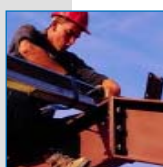


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Budget and rights: developing a budget analysis method from the perspective of human rights




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Foreword

The International Covenant on Economic, Social and Cultural Rights (ICESCR) imposes a set of obligations on governments ratifying that treaty. Article 2(1) of the ICESCR specifically requires a government to take steps “to the maximum of its available resources” to achieve realization of the rights recognized in the Covenant. This phrase is generally recognized as being fairly vague, and the historical record doesn’t detail specifically what it should mean. Nonetheless, it is a potentially powerful obligation, one for which there isn’t a corresponding provision in most national constitutions. One of the challenges facing economic and social rights activism in our days is to put some strong “content” into this international obligation.

Civil Society Organizations all over the world have worked, for several years now, using governments’ budgets to evaluate to what extent the maximum available of financial resources are being used for the realization of economic, social and cultural rights. The approaches used vary from country to country, displaying a wide array of examples in which a framework of human rights can be related to the way in which a government decides how to use scarce resources.

In Tanzania, for example, HakiElimu has used the budget to hold the government accountable for the realization of the right to education, claiming that it is not enough to increase the enrollment rates of students, but that sufficient resources have to be invested into raising the quality of education for Tanzanian children. In South Africa, the Centre for Social Accountability (CSA) pushes the provincial government of the Eastern Cape to live up to a comprehensive public finance management process, in which the rights of the people have to play a central role. Working on health, housing and other rights, CSA has challenged sectoral departments for failing to plan their policies taking into account the right of the people and the real needs that persist.

In Latin America, the goal of using budgets to advance towards the realization of human rights has found many expressions. Our region has been spearheading this effort for almost ten years, trying and testing a multiplicity of approaches. Years ago, a regional initiative on human rights and HIV/AIDS, taking place in Argentina, Chile, Ecuador, Mexico and Nicaragua, looked at the budget to request from the Interamerican Human Rights Commission to continue issuing cautelar measures for the provision of ARVs in these and other countries. The Centro de Investigaciones Internacionales en Derechos Humanos, CIIDH, in Guatemala, has systematically followed and analyzed the budget

from the perspective of the Guatemalan Peace Accords and their specific human rights components. Fundar, in Mexico, has lead and built coalitions around a wide spectrum of human rights issues and initiatives, pushing for the budget to become a central tool for the planning, realization and evaluation of human rights policies. Ranging from women's rights to the right to health, from civil society initiatives to government efforts, Fundar has tested many approaches to human rights budget work.

INESC has done an equally consistent work, both in Brazil and at the international level. While working directly with the government on how to integrate a human rights perspective into the budget, INESC has set the background for overarching initiatives at the international level, such as the constant monitoring conducted by Social Watch to illustrate the connections between the two fields.

The underlying hypothesis for many of these efforts remains similar: for human rights to take the prominence they deserve, it is not enough to have legal frameworks at the international level. These international norms have to be dutifully integrated into national law, and their full exigibility has to be tested once and again. Furthermore, if the norms are not translated into public policies, which based on a human rights assessment lay out those actions that are paramount to continue advancing in the realization of the rights, a comprehensive compliance with the norms is absent. If we take this logic one step ahead, it becomes evident that policies without a budget for their implementation have absolutely no where to go.

This is the whole objective of human rights budget work: to make sure governments put our money—the money coming from the people and from national goods, like oil and other non-renewable resources—into what should be the highest priority, namely the rights of the people. Some would say that we are asking for too much, that governments have many issues to deal with, and that human rights cannot be the sole purpose of government policies. But, in reality, what policy is not related to the realization of human rights? The problem lies in the limited understanding our governments have of human rights, rather than in the scope of human rights themselves.

Human rights work has never been easy. Budget work is not easy either. The combination of both is a challenge, because of the extremely different languages in which they are codified. But it is an unavoidable step to build bridges among them, because without policies and budgets, human rights will continue to be a matter of the courts, and not of the every day actions that touch people's lives and have an impact in the way children, women and men live with dignity.

We have to keep pushing.

Helena Hofbauer

International Budget Partnership

Mexico, October 2009.

Introduction

The Institute for Socioeconomic Studies (INESC) is a Brazilian civil society organization founded in 1979, with the mission of helping to deepen democracy and promoting human rights, focusing its action on parliamentary work and public policies. Since 1991, INESC has chosen the public budget as a strategic instrument for public policy analysis and social control. Influencing Brazil's public budget has structured INESC action since that time.

The strategy and methodologies used by INESC to influence and monitor the public budget have been enhanced during those years. In the early 1990s, with the recent promulgation of the 1988 Federal Constitution, which established the framework for the Brazilian government budget planning (Multiannual Plans, Budgetary Guidelines Law, and Annual Budgetary Law), our work was to unveil the relations between public policies and budget, as well as struggle for budget transparency and access to budget information.

Later on, through alliances with several social movements, we had advances and made contributions to significant changes in budget management quality, as well as in analysis of the budget destined to certain areas (native people, environment, children and adolescents, agrarian reform, food security, and social security), especially concerning funding allocation and its execution. To this extent, we created (in partnership with other organizations), important instruments to monitor the budget, such as the Children and Adolescents Budget (OCA), the Food and Nutritional Security Budget (OSAN), and the Indigenous Budget.

