

# Child Budget in Bangladesh Report

## Summary of the 'Child Budget in Bangladesh' Report, June 2014

### Introduction

The report initiated by the Centre for Services and Information on Disability, and supported by Save the Children in Bangladesh, entitled 'Child Budgeting in Bangladesh' sets out the case for a child budget in Bangladesh. The central premise of the report is that the Government should attempt to disaggregate budget allocations specifically for programmes that benefit children from the overall allocations made. This in essence is the "child budget" or budgeting for children, which is an analytical tool and reporting mechanism. It allows us to assess and report on how well the government's policy and programme commitments are supported by financial outlay of public resources. This is important for two key reasons: from a prospective outlook, monitoring the inter- and intra-sectoral allocations of the budget over time is necessary to assess their impact and allocative efficiency. Equally, a child budget or budgeting for children also enables us to map gaps retrospectively, and identify where there is no legal or programmatic commitment, meaning no financial commitment either.

This summary brief draws out the key features from the report, which aims to advance the existing dialogue and literature on budgeting for children in Bangladesh. The report is a comprehensive attempt to capture the current situation of budgeting for children in Bangladesh. This includes looking at the legal and constitutional basis for such an initiative, as well as how this currently sits within the budget making process. To that end, the report proposes two practical approaches that could be used to advance budgeting for children, namely how to feature children more centrally in the budget making process, and a guideline for analyzing budgetary allocations for children. It also provides analysis of the allocations to, and the allocations by, two key child-focused ministries being the Ministry of Women and Children's Affairs, and the Ministry of Health and Family Welfare.



Photo: Tanvir Ahmed / Save the Children

<sup>1</sup> All further factual and statistical references are taken from this report.

## 1. Legal and Constitutional Basis of Budgeting for Children in Bangladesh

The report sets out the conceptual basis and legal and constitutional framework for a child budget in Bangladesh. Economically, politically and ideologically, the state budget is the most important document expressing the government's priorities and targets. It is a powerful social and policy instrument showing how public resources are allocated. As most public expenditure resources come from the public purse, citizens – especially the poor and vulnerable, such as children – should benefit from government services. It is therefore crucial that citizens, child rights organizations and other child rights advocates have access to information regarding how the state applies public funds to address children's needs.

The report provides a useful and detailed description of the budget making process. In sum, the Government of Bangladesh currently requires its line ministries to report on how their budget allocations impact on women's advancement and poverty reduction through a narrative description, accompanied by figures, under the 'Poverty and Gender Reporting' in the Medium Term Budget Framework. However, there is no equivalent mandate to report on how line ministries' and institution's budgets benefit children and youth, directly or indirectly. As such, it is not possible to ascertain whether children are adequately provided for in the budgets; that is, whether allocations for children are equitable, sufficient and deliver services efficiently and effectively, particularly to the most deprived and vulnerable children. This lack of budgetary analyses from a child-focused perspective can result in under and/or ineffective spending on children. Lack of access to information on budgets can also undermine the citizen-state accountability relationship, with a risk of leading to misuse, leakages and corruption. It is therefore crucial that citizens and members of the wider community have access to information and processes that allow them to hold the state accountable for how it prioritises and spends public funds.

Although still a relatively new concept, the increasing prevalence of child-focused budgeting is evidenced by relevant initiatives in diverse countries, from Brazil to Vietnam to the United States of America. The report sets out the example of India, where the Budget for Children disaggregates the overall budget and identifies allocations for children's issues. Through this process, the Union and State budgets in India are recalculated on the basis of child programmes. While it is commendable that the Government of Bangladesh mandates budgetary reporting on gender and poverty, there is no reporting on budgeting for children in place yet despite the large demographic of minors in this country.

As detailed in the report, there are three key legal and policy instruments in Bangladesh that set the stage for such

an initiative: the Constitution of the People's Republic of Bangladesh, the National Children Policy 2011 and the UN Convention on the Rights of the Child (UN CRC), which Bangladesh ratified in 1990. Further, Bangladesh has also enacted the Children's Act 2013, ratified relevant ILO Convention, and developed National Plan of Action for Children (the most recent being 2005-10). Together, these key legal and policy instruments provide a strong foundation for securing child rights in Bangladesh, and facilitate efforts to advance outcomes for children through more fiscal discipline and budgetary scrutiny.

