.

Article 4 refers to public resources, including domestic revenue such as tax or income arising from natural resource exploitation (e.g. oil revenues) and Official Development Assistance (ODA) in the form of loans or grants, alongside domestic and external financing (borrowing). Borrowing adds to short-term available resources but can have adverse effects, including high inflation, reductions in private investment and growth and an unsustainable public debt burden. This limits the extent to which borrowed funds can be added to the resource envelope.

These resources can be considered as both “stocks” and “flows”. “Stocks” are endowments or accumulated pools of resources, which societies or individuals have at their disposal. “Flows” refer to the actual expenditure or use of the available resources by societies and individuals, either through direct consumption or application, or through transactions and exchanges in the workplace, marketplace, or social interactions.<sup>3</sup>

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<sup>1</sup> Himes, J.R. (Ed.) *Implementing the Convention on the Rights of the Child: Resource Mobilization in Low-Income Countries* (1995). UNICEF. Page 5.

<sup>2</sup> *Ibid.* page 6.

<sup>3</sup> *Children’s Rights. Turning Principles into Practice* (2000). UNICEF and Save the Children. Essay 10, Page 159.

For example, human resource stocks, which are also referred to as social capital, include skills and motivation vested in people (including children). Human resource flows include the use of people’s skills towards productive activities. Economic stocks include assets such as land and savings, while economic flows include wages and profit.

The following typology of stocks and flows illustrates this concept for our purposes:

Type	Stocks	Flows
Human resources	Skills, professionalism, motivation, will power, aspirations, ‘vision’, knowledge, experience, desire, commitment, energy	Skilled, manual, and intellectual work; struggle, threat, negotiation, dialogue; exchange of information and experience
Economic resources	Land, natural resources, physical infrastructure (roads, electricity, water); equipment and tools; assets and savings; technology and information	Income, expenditure, raw material consumables (inputs into production activities), interest, profit
Organizational resources	Administrative structures, norms, procedures; laws and regulations; professional organization; political power, leadership, control; political organization; local organizations and committees; service organizations; family	Decisions, participation, mobilization, management, implementation, monitoring, training

While stocks determine the level of endowments or capacity available over the long term, they can degenerate or deplete over time (e.g. non-renewable natural resources) or increase as the result of economic growth. Certain kinds of stocks, such as technical skills or an organization’s management capacity, need to be augmented, replenished or updated so that they continue to be a beneficial resource which can be utilized or drawn upon. To ensure the optimum use of resources requires a process by which a society’s resources, both stocks and flows, are combined in an assessment of ‘available resources’ and for the achievement and enforcement of children’s rights.<sup>4</sup>

## Part II – The Role of National Budget in realizing children’s rights

Children’s rights are universal, indivisible, interrelated and synergetic. This makes costing realization of a specific right complicated at best. Implementation often requires many actors to work together in a coordinated fashion. A balanced, complementary set of interventions often requires investment in sectors that are not directly focused on children. The requisite holistic perspective includes a social and economic policy framework that addresses human development comprehensively and invests accordingly. Thus, estimating resources for realizing children’s rights requires an understanding of the key issues in public finance and budgets within economic, social, and political contexts and the link between budgets and public finance and the situation of children and families. Instruments such as social and child impact assessments and assessments of

<sup>4</sup> Parker, D. “Resources and Children’s Rights.” *Implementing the Convention on the Rights of the Child: Resource Mobilization in Low-Income Countries* (1995). Himes, J. (Ed.). UNICEF. Page 38.

how additional or complementary investments in any sector may serve ‘the best interests of the child’ are practical instruments in making budgets child friendly.

Government budgets express policy decisions in terms of allocation and sources of funds. National budgets influence the level and direction of activities, including social, economic and cultural behaviour, where people work, what transport they use and what healthcare system is available to them. They reflect a set of values and are inherently political rather than the result of a technical process.

One manifestation of this is the connection, or lack thereof, between National Plans of Action for Children and budget processes. The fact that governments rarely attach budget allocations to such plans, or use these plans as a basis for making decisions with regard to budgets and resources may be demonstrative of political decisions about the priority placed on children’s rights and measures of implementation for their realisation.