A key aspect of INESC work was to pursue networking. It was one of the founders (and currently is part of its coordinating body) of the Brazil Budget Forum (FBO), created in 2002, which pulls together 57 organizations, movements, and unions with the objective of monitoring and influencing public budget, from the perspective of promoting social justice and redistributive policies, thus, expanding social participation.

Driven by debates and participation in international and national human rights networks,¹ INESC has decided, since 2007, to advance the budget analysis methodology, seeking to articulate the framework of human rights and inequalities with the degree of their fulfillment through public policies and the budget.²

Following, we will present the conceptual and methodological elements used to develop the methodology of the Budget and Human Rights, which will be enhanced in the next years. Our objective is to share with a larger number of civil society organizations and partners our pathways in search of creating a useful political and methodological instrument to advance in our analysis of the budget, from the perspective of implementing human rights and combating inequalities.

I – Human rights and fight against inequalities as a political and operational framework

The struggle for rights is a historical construction. They are not granted, but won by those who live in situations of oppression, invisibility, and violation. Thus, rights only exist through continual struggle of political subjects for recognition of their identities in history, and the fight to redistribute resources generated by society. It is a dynamic movement of struggles and advances that progressively lifts the international community to new levels of freedom, equality, respect, and dignity.

Using human rights as a conceptual framework to analyze the public budget means to take into account the commitments assumed by the Brazilian state in international treaties and conventions. It also means to take into account rights ensured in our constitutional and infraconstitutional legislation. We are talking about a political, normative, and operational concept that imposes obligations on the Brazilian state (and their representatives, administrators, and civil servants). These obligations were (and are) agreed upon by the international community and Brazilian society; and they are expressed in a legal and normative system that individuals, governments, and the international community must respect and promote.

It falls to the state to respect (not violate) rights, protect them (preventing rights from being violated by third parties), and promote them (ensuring rights to all). This is what we call a Social and Democratic State of Rights, which has yet to be implemented for most of our population. Society must respect human rights, diversity, and different ways of life, building relations based on solidarity and justice, and eradicating discriminations and prejudices.

In our understanding, human rights are not only the civil and political rights included in articles 5 and 14 of our Constitution, but also social, economic, cultural, environmental, sexual and reproductive rights, as included in articles 6 and 7 and special sections of our Constitution, as well as in other national and international norms.

Thus, in the process of developing our methodology, we take into account the modern definition of human rights (civil, political, social, economic, cultural, environmental, sexual and reproductive rights) with their characteristics of universality, indivisibility, and interdependence as was expressed at the 1993 Vienna World Conference.

Much progress was made after the 1988 Federal Constitution in building a legal framework to ensure rights. However, there were few advances in implementing rights in a context of great inequalities.

In our case, this is an essential dimension. One cannot talk about rights without taking into account structural inequalities. The consequence is that certain rights holders (for reasons related to color, sex, age, sexual orientation, ethnicity, etc.) have more difficulty in accessing rights, or have their rights denied or violated.

Combating poverty or income inequalities in Brazil requires the understanding that both are related to the variations of color and sex. For example, Black women are the poorest and have less schooling, while young Black men are the greatest victims of violence. The unacceptable gaps that still separate Blacks and whites in the 21st century are expressed in the microcosm of daily interpersonal relations and reflected in unequal access to goods and services, job market, education – which persist despite the improvement of indicators for the population as a whole – as well as in the enjoyment of civil, political, social, and economic rights.

Thus, we chose to emphasize race and gender inequalities in the public budget, as we think racism and sexism are two of the main structuring causes of social inequalities in the country. A methodology that intends to analyze the budget with the focus on rights should integrate into its conception gender and race discrimination as a factor that defines access to those rights. In addition, it should also take into account the several forms of intersection of these two discriminations.

II – Public budget and human rights: an approach

The public budget is the concretization of the planned government action to maintain its activities and execute its projects. It enables the visualization of state action direction and its effective priorities. At the same time, the budget is also a space for political struggle (where different forces in society seek to introduce their interests) and the resultant of that struggle.

In this perspective, we understand that public budget analysis is an entry point for discussing the following aspects:

- How public funds are collected and distributed;
- The relationship of forces/power within society;
- Who preferentially appropriates public funds; and
- Developing public policies and legislation to promote human rights and sustainability, reducing inequalities.

To this extent, INESC has had the following strategies throughout the years:

- Production of budgetary analysis (on fund allocation and execution);
- Expansion of participatory spaces (in the Executive and Legislative) for debate and its influence on the public budget;
- Expansion of transparency and access to public information on budget data; and
- Monitoring and influencing budget elaboration and execution, both in the Executive and Legislative.

Establishing concrete relations between public budget, guarantee of rights, and confrontation of social inequalities in Brazil is the objective of the methodology of public budget analysis, from the perspective of human rights. The challenge is to create an understandable and simple instrument to analyze public policies and the budget, applicable by INESC and also other civil society organizations. Following, we will present the state of the art of the strategy and methodology formulated by INESC so far.

III – Core strategy of the Budget and Human Rights methodology

The public budget should progressively allocate sufficient funds to fulfill rights, as expressed in international human rights treaties signed by Brazil. The more concentrated the political and economic power in the hands of a few, the more imperfect our democratic institutions, the greater the tendency to apply public funds to benefit minority interests, instead of pursuing the central objective of ensuring rights and reducing inequalities.