## 2. Poverty Reduction Efforts and Social Protection in Bangladesh

The report presents the current state of social protection and poverty reduction initiatives in Bangladesh. In sum, since its independence from Pakistan in 1971, Bangladesh has made impressive gains through its innovative poverty-reduction efforts. From a human development perspective, population growth has declined while life expectancy has increased; from barely 42 years in 1970 to a high of 68 years in 2011. Annual economic growth has remained steady at 6% for over a decade. This strong upward trajectory of socioeconomic growth is partly due to the steady growth of GDP in Bangladesh. In 2003-4, GDP was USD 40 billion but is projected to reach USD 139 billion by 2015. Further, total revenue has increased as well as total expenditure and total financing including grants. This achievement is accompanied by better revenue collection, which increased from 11.76% to 14.62% of GDP during the last decade. Equally, during this time, expenditure also rose from 15.54% to 18.72% of GDP. However, while the revenue budget has increased from 8.39% to 11.31% over the past ten years, the development budget has decreased from 7.19% to 6.08% of GDP. The report also examines allocations to the seven major social sector ministries as a proportion of total revenue, total expenditure and GDP growth over the same period of time. It comments also on allocations to the large number of diverse social protection programs.



Photo: Tanvir Ahmed / Save the Children

### 3. Analysis of Ministry of Women and Children's Affairs Budgetary Allocations

The report provides an interesting and useful analysis of the Ministry of Women and Children's Affairs (MoWCA) allocations, as it is the key ministry officially mandated to focus on children's rights issues, alongside women's issues and public health issues. Perhaps more than any other Ministry, MoWCA is responsible for addressing the wellbeing of children, who constitute just under half of the total Bangladeshi population. However, from a gross allocation point of view, this ministry does not enjoy a large share of total government expenditure.

In 2001-2, the report states that the MoWCA budget was 0.03% of GDP which has increased to 0.12% in 2013-14. This is four times higher over a span of 13 years. It is estimated that the ministry has a share of 0.83% of total revenue for the ongoing fiscal year. In 2013-14, the ministry was allocated 1.08% of total non-development expenditure, which is more than double its allocation in 2001-02. Allocations to the ministry prior to 2002-03 period were modest, and grew incrementally until 2008-09. In terms of total development expenditure, the ministry is expected to spend 2.01%, which has increased from 0.58% in 2001-02. Therefore, the share of total development and revenue expenditure for this ministry is 0.65% in 2013-14 compared to 0.24% in 2001-02.

The report observes that within the MoWCA budget, only a small proportion of the allocation is clearly identifiable as spending for children. The size of the budget allocation for children is small even for a relatively lightly allocated Ministry such as MoWCA. The report finds that out of the total allocations to this Ministry, only 10% is clearly identifiable as targeting children for 2013-14. Another 4% is partially focused on children, as they are the indirect beneficiary of allocations targeting mothers. This suggests that 86% of allocations within the MoWCA budget cannot be said definitively to either directly or indirectly benefit children.

As MoWCA is the main duty bearer in the fulfillment of children's rights, greater budget transparency will enable its resource allocation to be better examined in order to determine whether child-focused policies and programmes are adequately supported. Monitoring public spending and tracking the impact and efficiency of such spending by key child-related ministries such as MoWCA is an important element – arguably the first step – in ensuring adequate investment in the achievement of children's rights.

### 4. Analysis of Ministry of Health and Family Welfare Budgetary Allocations

The report also analyses the Ministry of Health and Family Welfare (MHFW), as it is another ministry mandated to focus on children's affairs, and is responsible for activities that directly benefit children, such as immunization/vaccination and nutrition.

Equally, the report finds that within MHFW allocation, resources targeting children explicitly were 0.63% in 2013/14. The size of the allocation for nutrition, which targets children directly, was 0.95% for 2013/14. The allocation targeting both mothers and children (directly or indirectly) amounted to 6.57%. Therefore, the total allocation within the MHFW budget that can be said to benefit children was only for 8.15% for 2013/14.

There is no doubt that a significant proportion of the allocation to MHFW as a whole is focused on children. However, MHFW also suffers from the problem of under utilization of resources. For example, in the fiscal year 2008-09, the ministry could only implement 84% of its resourced activities. This situation improved in 2013-14, when the ministry could implement 92% of its resourced activities, leaving an 8% shortfall. Historically, it is common that allocation to this ministry is rarely fully utilized and this has wide-ranging repercussions on children.