**Budget priorities:** Growth and macroeconomic stability are generally considered conducive to human development, including the realization of the rights of the child. In practice, however, growth and stability concerns become the ends of budget preparation rather than the means to broader human rights ends. This underlies the frequent emphasis on allocations aimed at economic growth, such as infrastructure, alongside relative neglect of social sector expenditure. That is not to say that economic growth cannot improve realisation of children’s rights: rather, that it is one element among many.

Rights-focused budget preparation simultaneously addresses both issues, as opposed to the hierarchical or sequential approach often seen. Thus the macroeconomic framework of growth targets, inflation rate, tax revenue, public borrowing and fiscal deficit needs to be harmonised with a human development framework. This human development framework must draw on instruments such as the CRC and the MDGs and be developed according to human rights principles of participation, non-discrimination, universality and accountability.

**A rights-based approach to the budget:** In general, budget making suffers from sources of inefficiency commonly associated with ‘government failures’.<sup>5</sup> These include information asymmetry, weak accountability, rent seeking and corruption. One approach to reducing this is to provide full information in the budget process to reduce the probability of valuation failure.<sup>6</sup> This underlines the need for greater technical analysis and input in social budgets. However, information is inadequate to address failures of political will, discrimination or corruption, which require instead strict accountability measures.

The principle of democratic accountability suggests that governments that under-resource the poor are voted out. However, many children live in countries where for various reasons these mechanisms do not function to provide the requisite accountability. An alternative or complementary approach is a budgeting process that does not allow decisions to be final unless consensus is obtained from wider stakeholders. Civil society’s engagement in policy and budget processes is critical. Avenues for this include involvement in elections and opportunities to express views on budgets, including before and during the process of debate in parliament. In societies with well-developed legislative and oversight institutions, trade unions, private sector bodies, professional associations, NGOs and mass media, such participation is often extensive and well-informed. However, for many countries these structures and institutions for democratic budgeting are limited and require

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<sup>5</sup> Harvard School of Public Health *Goals and instruments of poverty reduction: Economic and human rights perspectives on children’s rights and development strategies* (2007) Page 61.

<sup>6</sup> Ibid, pp 73-74

capacity development.

There is some experience of involving children in budget preparation. Further research on this experience and its impact in affecting budget allocations for children would be valuable.

**Making the budget more transparent:** Indicators of human development are rarely monitored as closely as macroeconomic variables such as growth and inflation rates. Data from those indicators that are monitored is rarely disaggregated. This limits available data for ensuring sufficient allocation of resources for rights-fulfilling activities. This limited data is in turn inadequately analysed, including for trends, and publicized.