In addition to checking funds allocated to public policies and how they were executed, we are addressing two new challenges in budgetary analysis, which can be translated into the following questions:

- To what degree are government programs and actions actually implementing rights and combating inequalities?
- How public policies are financed? In other words, who is financing the taxes collected by the Brazilian state?

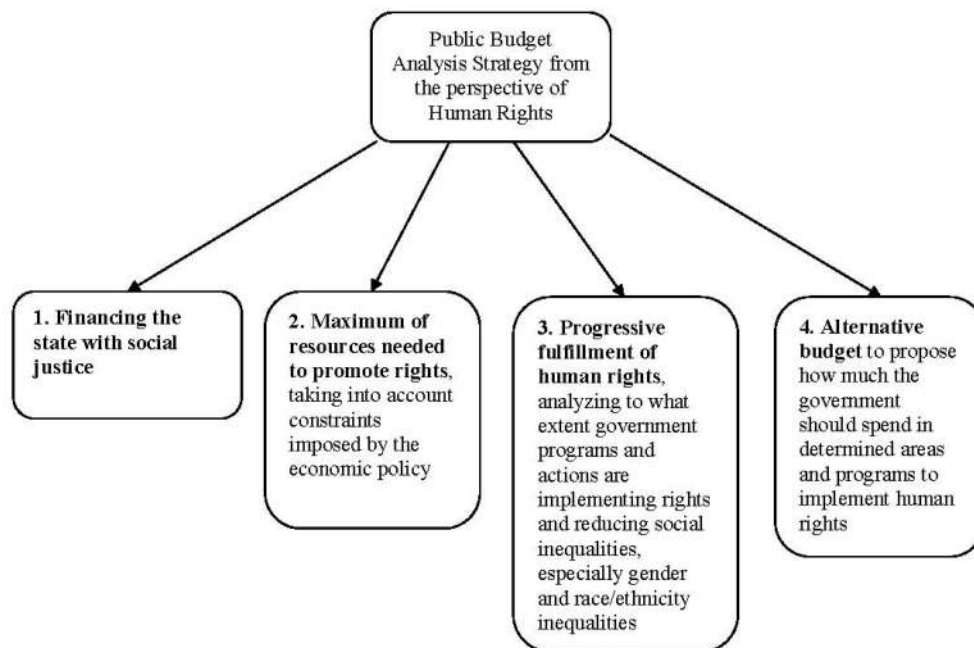
In order to answer them, we start from the assumption that the public budget should progressively allocate sufficient funds (to the *maximum* of its available *resources*) required to implement rights, in accordance with the commitment made by Brazil when the country ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1992. In addition, the way of financing public policies should be based on tax justice: avoiding to deepen social inequalities through tax collection, and also redistributing income in the process.

Hence, a budget analysis strategy focused on human rights should examine the fulfillment of the following government obligations:

- Apply the maximum of its available resources needed to promote human rights;
- Ensure its financing with social justice; and
- Promote the progressive implementation of human rights – civil, political, economic, social, cultural, environmental, sexual and reproductive rights (*including the dimension of inequality, especially of gender and race/ethnicity*).

In this perspective, the strategy and methodology of Budget and Rights proposed by INESC is structured around four areas.

Figure 1: Public budget analysis strategy areas from the perspective of human rights



Following, we will detail each one of the strategies.

1. Financing the government with social justice

For INESC, public budget analysis should be performed from the point of view of expenditures and also of revenues. Hence, the budget has two sides: tax collection, which is set up when the tax system is structured; and expenditures, through which programs and actions are implemented. Thus, it is an essential part of the budget analysis, from the perspective of rights, to examine how the public budget is financed, i.e., the way in which funds are collected from society, especially taxes, in order to implement public policies. Given the high levels of social inequality in Brazilian society, our analyses takes into account the need for social justice in tax financing. One of the objectives is to promote gender/race equality or reduce these inequalities.

The debate on public financing and public spending in Brazil has been done in a form that isolates the two dimensions of this issue. For example, the tax issue is discussed in isolation from public expenditures and social policies, disconnected from the need to reduce inequalities, isolated from issues of social injustices and the fight against poverty.

In Brazil, there is a perverse and regressive government financing structure, which represents a burden for the poorer people. Recent research carried out by the Institute of Applied Economic Research (IPEA) showed that low-income people have to work

twice as much than the high-income population to pay their taxes.³

Families with monthly income of up to two minimum wages spend 53.9% of their income on tax payments. They have to work 197 days per year just to pay for their taxes. By comparison, families with monthly income over 30 minimum wages pay proportionately less taxes (31.7%), having to dedicate 106 days per year to pay their taxes (see table 1).

Table 1: Percentage of family income committed to tax payment in Brazil

Income bracket	2004 CT	2008 CT
Up to 2 minimum wages	48.8%	53.9%
2-3 minimum wages	38%	41.9%
3-5 minimum wages	33.9%	37.4%
5-6 minimum wages	32%	35.3%
6-8 minimum wages	31.7%	35%
8-10 minimum wages	31.7%	35%
10-15 minimum wages	30.5%	33.7%
15-20 minimum wages	28.4%	31.3%
20-30 minimum wages	28.7%	31.7%
Over 30 minimum wages	26.3%	29%
Total	32.8%	36.2%

Source: Institute of Applied Economic Research (IPEA).
 Presidency Communiqué no. 22, June 29, 2009.