Photo: Save the Children

## 5. Designing and Implementing a More Child-Focused Budget

The report underlines that the Constitution mandates that children may be specially provided for, which presents an opportunity to focus and feature children more in the budget-making process. The report proposes a six-step process as summarized below.

### Step One: Conduct a Children's Needs Assessment

In this step, the current needs of children and youth are ascertained through assessing the legal frameworks, various public sector plans and global initiatives such as the Millennium Development Goals (MDGs) as well as public consultation, including with civil society, researchers and advocates. Moreover, the views of children are meaningfully included as a key step in determining their needs. Lastly, this step should involve a cost assessment in order to determine the financial inputs required to achieve the set objectives.

### Step Two: Advocate Greater Allocation for Children

The resource needs identified in the child needs assessment are included as a ministry or agency develops and identifies possible sources of financing (including consultation with the Finance Division, Economic Relations Division, Planning Commission and various implementing and development partners). Following the relevant budget circular procedures in formulating its budget, ministries should include advocating for its resource needs in accordance with the children's needs assessment.

### Step Three: Ensure That Allocation Meets Need

As with any ministry, the child-related ministries, especially MoWCA and MHFW, have competing demands which require their budgets to finely balance priorities and conflicting interests. Ministries should ensure that they advocate for adequate allocation within the available fiscal space so that the assessed needs of children are adequately met.

### Step Four: Assess Utilisation against Allocation

Budget-implementing ministries must ensure that approved allocations are fully utilized. Ministries are rewarded for their utilization efficiency. Operationalising allocated resources however can be challenging, and failure to do so fully may impact the allocation granted to an underperforming ministry or division in the following fiscal year. This in turn may impact on child-related programmes and projects covered by the relevant ministry. To minimize this, responsible ministries could ensure adequate preparation and approval of necessary child related programs as part of technical and draft project proposals, develop stronger capacities around child rights, and specifically monitor the alignment of allocation and utilization of spending for children.

### Step Five: Monitoring and Evaluation of Input and Output

Monitoring is essential to ensure that decision makers can readily access the extent to which objectives are being achieved, and what changes need to be made to reach these. There are a number of budgetary rules and regulations, such as the PMBM Act 2009, which require ministries, divisions and other institutions to prepare and

submit Budget Implementation Plans on a quarterly basis. Such financial monitoring is an important element of the overall monitoring and evaluation process, however other initiatives to enhance social accountability, such as social audits, monitoring surveys, and a special budgeting for children monitoring unit, could also be established and/or better utilized.

### Step Six: Assess Outcomes

The success of the budgeting process and activities is best measured by determining the extent to which outcomes are reached. Outcomes are the value additions in the lives of beneficiaries, however measuring them can be a difficult process. Both strategic and management level indicators are required, and these should be well-focused and easy to understand use. Further, outcomes should relate clearly to an institution's strategic goals and objectives, as set out in its plans. One way to achieve this is to design an outcome matrix, which matches each set of the objectives of the child budget, and whereby performance is measured by setting Key Performance Indicators.



Photo: Tanvir Ahmed / Save the Children

## 6. A Guideline for Analysing the Child Budget in Bangladesh

The report sets out a further five-step process for analyzing the current state of budgetary allocations for children at any given time.

### Step One: Selection of Ministry

There are fifty-nine Ministries, Divisions and other institutions within the administration of the Government of Bangladesh. Each is mandated with specific objectives and activities, but there are some which are more engaged with children's issues directly.

### Step Two: Collect Detailed Data

After selecting a Ministry, it is necessary to collect detailed data regarding its budgetary allocations. Information can be collated according to development expenditure, which relates to projects and programs that are time-bound; non-development expenditure, which relates to recurring expenses such as salaries, and combined expenditure.

