



Public Financial Management for the Rights of Children and Young People: Conducting a Dialogue (part 4)

A country's budget is perhaps the most powerful tool a government has to implement its policies and advance the rights of its population – including children and young people.

Good public financial management (PFM) enables a government to use public resources efficiently and promote the development of the country. Through the budget process, available resources are marshalled and policies and priorities are translated into financial commitments. Thus good PFM is a prerequisite for democratic governance and guaranteeing human rights.

PFM is the way a government uses its financial resources to achieve its policy objectives. Specifically, PFM ensures that:

- public spending is in line with available resources and macroeconomic goals,
- resources are allocated effectively between different areas and items in pursuit of development goals, and
- resources are used in such a way that they provide maximum value-for-money.

PFM comprises the planning and budgeting process, the payment system, the accounting and reporting systems, procurement, internal and external audit, debt management, and the taxation/revenue system at national, regional and local levels of government.

In Sweden's development cooperation partner countries, children and young people make up the majority of the population.

Moreover, most governments have committed themselves to guaranteeing certain rights for children and young people.

This should be reflected in the budget. How a country's budget is planned, executed, reported and audited has significant implications for children and young people.

Definition of child and youth rights

The rights of children and young people are established in conventions, declarations, resolutions and charters at the global and regional level. They are also found in countries' constitutions, laws and policies at the national and local level. For more information see, for example, the three other Sida briefs on children and young people in the reference list at the end of this brief.

Why dialogue on PFM and the rights of children and young people?

- **Because public resources belong to the people of a country.** Available funds should be managed fairly and responsibly to serve the needs of the population. Children and young people benefit when a country has a strong PFM system and are disadvantaged when the PFM system is weak.
- **Because children and young people are rights holders.** They are entitled to see their rights realised in practice. States are legally obliged to use their resources to realize these rights.
- **Because it costs money to protect and advance the rights of children and young people.** The more efficiently and effectively resources are managed to meet human rights standards, the more services of better quality can be delivered to them.
- **Because a country's budget reflects its real priorities in relation to development.**

If a country is serious about prioritising the well-being of children and young people, this has to be reflected in its budget decisions and practices.

- **Because waste, mismanagement and corruption contribute to poor service delivery.** When services do not reach intended beneficiaries, it is particularly devastating for children and young people who are at risk or in danger, living with disabilities or in extreme poverty.
- **Because what happens to today's children and young people will affect the country for decades to come.** A healthy, well educated population is better prepared to meet tomorrow's challenges.
- **Because the way a country raises revenue and the size of its debt burden has implications for future generations.** The children of today will face enormous challenges if they inherit state institutions and economies unable to provide for their people.



The human rights perspective, poor people's perspectives on development and public finance management: what are the links?

- **Accountability:** A government's budget shows its priorities and how it plans to implement policy frameworks. Governments can be called to account – by legislatures, independent audit institutions and civil society organisations – for the extent to which they use public resources as promised to advance the rights of children and young people.
- **Transparency:** In order to hold governments accountable, rights-holders are entitled to regular, relevant and reliable budget information. Very few governments provide clear information on how they budget specifically for the rights of children and youth, although some produce separate budget publications on the topic.
- **Non-discrimination:** Data and other information are needed to actively promote non-discrimination in relation to young people, boys and girls. The budget should distinguish and prioritise those children who are most vulnerable to human rights violations, for example children of ethnic minorities, boys and girls with disabilities, young girls subjected to violence, young LGBTI persons, unemployed young people, or children out of school.
- **Participation:** There are many ways to participate in a budget process, both formally and informally. Meaningful participation can lead to better outcomes and depth of ownership. For this to happen, participants need the capacity to engage with budget issues and decision-makers need to be open to public perspectives. In a number of countries, young people are involved in budget monitoring, analysis and advocacy. One example is young people monitoring the local budget of Fortaleza through the Save the Children Sweden supported organisation CEDECA-CEARÁ. Fortaleza is a city of 2,5 million inhabitants in Brazil. You can Google “Rede Orçamento e Participação Ativa” to find out more.