Note: CT = tax burden.

Thus, we can answer the question of whom finances public spending in Brazil and who appropriates these funds with one single sentence: **the Brazilian public budget is financed by the poor people and appropriated by the wealthy.** Hence, INESC argues the need to establish direct linkages between the dimensions of tax structure financing and public expenditures, i.e., the fiscal structure. One important aspect in the relation between tax collection and public spending is the perversity of the huge income transfer to the financial sectors of the economy, through debt interest payments (as we will see next).

In sum, the main mark of the Brazilian tax system, which has remained indelible throughout the years, is its huge regressiveness due to its preference for indirect taxes, with a perverse impact on the poorest layer of the population. This occurs because of the high tax incidence on consumption.⁴

The issues of gender and race have been absent in the tax debate. Because of the regressiveness of our tax system, women and the Black population are the layers who proportionately pay more taxes. According to 2005 PNAD data, out of the contingent

earning up to two minimum wages, 61.9% were women and 72% Blacks. This data is sufficient to affirm that when government collects taxes, the burden is heavier on women and Blacks, thus deepening the inequalities.

2. Maximum of resources needed to promote rights: constraints imposed by economic policy

The analysis of what is the maximum of resources needed to promote rights that should be applied by the federal government in policies to ensure human rights leads us necessarily to analyze the economic policy.

When choosing macroeconomic policies (exchange rate, fiscal, and monetary), the government defines, in practice, public budget priorities and what funds will be destined to universalization of rights. If the economic policy is conservative and inspired by the neoliberal principles, which prevailed in the last years, that policy will impose severe constraints on funds destined to ensure rights in the public budget. For example, when government chooses a **contractionist monetary policy, with high interest rate**, it means the expenditure with interest repayment will increase in the budget. Likewise, by maintaining a **high primary surplus** since 2000, the economic policy has imposed constraints and has not allowed the allocation of the maximum of its available budgetary resources to fulfill rights.

In the 2000-2007 period, the federal budget spent R\$ 794.65 billion (US\$ 429.54 billion⁵) in interests, charges and amortization of the public debt, excluding refinancing. This amount is equivalent to 35% of the average GDP in that period being transferred to the financial sector of the economy.

The choices of monetary and fiscal policies which accelerate the increase of real financial returns in the country are articulated in the interrelationship between the fiscal and social security budgets.⁶ To this extent, there are two key instruments to make this strategy feasible in the public budget: the **Delinkage of Federal Revenues (DRU)** and the **Fiscal Responsibility Law (LRF)**.

The DRU reveals the intricate and obscure relationship between the social security and fiscal budgets. It is through this instrument that the perverse alchemy of transmuting social security revenues into fiscal budget ordinary funds, channeled to primary surplus and payment of public debt interests, is carried out. In 2007, of each R\$ 100.00 of primary surplus, at least

R\$ 65.00 were removed from the social security budget through the DRU mechanism.

The LRF concretized the needed budgetary changes to make the economic policy viable, establishing fiscal targets in the Budget Guidelines Law (LDO) for the federal, state, Federal District, and municipal budgets. The LRF created a norm to submit budget execution to the fulfillment of fiscal targets. Thus, discretionary social spending and public investments joined the logic of financialization, as the priority was to ensure debt interest

payments. **Establishment of social goals or, more precisely, of goals to fulfill rights no longer exists.**

Another instrument used to increase primary surplus and functioning as an appendix of the federal economic policy are the **decrees withholding authorized budget fund releases**. These decrees reduce the authorized amount that could be spent by government organs and affect mainly those budget functions that do not have compulsory or earmarked expenditures. It is an instrument that limits expenditure commitments (*empenhos*), financial transactions, and payment of discretionary expenditures at federal level.

It is worth noting that Provisional Measures 435 and 450,⁷ issued in 2008, allowed to allocate to debt payment any funds legally appropriated for social areas, provided their release had been withheld and they had not been spent by yearend. Through these Provisional Measures (MPs), R\$ 50 billion of social area budgets were redirected to financial expenditures, such as the case of R\$ 20 billion-worth of oil royalties belonging to the Union, which were supposed to be allocated to scientific research, the environment, and the Navy, but were used for domestic debt amortization.

In addition to withholding authorized fund releases, the **partial execution of an authorized appropriation** has a similar result, as funds are held at the National Treasury, contributing to the federal government financial results.

Hence, six mechanisms (listed below) prevent the Brazilian state from actually using existing funds in public policies that would promote human rights and reduce social, race and gender inequalities. On the contrary, most of that funding goes to interest payments, increasing the income of speculators, financial investors, banks, and corporations. In other words, in contemporary capitalism, public debt interests paid by public funds, or the well-known expenditure denominated “debt service” in the public budget (interests and amortization), foster interest-bearer capital through so-called “institutional investors,” including pension funds, collective investment funds, insurance societies, and banks that administer investment societies.⁸

Thus, these mechanisms in Brazil are the following:

- Contractionist monetary policy, with high interest rates
- High primary surplus
- Delinkage of Federal Revenues (DRU)
- Fiscal Responsibility Law (LRF)
- Withholding authorized budget fund releases
- Non-execution of budget appropriations

3. Progressive rights implementation

Public budget also needs to enable the progressive fulfillment of human rights. The first argument to put forward is that the progressive implementation of human rights

means that there should not be retrogressions in social indicators related to rights implementation and access. For example, if there is an increase in illiteracy rate, reduction of the number of young people in school, or suspension of rural workers' pension benefits, we can conclude that there is non-compliance with the law, requiring application of public funds to improve people's living conditions, on the part of public administrators and governments. In sum, it is not possible to have rights retrogression or stagnation.