### Step Three: Processing Data

After the data has been collected, it can be processed by categorizing the various allocations according to, for example, salaries, allowances, grants in aid, pensions and gratuities, block allocations and so on. Importantly, categorizing the allocations as follows may help to determine those that are child-focused:

- Where the expenditure head clearly indicates that it is made directly for children's benefit, the particular activity should be classified as "Fully Identifiable" or "Child Explicitly"
- Where the expenditure head primarily mentions the mother, the particular activity should be classified as "Partially Identifiable", or "Child Plus Mother Explicitly", as it follows that allocations targeting mothers would also benefit their children
- In the case of expenditure that is specific, and clearly targets children, such as "Nutrition" within the MHFP budget, it is acceptable to use this as a separate classification
- Other expenditure should be classified as "not identifiable", however it should be noted that such expenditure may indirectly or directly benefit children

Phases in Designing Child Focused Budget



### Step Four: Macro Analysis of Allocations

In order to assess the total extent of resources allocated for children, it is necessary to consider the total allocations for children. This can be framed in the following ways:

- Total allocations for children by one ministry or many of the ministries vis-à-vis total resources allocated in a fiscal year;
- Total allocations for children relative to total GDP;
- Total allocations for children relative to total allocations for Defense, Law and Justice, Home Affairs and so on; and
- Total allocations for children relative to tax revenue, total revenue and total financing in a fiscal year.

### Step Five: Implementation Analysis

Lastly, it is important to monitor and assess whether allocations to and within ministries and agencies are utilized, as simply receiving allocations is not enough. To do this, it is important to determine the difference between the budget figure and revised budget value, as well as the difference between the budget figure and actual expenditure value.



Photo: Save the Children

## Conclusion: Next Steps

The report 'Child Budgeting in Bangladesh' is a comprehensive attempt to capture the current situation of budgeting for children in Bangladesh. Drawing from the report, the following key recommendations are proposed:

- **Ensure that the new budget classification system is more transparent on child spending:** Many different ministries and agencies make and implement policy on issues that concern the rights and interests of children, but it is difficult to determine the total allocation for child spending from the existing budget classification system. The Government of Bangladesh is currently in the process of finalizing and implementing a new chart of accounts which is more disaggregated than the current coding system. The new system should therefore be more transparent on child spending.
- **Invest in a meaningful and practical methodology for determining spending on children:** While some public expenditure such as on schools and nutrition is easily identifiable as benefiting children, other types of expenditure such as on construction of roads that connect the household to the school is not as straightforward to break down and categorise. The methodology for preparing a child budget should therefore set out the underlying assumptions, tools and categories that constitute child spending in order to be most meaningful and user-friendly. Such a methodology could be drawn from the 'Guidelines for Gender and Gender-related Poverty Expenditures'. Importantly, it should also include scope for a qualitative analysis which measures not just the quantity of public funds invested in children's development, but also the quality and allocative efficiency of such expenditure.
- **Strengthen public participation in the budget preparation process:** The report finds that in many countries, civil society organizations, non-governmental organizations, researchers and advocates are consulted and play a role in the budget-making process. A starting point for such an approach in relation to the introduction of child budgeting in 2015/16 could be for the Government to hold a "tagging workshop", which would draw together different voices from the community to analyse and disaggregate current spending on children in the national budget. This workshop could also build participation into the design of the underlying assumptions, tools and categories that constitute child spending.
- **Protect public funds allocated for investment in children from macroeconomic shocks:** The report observes that if and when shocks occur, the social sectors are among the first and most adversely impacted. Therefore, some form of benchmarking and ring-fencing around allocations for child spending could be maintained, which should be underpinned by policy and legislative requirements.

- **Continue to engage and support key policymakers and parliamentarians:** The report states that ownership and buy-in from the government are arguably the most important drivers in realizing this initiative. In this respect, it is very encouraging that the Honourable Minister of Finance recently committed to implementing a child budget in FY 2015/16. As the report suggests, if political and social commitment for focusing children in the budget-making process and prioritizing their needs in the planning and resource allocation process is strengthened, budgeting for children can become a reality which will progress the rights and wellbeing of all children in Bangladesh.



Photo: Tanvir Ahmed / Save the Children

Save the Children, Bangladesh  
 House CWN (A) 35, Road 43, Gulshan 2  
 Dhaka – 1212  
 Bangladesh  
[Bangladesh.savethechildren.net](http://Bangladesh.savethechildren.net)

Centre for Services and Information on  
 Disability (CSID)  
 House 676, Flat 1A, Road 13  
 Baitul Aman Housing Society  
 Adabor, Dhaka – 1207  
[www.csid-bd.com](http://www.csid-bd.com)