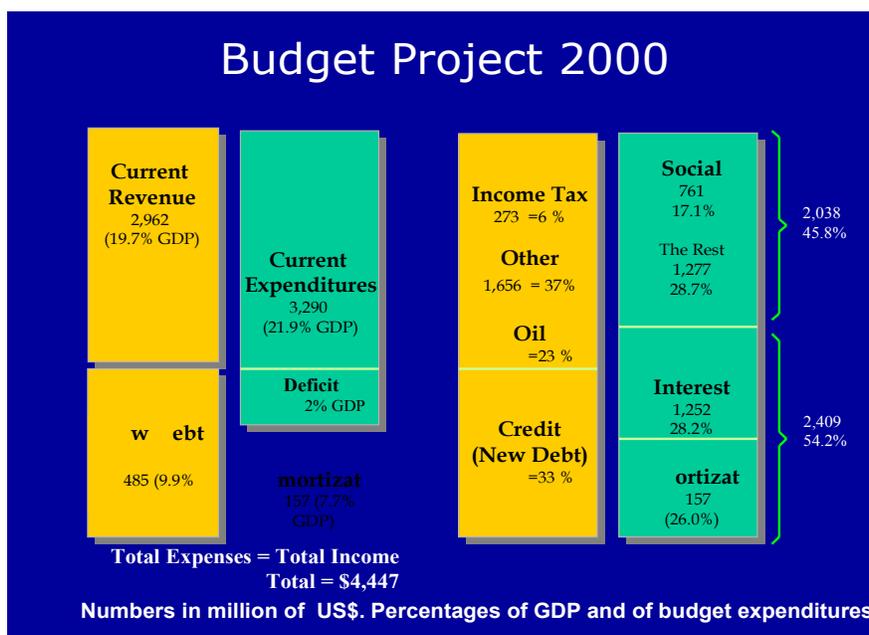


Figure 1: Visual representation of the 2000 Ecuador budget

One example of an attempt to address this is the Ecuador experience. Figure 1 shows a visualization of the 2000 budget. Although the second column indicates a given amount of expenditure, the upper part of the first column indicates that the revenue is lower. The deficit includes not only expenditure that is not financed but also amortization of previous debt. The second column therefore represents the amount of current debt that society has to accept in order to continue to operate according to the current budget plan. This makes a budget in which expenditure is larger than revenue, and which consequently leads to indebtedness, more comprehensible, with greater appreciation of the budgetary constraints within which it operates.

The third column in the figure illustrates revenue, of which direct taxation only represents 6 per cent, compared to far greater oil revenues. Debt accounts for roughly the same amount as total tax revenues and is larger than oil revenues. The last column shows that expenditures represent 45 per cent of the budget, while payment of interest and principal accounts for 54 per cent. Such initiatives to make the overall budget circumstances comprehensible to a wide range of stakeholders and the public were valuable in democratizing the budget process and promoting participation in decision making. They were also critical in promoting rights-based budgeting geared towards the realization of children's rights. It is also noteworthy that in a number of cases the

United Nations as a neutral partner of governments, often with strong relationships with broader civil society, is well-placed to facilitate such initiatives.

### **Part III - Impact of resource allocations on children's rights**

*Assessing the impact of resource allocation and expenditures on children's rights:* Various approaches to assessing the impact of budget allocations on children's rights have been employed. Each has advantages and disadvantages.

One approach is using budget data to assess the trends and allocations allocated to the implementation of the Convention. However, since strategies required to realize rights necessarily take a multi-disciplinary approach, it is difficult to separate out the expenditures made towards achieving particular objectives for a specific group of the population. For example, the health budget clearly benefits children, but it is difficult to identify the proportion of the recurrent costs of a health centre that benefit children specifically or exclusively. In addition, budget data inadequately captures non-economic resources such as human and organizational resources, which complement and enhance the application of economic resources<sup>7</sup>.

Another constraint is the reality that the totality of government resources and expenditure are rarely incorporated in a unified state budget. Substantial extra-budgetary flows of revenue and expenditure, which are not subject to normal budgetary oversight, obscure the total available resources or their overall allocation. It applies in resource rich states, as well as in states with high levels of aid dependency, where significant amounts of aid are channelled through 'off-budget' projects.

Another possibility in many countries is using Poverty Reduction Strategy Paper (PRSP) monitoring mechanisms and the Medium-Term Expenditure Framework (MTEF) which details resource allocations. However, while annual reporting provides some reflection of performance against PRSP targets and goals, few PRSPs have prioritised or explicitly addressed children's rights, reporting is often input (expenditure) rather than outcome orientated and progress is rarely analysed to determine whether it is being enjoyed equitably by all parts of the population. National Plans of Action for Children may include ambitious monitoring frameworks but generally do not have budget attached to them. National Development Plans or Strategies suffer many of the same limitations as PRSPs. Overall, the available proxies for budget analysis are too limited to provide adequate impact assessment for children.

The focus on budgetary allocations implies that resources other than economic resources, which are equally important to the realization of rights, are not made explicit. For example, putting in place healthcare facilities that cater to adolescents involves not only investing in physical infrastructure, but also motivating and sensitizing staff to the particular emotional needs of adolescents (i.e. human resources) and creating a service atmosphere in which adolescents feel comfortable (i.e. organizational resources). In other words, it requires instituting a new approach to healthcare services, and not simply providing the premises, equipment and staff. Major policy dialogues on the use of economic resources often leave out the needs and rights of children, which, in turn, get reflected in budgetary allocations in which children are 'invisible'.