The second argument is that the government should prepare long-term planning (for example, ten-year plans), going beyond the four years of the PPA, in order to show the goals for progressive implementation of rights throughout the period. What policies will be implemented and what will be the budgetary provision? Are the goals reasonable? Are they feasible? Are there data enabling us to observe the changes in people's lives?

Thus, we can list other two essential elements to verify the progressive implementation of rights: the **establishment of goals** to realize rights and the **existence of social and human rights indicators**,⁹ with which it is possible to verify the deficit of access to rights by the population on a given moment, and the observable changes throughout the year.

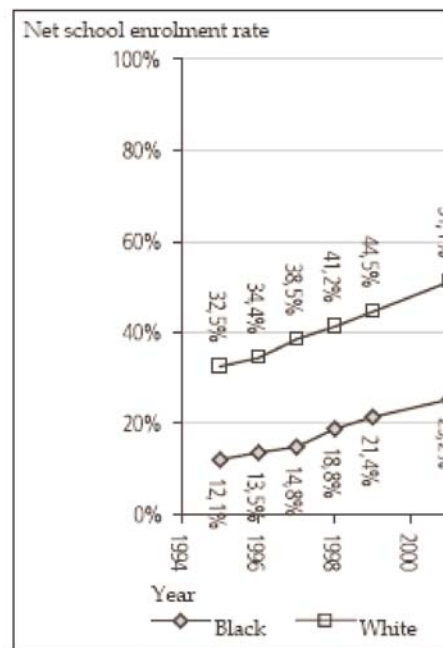
From the methodological perspective, we have two pathways:

- Analyze an ongoing public policy (education, health, etc.) and check if it is enabling changes in people's social indicators, i.e., if it is progressively realizing rights.
- Initiate the analysis with social indicators (or human rights indicators) and ask ourselves which policies are being implemented to address a verifiable situation of rights deficit, trying to find out how much has been allocated to those policies.

As an example, we chose the access of young people to secondary school. The following chart shows a progressive universalization of young people's access to secondary school in the last ten years. We can also see that this right is far from being universalized. However, if data were not disaggregated by race, we would not have noticed an essential part of this reality: the huge gap between Black young people's access to secondary education and their white counterpart.

Figure 2 reveals that around two Black youths in three (64%) already quit secondary school or are increasingly lagging behind in lower educational levels, i.e, young people aged 16 still in basic education (IPEA, 2007, p. 284).

Figure 2: Net enrolment rates in secondary education by color



Source: PNAD 1995–2005, data documented by IPEA (2007, p. 28)

Note: the Black population is made up by adding up two census categories: Blacks and mulattoes.

Thus, the progressive universalization of young people’s access to secondary education in the last ten years has not managed to reduce the huge gap between Black and white youth. Figures indicate how racism and race inequalities may generate greater difficulties for Blacks to access their rights. In this case, universalization is not reducing inequality. It is necessary to formulate and implement affirmative policies. The budgetary and physical execution monitoring of those policies should include their impact on changing the social indicators in Figure 2.

In sum, progressive realization of rights means the following:

- Existence of disaggregated social and human rights indicators that enable us to identify the deficit of rights in the population and groups, as well as identify historically discriminated populations.
- Existence of diagnoses that approach inequalities and deficits as the basis for policy proposals, public programs, and projects.
- Establishment of short-, middle-, and long-term goals for the progressive realization of rights.
- Implementing and monitoring public policies formulated to change those realities.
- Monitoring the amount of funds destined to those policies and evaluating their impact on the improvement of indicators measuring people’s access to their rights.

We are talking about measuring the rights deficit and the funding allocation needed to concretize those rights, monitoring – year after year – the expected improvement in people's lives.

This requires more in-depth knowledge of each policy selected, as well as the programs we want to monitor. It also demands a close relationship with those producing data, seeking partnerships to obtain relevant information for studying, monitoring, and evaluating government actions. Finally, it requires working closely with policy managers to get to know the policies and be able to influence their design and conception, as well as propose changes in their course.

IV. Guidelines and dimensions for public policy and budget analysis

In order to put in practice the methodology of Budget and Rights, INESC chose to analyze government programs and actions based on human rights, i.e., rights are our point of departure and arrival in the budgetary analysis.

This perspective enables us to analyze both the universality and inequalities related to a given right. However, it is also necessary to have a political mediation that, based on rights, would identify the most relevant issues and aspects related to it. This mediation is supported by political actors and social movements, but not only by them. This mediation is also needed to identify policies and programs related to those aspects.

Thus, we propose the following methodological guidelines to analyze government programs and actions:

1) Define the rights and inequality dimensions that will be analyzed, starting with an analysis of the conjuncture and political context, based on dialogue and networking with different political subjects, organizations, and social movements.

2) Choose certain policies, programs, and actions which express government initiatives to implement rights and also the inequality dimensions selected.