“Through public debate, members of the public can present the government with a ‘marketplace of ideas’ from which to choose the best suggestion... Children’s opinions need to be heard in all aspects of their lives – even with governments – on important issues that affect them now or will affect them in the future.”

Adapted from Sida (2010), Freedom of Expression – Dialogue

Policy framework for budgeting to advance the rights of children and young people

The following are examples of international and regional documents that place legal obligations on states to use their resources to advance the rights of children and young people:

- *UN Convention on the Rights of the Child and its Optional Protocol on the Involvement of Children in Armed Conflict and Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography*
- *African Charter on the Rights and Welfare of the Child, African Youth Charter, Draft East African Youth Charter for Human Rights and Good Governance, and Ibero-American Convention on Young People's Rights*
- *ILO Minimum Age Convention and ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour*
- Certain UN Security Council resolutions also require resources to be used – such as resolution 1612 on protection of children in armed conflicts.

In addition, there are the *core human rights instruments* that do not specifically refer to children and young people but certainly include them. These instruments also oblige a state to use its resources to advance human rights.

- *UN Declaration of Human Rights*
- *UN Convention on the Elimination of All Forms of Racial Discrimination*
- *UN International Covenant on Civil and Political Rights*
- *UN International Covenant on Economic, Social and Cultural Rights*
- *UN Convention on the Elimination of All Forms of Discrimination against Women*
- *UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment*
- *UN Convention on the Rights of Persons with Disabilities*

Finally, a country has its own policy framework – constitution, laws, poverty reduction strategy, national development plans, and plans of action – that impact on the rights of children and young people and should be considered in budgeting.

What does “progressive realisation” mean for governments?

Most human rights obligations allow for the progressive realisation of economic, social and cultural rights over time. This is because these rights may be difficult to achieve in the short term, due to resource or other constraints. Two examples:

- *Article 2 of the UN International Covenant on Economic, Social and Cultural Rights* states that steps should be taken by State Parties “... to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.”
- *Article 4 of the UN Convention on the Rights of the Child* says, “States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.”

Progressive realisation of human rights places a responsibility on states to show that they use their available resources as best they can to make rights a reality. It also means that states have a duty not to make budget decisions that weaken the state’s guarantee of socio-economic rights. Civil and political rights, on the other hand, must be realised immediately.

What questions are posed when formulating a budget?

How much a government should spend on children and young people is a very complex question and there is no objectively correct answer. However, the answer should be based on the answers to such questions as:

- How much should the government tax, borrow and spend overall to promote economic growth, employment, poverty reduction, macroeconomic stability and other policy objectives – such as those related to children and youth for example?
- What are the obligations of the state to children and young people outlined in international and national policy frameworks, and to what extent are these obligations being met?
- What are the government’s policy objectives for children and young people, and to what extent are these policy objectives being met?
- What are comparable countries spending on children and young people, what are the results of that spending, and does this suggest that the government should spend more or implement different measures to meet the needs of children and young people?
- Is the government spending significant amounts of money on lower priority areas and activities?

The next step is to **prioritize among competing possible government measures for children and young people.**

- What are children and young people’s most important unmet needs and unfulfilled rights?
- What are the lessons of the government’s earlier measures to meet the needs of children and youths? What did the measures cost and what did they accomplish?
- What government measures might fulfil these needs, what are the costs and benefits of these measures, and how difficult is it for the government to implement these measures?

Definition of available resources

Available resources include taxes, customs duties, state oil and other natural resource revenue, fees, borrowing and foreign aid. Sub-national government’s resources also include grants from the national government. Resources are always limited in relation to needs.

A prudent minister of finance will avoid making binding, long-term financial commitments without reliable, long-term financing. Fair, effective taxation is essential if a government is to guarantee rights.