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<sup>7</sup> Jespersen, Eva and Julia Benn (forthcoming) 'Issues to consider in assessing international support for realizing children's rights: a reflection on aid modalities and transparency in reporting' chapter in Mavrotas, George (ed.) *Aid: Principles, policies and performance*.

***Democratising the budget:*** Given these constraints there has been an attempt to identify processes that involve civil society organizations - at the grassroots, national and international levels - academia, research think-tanks, government agencies, and international development organizations in the budget. While these attempts originate from and are organized around a range of purposes, they ultimately aim to make public budgets more transparent, raise public awareness of economic and social policy and public finance issues, and ensure that governments are held accountable to policy decisions and responsibilities to progressively realize rights.

These budget initiatives have been led by civil society groups (grassroots community organizations, advocacy networks, etc.) or research institutes and academia in some cases, government bodies at the national or local level in others and in other cases by parliamentarians. Activities have targeted the general public, policy-makers, parliamentarians, government agencies, media, or civil society organizations. They involve a range of activities including research, policy analysis, negotiating with international financial institutions, advocacy and media campaigns, capacity-building, training, building networks for organizations, enabling/fostering community participation and raising economic literacy.

Such approach responds to the budget as a primarily political rather than technical instrument. Although the approach is relatively new, the scope, number, skills and network of the organizations involved in budget-related efforts are growing. Currently, in many developing countries, the analysis and advocacy undertaken by these initiatives is the strongest voice on monitoring budgets with regard to children's rights.

***The Public Financial Management system:*** Ensuring resources are devoted to the maximum extent possible requires a sound public financial management (PFM) system. This includes, but is not limited to:

- 1) A unified budget, in which all resources and expenditures (including those from ODA) are incorporated, at all stages of the budget cycle, including appropriations, execution and reporting, so that rational allocation decisions can be made within an overall resource envelope.
- 2) A budget methodology that allocates resources to achieve results (outcomes and/or outputs), rather than incremental input-based budgeting.
- 3) A medium-term fiscal framework, which makes it possible to plan for and gradually implement shifts in expenditure patterns over a multi-year period (usually 3-5 years) in accordance with policy priorities (and the trade-offs between them) and projections of available resources.
- 4) Strong capacity for budget analysis.
- 5) An efficient treasury and payments system that avoids resources being 'locked up' in myriad accounts (through the use of a single treasury account) and disburses funds promptly to service delivery units, personnel and suppliers.
- 6) Strong financial controls, including an effective audit function.
- 7) In countries with a decentralized fiscal system equalizing fiscal transfers to ensure that resources are redistributed to sub-national governments with lower levels of local tax revenue.
- 8) Limited and transparent executive branch, including discretionary authority to reallocate budgets after legislative vote.

While a good PFM system does not guarantee proper resource allocation for children, a bad one undermines even the most well-intentioned pro-child budget policies.

***Organisational resources and public sector governance:*** Many countries have initiated reform of the public sector to trim and professionalize staff, advance accountability and transparency, including through devolution of authority to local authorities for resource allocation and policy implementation in areas such as social

services. Such processes are often dictated by fiscal constraints and crises and initiated under duress. Particularly in the formerly centrally planned economies where such processes were initiated during the early 1990s at a time of recession, improvement in public finances in the late 1990s led to a stalling of public administration reform and in some cases a partial recentralisation with less transparency of processes and blurring of lines of accountability. This hampers the implementation sector reform, the realisation of allocation of resources as actual expenditures and may fuel corruption<sup>8</sup>.

An important complement to concerns for greater transparency in budgetary processes is the implementation of expenditure tracking systems which allow the identification and addressing of bottlenecks in the realisation of budget allocations, including in areas directly affecting children.

***The policy context and research agenda:*** In addition to the overall resource envelope there are concurrent policy questions. These include privatization and deregulation of domestic enterprise, financial and trade liberalization, market-oriented economic policies and limits on state intervention which can provide challenges to universal access in both developing and industrialized countries. They go beyond questions of budget and public administration, looking further at market regulation and the broader structures of governance within which the budget is situated. They also go beyond a single generation, with policy implications in areas such as natural resource management and environmental protection having inter-generational implications.