3) Verify the configuration and scope of rights, benefits, and services in public policies (programs and actions):

i) Indicators of situation/impact: universality and access inequality according to gender and race/ethnicity (priority) and other dimensions (for example, territory and generation).

ii) Analysis of the configuration and the nature of public policy or program:

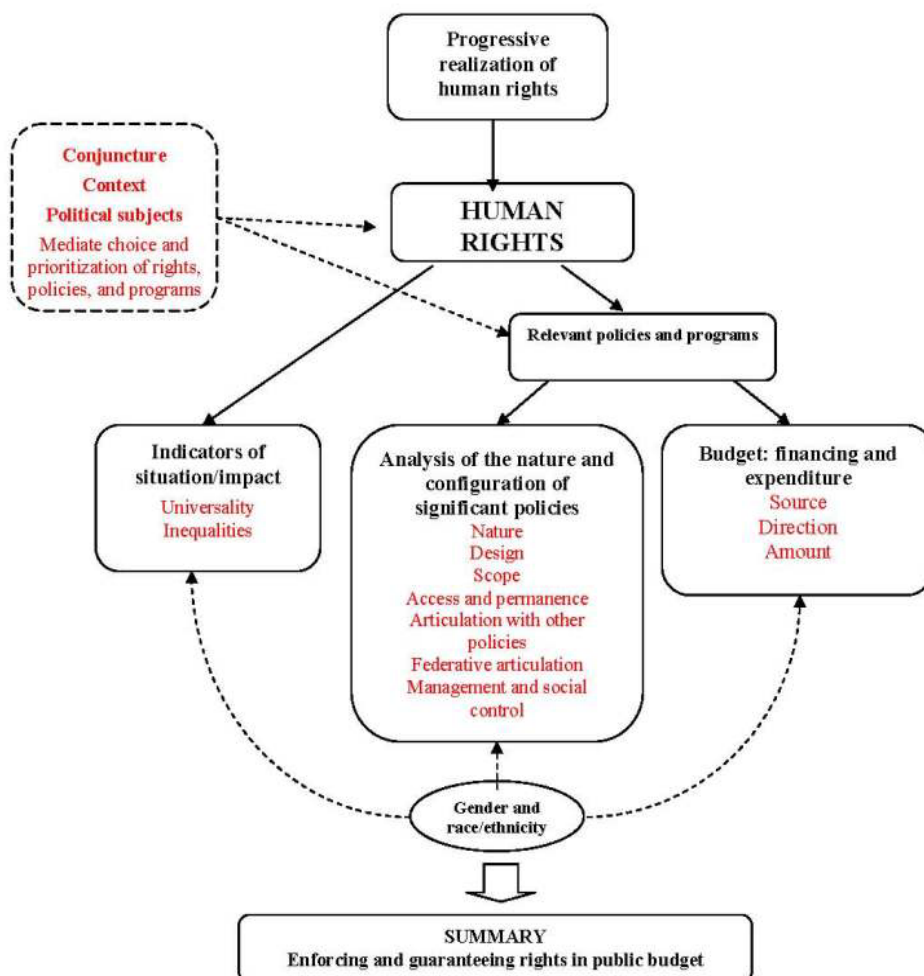
- What is the nature of the program and its actions?
- What is the program design (diagnosis, universalization targets and indicators, addressing inequalities)?
- What is the scope (benefits granted versus potential universe)?
- Is it a contributive program or not?
- What is the legal status of the program?
- Is program execution performed from the perspective of rights or is it clientelistic?

- Is it an ongoing program or not?
- What is the criterion for access and permanence (if any)?
- Is it articulated with other policies? If yes, how?
- Is there a federative articulation (decentralization)? If yes, how?
- How management and social control are done (relations between governmental spheres, civil society participation, participatory spaces)?

iii) Budget: financing and expenditure:

- Does the budget source indicate whether the policy or program financing is progressive or regressive?
- Does expenditure direction (including race and gender perspectives) indicate who is actually being benefited by public budget?
- What is the size of the expenditure (amount of funds destined)?

Figure 3: Methodological steps to analyze the budget from the perspective of progressive realization of rights



V. Alternative budget

In the middle term, we also expect that this methodology will enable INESC to develop an alternative budget, based on the perspective of human rights, and propose how much the government should spend on determined areas and programs to enforce rights enshrined in international treaties and the Brazilian legislation.

The development of a parallel budget would create a critical environment to unveil the current budgetary logic, denouncing it and proposing an alternative. This parallel budget should be based on the political and methodological assumption that the public budget must be a political instrument to prioritize expenditures that will ensure people's human rights.

The creation of an alternative budget will depend on defining which dimensions of access to rights are deemed strategic for social justice and environmental sustainability. It will also depend on detailing which physical goals for realizing rights should be attained every year, as well as what funds should be allocated to this purpose.

Few countries have experience with civil society concerted actions and organizations working on budget analysis with the perspective of developing an alternative budget. The Social Watch Network in the Philippines and Canada's organization, Canadian Center for Policy Alternatives, are two such examples. The steps taken to construct the methodology "Budget and Rights" enable INESC to progressively work toward this objective.

VI. Example of developing an alternative budget: how much would it cost to expand the Continuous Cash Benefit (BPC) for the elderly person?