Mainstreaming

The needs of children and young people span over many sectors – education, health, labour market, justice and security, to name a few. Spending directed specifically to children and young people is only a portion of the public spending that benefits poor children and young people. Similarly, if there is a ministry for children and youth, it may still be less important for children and youth than the ministries of education, health, labour and justice. Therefore, in order to effectively promote the rights of children and young people, it is important not to focus too narrowly on programmes for children and young people, but rather to look at the main business of government and see how that affects children and young people.



A realistic budget fulfilling the needs and securing the rights of children and young people to the maximum extent possible within the available resources can be formulated based on:

- the amount of money that will be allocated to children and youth
- a list of costed and prioritized measures for children and youth

In a well-functioning public sector, the government will have done a lot of this work already and child and youth advocates can study and react to this work.

Which parts of the budget process are most likely to be important for children and youth?

This is an empirical question; the answer will vary depending on the specific situation in the specific country. However, you might want to start by focusing on the following:

- The decision-making material on which the budget and other economic policy is based
- The performance and financial management of key government ministries and agencies
- Statistics related to the rights and priority needs of children and young people and the effectiveness of government measures in guaranteeing these rights and fulfilling these needs.¹

The budget process or the budget cycle can be summarized in the following steps:

1. Strategic planning: resource framework/macroeconomic framework, priorities in the poverty reduction strategy/national development plan and elsewhere
2. Budget preparation: medium-term expenditure framework, annual budget
3. Budget execution: release of funds, payments, procurement, commitment controls
4. Accounting and monitoring: financial and performance reports
5. Reporting and audit: external audit, parliamentary control
6. Policy review: outcome evaluation, annual review and policy update

This implies that the following steps in the budget are most important:

- 1. Strategic planning:** Formulate policies that offer ways of fulfilling the prioritized needs of children and young people in a cost-effective way and within the resources that will probably be made available for this purpose.
- 2. Budget preparation:** Use policy to formulate the Medium-Term Expenditure Framework (MTEF), the annual budget, annual sector work plan and annual Program Assessment Frameworks (PAF). The PAFs should include important goals for children and young people.
- 3. Budget execution** and **4. Accounting and monitoring:** Follow up the implementation of the budget and the annual work plans in key areas for children and young people. The partner government will want to follow the implementation of the budget closely. A number of internal reports will be used, including indicators related to key issues for children and young people. Donors and the partner government will use the overall Program Assessment Framework and the sector Program Assessment Frameworks.
- 5. Reporting and audit:** Follow up the Auditor General's annual audit report and the Parliamentary Accounts Committee's review of the Auditor General's report.
- 6. Policy review:** Using information from the past year including relevant child and youth statistics, revise policy in light of experience.

Experience will also reveal the weaknesses in the budget process that child and youth advocates could focus on in the coming years.

¹ Cf. *Moving Ahead: Gender Budgeting in Sweden* (Ministry of Industry, Employment and Communications, 2006), http://www.iiav.nl/epublications/2006/moving_ahead.pdf

Key budget process documents include:

- Poverty Reduction Strategy and/or National Development Strategy.
- Sector policies and strategies, which should be consistent with the Poverty Reduction Strategy and/or National Development Strategy.
- Medium-Term Expenditure Framework (MTEF). The MTEF is the standard but difficult tool for using policy to formulate a budget. It is a three-year rolling budget; the first year of the MTEF is the coming year's annual budget if the MTEF is working properly.
- Sector Medium-Term Expenditure Framework, which the sector ministry should play a leading role in developing and must be consistent with the overall MTEF.
- The annual budget.
- The sector budget, which is just part of the overall annual budget detailed for the sector.
- The annual work plan, usually done sector-by-sector, which should be consistent with the sector budget.
- Budget implementation reports, such as the mid-year and year-end budget implementation reports. While there are always some differences between the budget as planned and as implemented. If the differences are too large they undermine the budget planning process and may mean that child and youth issues disappear in the competition for financing. Identify strategic, systematic weaknesses in budget implementation and work to eliminate them.
- The Auditor General's annual audit report, including its recommendations. This document should be made public as early as possible. Even if the report is late and inadequate, it is a major tool for transparency, accountability and public sector reform. Child and youth advocates as well as donors should insist that the government and audited agencies respond to the report and implement corrective measures. This implementation should be followed up.
- The Parliamentary Accounts Committee's review of the Auditor General's annual audit report and the committee's recommendations. Again, even if the review is late and inadequate, it is important for transparency, accountability and public sector reform. The government and audited agencies should respond to the review and implement corrective measures and this implementation should be monitored.