While defining and measuring available resources and stipulating precise budget allocations for children may be difficult, there remains potential to look to the outcomes for children as a proxy for the appropriateness of the broad resource inputs that are presumed to influence or even determine them. In this context, further work on a broadly applicable normative quantitative framework for child poverty and deprivation is a priority for investment of time and effort within the child rights community, since it offers the prospect of a means by which to measure progress of States Parties in terms of overall improvement in the situation of children across a range of their rights. UNICEF's work with Report Card 7 Child Poverty in Perspective: An Overview of Child Well-Being in Rich Countries, on child rights indices in Latin America and in child poverty measurement in Viet Nam are all examples of attempts to quantify that situation. They sit alongside efforts made elsewhere, for example in the Office of the High Commissioner for Human Rights and elsewhere on human rights indicators. Bringing these efforts together may deliver a means by which to assess in broad terms whether resource allocations are working, measuring countries' progress longitudinally and in a manner sensitive to their particular resource constraints.

Another means for contextualizing resource allocation decisions within the broader policy framework may be to consider them alongside National Plans of Action for Children. While these are not always the highest priority among the range of plans and programmes that governments may be developed, they none the less, together with the budget, reflect to some extent the policy environment and issues for children and as such may be a valuable analytic resource.

More generally, the issue of resource allocation for children is as dependent on the availability of adequate data, and thus monitoring and reporting systems, as all other aspects of policy for children's rights. An agreed set of data and indicators alongside a timely monitoring and assessment system for policy purposes and a strong role for independent research and monitoring organisations offers the potential to inform policy overall to the benefit of children's rights. Data and indicators on children, of a quantitative, qualitative and financial nature, lend themselves both to information national policy making and to international comparisons within

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<sup>8</sup> Overview: Innocenti Social Monitor 2006. *Understanding Child Poverty in CEE/CIS*, UNICEF-IRC

intergovernmental processes such as that around the Convention on the Rights of the Child. Such systems need to devote particular attention to excluded and disadvantaged children such as those living with disabilities, refugee or stateless children, ethnic minority and immigrant children and those being cared for in institutions. Even among economically advanced countries, internationally comparable data tend to depict the situation of children who are living at home and in mainstream education.

## Recommendations

Based on the above, UNICEF recommends that the Committee consider the following with regard to instructions to and consideration of reports from States Parties to the Convention to better address the obligations arising from Article 4:

1. That the Committee request that States Parties report not only on budget allocations with regard to Article 4 but also on the processes by which these budget allocations were arrived at and the extent to which children, young people, their parents and their communities were able to input into the decision making process.
2. That the Committee requests that States Parties include in their reports a comprehensible summary budget description that allows the Committee an overview of the financial resource situation as it potentially applies to children (see the Ecuador model described in the paper). To the extent possible States should also describe the use of human and organisational resources “to the maximum extent”. Should the Committee wish to develop guidelines for such a summary budget description UNICEF is prepared to assist.
3. That the Committee requests the Office of the High Commissioner for Human Rights to coordinate a process with partners, including UNICEF, UNDP, the World Bank and Non-Governmental Organisations, to produce guidelines for stakeholders such as parliamentarians, government officials of Ministries for Social Welfare or children and national non-government organisations on engaging budgets for CRC implementation.
4. That the Committee encourage international organisations, bilateral, multilateral and non-governmental, to support efforts of stakeholders at country level to engage in budget processes including through efforts to increase literacy in budgetary analysis.
5. That the Committee requests the Office of the High Commissioner for Human Rights to facilitate further dialogue and conceptual progress on budgets and the Convention.
6. That the Committee call upon relevant partners, governmental, multilateral and non-governmental to continue research into child rights/ child poverty/ child deprivation measures and to consider tailoring such research towards States Parties’ reporting to the Committee.
7. That the Committee encourages States Parties to include a representative of their Ministry of Finance in delegations attending the Committee’s discussion of their report.
8. That the Committee request that States Parties describe the connection between the National Plan of Action for Children and other relevant documents and the budget process in their reports to the Committee.
9. That the Committee seek to develop with States Parties guidelines on reporting on Official Development Assistance as part of the reports to the Committee, both with regard to its provision and use.