Context

The Continuous Cash Benefit (BPC) is a fundamental gain for Brazilian citizens. Included in the 1988 Federal Constitution, the BPC ensures a basic income, equivalent to one minimum wage, for elderly people over 65 and people with disabilities. In both cases, average per capita family income should not be over one-fourth of the minimum wage. BPC coverage, which has been expanded in the last years, is one of the factors that explain the decrease in the number of people living in poverty and extreme poverty in the country.

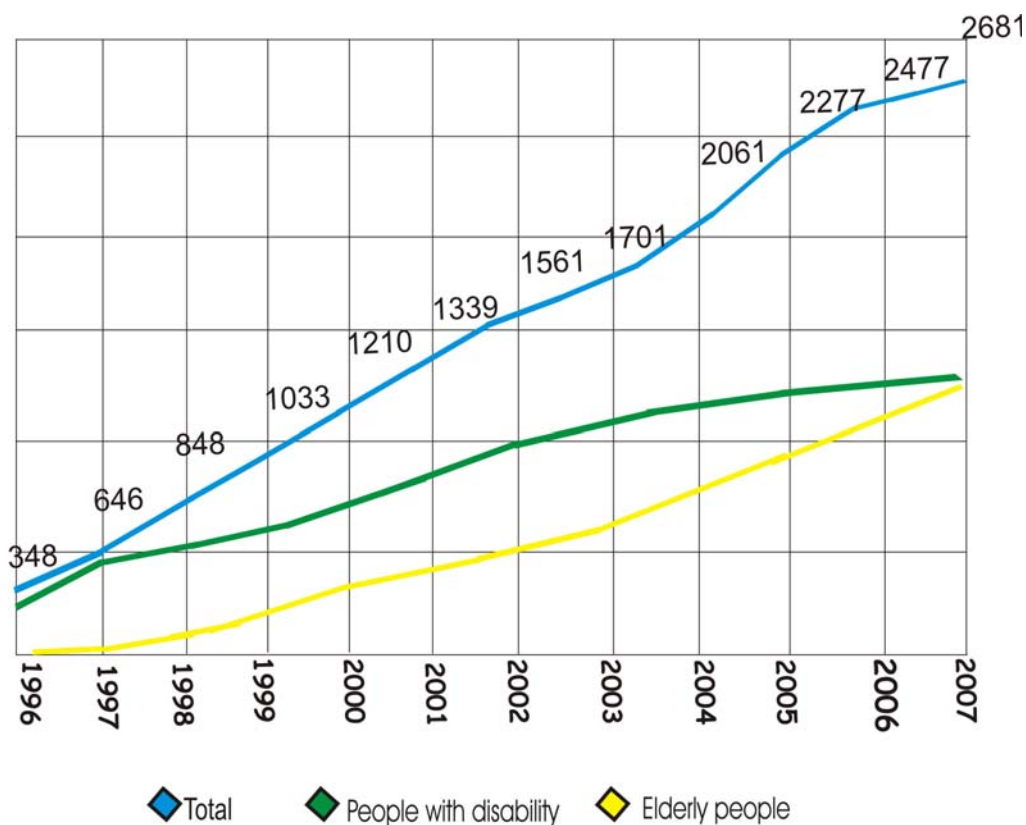
It is worth noting the importance of the linkage between BPC and minimum wage, despite several attempts to delink them carried out in recent years by representatives from a conservative elite, who thinks that allocating 30% of the federal budget to debt interest and amortization payments is not yet sufficient.

It is also important to emphasize that BPC coverage was expanded, as well as budget

funds destined to its implementation, only because it is a constitutional provision. BPC and rural workers' pensions have been two of the main mechanisms to transfer income to the poorer layers of the population. While the former benefit is geared to those incapable of working because of age or disability, the latter ensures a decent life to rural workers receiving retirement pension.

Following, we present a chart with the evolution of the number of people receiving BPC. The PPA plans to include in this program around 2.77 million people by 2009; out of these, 1.41 million of people with disabilities and 1.36 million of elderly people.

Figure 4: Evolution of the number of BPC beneficiaries in 1,000 (1996-2007)



Source: SNAS/MDS. Prepared by SPI/MP.

How much would it cost to expand BPC to a larger number of rights holders?

According to IPEA data, almost eight in ten elderly persons in the country received National Social Security Institute (INSS) benefits in 2005. This could be a pension or any social assistance benefit.

Thus, around 20% of the elderly population, or 4.3 million old people, were unable to make regular contributions to the INSS during their working lives, and live in families that are not extremely poor to be eligible for social assistance. The payment of an **unconditional citizenship income** to those people, in an amount equivalent to the

minimum pension (US\$ 224.32 in 2008), would mean an annual budgetary expenditure of **US\$ 12.43 billion**¹, whose source could be the social security funds diverted to the fiscal budget through the mechanism of Delinkage of Federal Revenues (DRU). In 2009, around US\$ 21.62 billion will be transferred to the fiscal budget through the DRU mechanism – an amount that contributes to the primary surplus.

A second possible scenario is to expand the number of old-age people entitled to the BPC: elderly people with average per capita family income of half the minimum wage would be eligible for the benefit. The original Social Assistance Organic Law (LOAS), vetoed by ex-President Collor, included this measure, which was later modified to average per capita family income of one-fourth of the minimum wage. This left many elderly people living in poverty without access to this benefit.

Following, we present the budget projections to expand BPC to elderly people living in families with average per capita family income of half the minimum wage. The estimates include the number of old-age people who are entitled to the benefit by current rules but do not receive it (see Table 3).