Improve the lives of children and young people – for free!

Remember that a very important way of improving the lives of children and youths is to improve the efficiency and effectiveness of government expenditure benefitting children and youths.

Efficiency or **cost-effectiveness** measures outputs – qualitative and quantitative – in relation to the inputs. Being efficient means producing more and better outputs with the same inputs.

Effectiveness measures the extent to which a programme or project attains its objectives.² An effective programme produces the right outputs in order to achieve the desired programme outcomes and impact. An ineffective programme will fail to meet its objectives even if its outputs are produced efficiently.

Improving effectiveness and efficiency means doing more for children and youths with the same resources. This is the kind of budget work a minister of finance will like!



Children and youths need good PFM

Advocates for the rights of children and young people, should support good public financial management, so that the use of public resources is democratically decided, effective, efficient, transparent and accountable. Fortunately good PFM uses participation, transparency and accountability to use public resources more efficiently and can promote these qualities generally in the public sector. While child and youth advocates may not be able to take on the whole PFM reform agenda, they should understand that the interests of children and young people lie with strong, democratic public financial management.

² "DAC Criteria for Evaluating Development Assistance," http://www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1,00.html

What to dialogue about?

PFM issue/area	Questions to consider from the perspective of children's and young people's rights
About macro-economic planning and revenue	• Is inter-generational equity given serious consideration in macro-economic planning? • What demographic data (or assumptions) regarding children and young people are included in the planning model?
About Poverty Reduction Strategies / National Development Plans	• What is the quality of data regarding children and young people used to inform strategic planning? • Do children and young people have opportunities to participate? • Do children and youths have important unsecured rights and unmet needs? Are there government measures that could realistically and efficiently correct this? • Are vulnerable children and young people prioritised in development goals? • Are strategic goals, objectives and indicators informed by measurable rights standards for children and young people?
About budget allocations	• Do budget allocations to different sectors prioritise children and young people? • Are children and young people of both sexes, in different regions, from different classes, ethnic groups and linguistic groups adequately planned for? • What difficult trade-offs and compromises does the budget reflect and what are the implications for children and young people? • Are all financial resources accounted for in the budget, or are some funds that could benefit children and youth (for example development aid or earmarked taxes) channelled outside the government's budget?
About the flow of funds	• Do resources aimed at services and programs for children and young people arrive at the correct spending unit on time in the budgeted amounts flow to permit efficient service delivery? • How transparent is the system? How easy is it to track funds from the ministry of finance to the spending unit? • What mechanisms are in place to monitor inputs and outputs in relation to child/youth programs and services?
About procurement	• What goods and services affecting children and young people are procured by government? • How transparent is the procurement process? • What mechanisms are in place to monitor procurement contracts affecting child/youth programs and services?
About financial reporting and auditing	• Is the budget implemented more or less as planned? If not, how does actual implementation affect children and youths? • Do financial reports disaggregate data relating to children and young people? • Do audit reports consider government performance in relation to outcomes for children and youth? • Are PFM problems and transgressions addressed with adequate sanctions imposed and adequate corrective measures taken? • What are the conclusions of the Auditor General's report? How does the government react to the report? Are its recommendations implemented?
About oversight	• How empowered are Members of Parliament and local councillors to examine and demand accountability for the use of public resources to advance child and youth rights? • Which parliamentary committees are most relevant to children and young people, and what is their capacity for budget oversight? • What opportunities exist to strengthen the role of civil society (including media, children and youth) in PFM oversight? • What are the conclusions of the Parliamentary Accounts Committee's review of the Auditor General's report? How does the government react to the review? Are the Parliament's recommendations implemented?

Dialogue with whom?

Many different actors have a stake in budgeting for the rights of children and young people. Their capacity and willingness to engage is critical for advancing human rights. It is part of the mandate of Swedish development cooperation to dialogue with relevant actors. Conducting a power and stakeholder analysis in a particular country can inform Sida who to engage in dialogue with. It may be useful to consider who already has knowledge in this field, who needs more information and capacity and who may resist change. Useful partners might include:

– In-country:

- **on child and youth rights:** Ministries of Family and Youth Affairs, Education, Health, Justice, Labour, Social Affairs, related parliamentary committees, donors, civil society including schools, youth clubs, political parties, researchers, individual parliamentarians and civil society groups working with children's rights
- **on public finance management:** Ministry of Finance, Auditor General, Parliamentary Finance Committee, Parliamentary Accounts Committee, national procurement agency, civil society groups working with budget analysis and advocacy, donors

– In Sweden

- **on child and youth rights:** Council of Swedish Youth Organisations (LSU), Plan Sweden, Save the Children Sweden
- **on public finance management:** Swedish National Financial Management Authority (*Ekonomistyrningsverket*), Swedish National Audit Office (*Riksrevisionen*), Swedish Tax Agency (*Skatteverket*), Transparency Sweden

– Regionally and globally

- **on child and youth rights:** United Nations committee on children's rights, African Union committee on children's rights, Inter-Parliamentary Union, UN World Programme of Action for Youth, UNICEF, Office of the High Commissioner for Human Rights, Plan International, Save the Children, and other donors
- **on public finance management:** World Bank, IMF, regional development banks, DFID and other donors, Transparency International, International Budget Partnership/Open Budget Initiative

Children and young people in different circumstances have important insight into their own and their peers' situations. Such knowledge can help to identify gaps and assess the efficacy of policy frameworks, resource allocations and spending.

Media has a key role in-country in promoting awareness and dialogue about budgeting for the rights of children and young people. Traditional and social media – including radio, newspapers, Facebook and text messaging – can be used to disseminate budget information, spur debate and influence opinions about budget accountability, transparency, non-discrimination and participation.

“A sound PFM system is ... a prerequisite for making it possible to effectively channel resources to fulfil a number of human rights, such as access to basic education or health services... [It] is thus crucial in terms of making resources available to implement democratic decisions, as well as ... providing transparency, ensuring accountability and enabling participation.”

Sida (2007), PFM in Development Cooperation: A Handbook for Sida Staff, p. 9

What is the role of civil society?

Civil society has a vital role to play in monitoring states' available resources and how well they are spent to fulfil human rights commitments to children and young people. Civil society organizations (CSOs) require the capacity to analyse public budgets and assess government performance in relation to rights standards. By demanding and using government budget information, civil society can contribute to increased budget transparency. Countries vary in terms of how much space they allow for civil society to participate in and contribute to the budget process. In many countries, there is scope to strengthen democratic practices relating to budget decisions, enlarge and deepen participation spaces and build the capacity of civil society and government actors to engage more meaningfully in budget debates. Depending on what is most strategic, civil society actors in different countries may choose to influence their governments by working with them or by confronting them.

“Encourage parliaments, national human rights institutions, civil society organisations and media to perform budget monitoring by informing them that this is an essential activity in making the government accountable to rights holders.”

Sida (2010), Integrating and strengthening a HRBA to Development in Programme Based Approaches – A How to Note. DRAFT



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REFERENCES

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Find more recommended reading references and web links that may be relevant to your dialogue on PFM for the rights of children and young people at: www.sida.se/childrensrights.

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