Hence, the budget action *0573 - BPC for the social assistance of the elderly people*, included in program *1384 – Basic Social Protection*, should have an increment of US\$ 4.27 billion to extend the right to BPC to elderly people whose average per capita family income was half the minimum wage in 2009. This would mean the inclusion of over 1.5 million elderly people and a progressive universalization of social security in the country.

Table 2 - Projection of the necessary funding to pay the BPC (elderly people of the minimum wage (including the currently excluded) - US\$

Year	Increment of beneficiaries	MW (US\$)	Our proposal	
			Increment US\$	Total with increment (US\$) p
2008	1.293.249	219,31	3.403.469.258	6.968.452.436
2009	1.520.483	234,16	4.272.435.591	8.447.940.182
2010	1.759.241	250,01	5.277.934.109	10.137.027.465
2011	2.009.993	266,94	6.438.570.377	12.086.769.853
Increment in 4 years		101,45%	19.392.409.336	37.640.189.937

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Table 3 - Projection of the necessary funding to pay the BPC (elderly people of the minimum wage (including the currently excluded)

Year	Increment of beneficiaries	MW	Our proposal	
			Increment US\$	Total with increment (US\$) p
2008	179.770	219,31	473.104.304	4.038.087.483
2009	183.537	234,16	515.724.287	4.691.228.878
2010	187.383	250,01	562.171.486	5.421.264.842
2011	191.309	266,94	612.816.294	6.261.015.770
Increment in 4 years		11,32%	2.163.816.371	20.411.596.972

MW = Minimum Wage

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Final remarks

This document introduces some elements and pathways INESC intends to pursue in coming years, developing its analyses and influencing the budget and public policies. We believe we are concluding the first stage of discussing and systematizing a method to analyze the public budget, from the perspective of human rights and social inequalities.

From the beginning, we posed to ourselves the challenge of innovating in budgetary analysis, deepening the approach of human rights realization and fight against inequalities via public policies and budget. The hypothesis was that such an effort would clearly reveal the connections between budget and public policies, and between guarantee of rights and their realization. This would be an innovative instrument for INESC political action, as well as other civil society organizations.

However, INESC has still to address many challenges to develop this methodology. Among them, we highlight the following:

- Deepen strategies to ensure greater functionality for the concepts of “financing the state with social justice” and “maximum of resources needed to promote rights.”
- Deepen the analysis and capacity to influence policies, using the methodology as a guide, and prioritizing the dimensions of rights, policies, programs, and actions with greater impact on the process of overcoming gender and race inequalities.
- Implement a communication strategy that will provide visibility to and reinforce the parameter “budget and rights,” focusing on the impacts of information, analyses, positions, and data based on that parameter.
- Deepen our technical and political capacity to use statistical and economic data in our budgetary analyses.
- Establish dialogue with other organizations, networks, and institutions for ongoing enhancement of the methodology.

We hope these initial reflections may help the work of several civil society organizations whose agenda includes monitoring the budget and public policies, from the perspective of implementing human rights and reducing inequalities. We are politically committed to social transformation, with the aim of building a just and sustainable society. This will be possible only when the public budget no longer is appropriated by a few and its funds are actually applied in transformational policies. These policies should distribute income and help to emancipate and provide a decent life to all.

Notas

- ¹ Social Watch, International Budget Partnership, Brazil *Dhesca* (ESC rights and human and environmental rights) Platform, Forum of National Human Rights Entities, and Process of Networking and Dialogue (PAD) involving European ecumenical agencies and Brazilian partners.
- ² It should be emphasized the important support provided by the Avina Foundation during this process, as well as valuable contributions from the following professionals: Marcelo Paixão, Suzana Cavenaghi, Myllena Calasans, Paulo Carbonari, Leandro Lamas Valarelli, Silvia Cristina Yannoulas, and Ronaldo Sales.
- ³ Institute of Applied Economic Research (IPEA). Presidency Communiqué no. 22, June 29, 2009.
- ⁴ See INESC Technical Note 120.
- ⁵ Average exchange rate in August 2009 (R\$ 1.85 = US\$ 1.00).
- ⁶ Brazil has three different budgets at the federal level: the fiscal budget (general), the social security budget (with exclusive tax sources that ensure funds for social security policies: health, social assistance, and pensions), and the investment budget of state-run companies. These budgets are part of one single piece of legislation, the Annual Budget Law, which establishes revenues and expenditures for the General Federal Budget.
- ⁷ These Provisional Measures were converted into laws no. 11803/2008 and 11943/2009, respectively.
- ⁸ See CHESNAIS, François. *O capital portador de juros: acumulação, internacionalização, efeitos econômicos e políticos*. In: CHESNAIS, François (org.). *A finança mundializada*. São Paulo: Boitempo Editorial, 2005, pp. 35-68.
- ⁹ In the last years, the debate on the development of human rights indicators that could quantify and measure the enjoyment and realization by the population of the various dimensions of rights has increased. Some analysts argue that human rights indicators would actually be only social indicators viewed from the perspective of human rights. However, we believe there are specificities, and that conceptual advances in the debate will enable the development of more precise instruments to assess changes in the living condition of the population.
- ¹⁰ Average exchange rate in August 2009 (R\$ 1.85 = US\$ 1.00).

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