

Status of Social Investment in Children in the Eastern Caribbean – An Overview

Koen RosselCambier and Leopoldo Romagnoli

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This paper gives an overview of the budgeting processes and the level of the revenues and expenditures of selected governments in the Eastern Caribbean. It reviews the sources of revenue of public budgets and appreciates the level of development assistance and loans reflected in the 2009 estimates. The paper has found diverse levels of social investment, which are for the most countries below regional and internationally agreed benchmarks. To this extent various recommendations are formulated to ensure that children remain at the heart of the social investment for future generations.

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Abstract

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¹ The authors would like to thank Violet Warner, Deputy Representative UNICEF, as well as the various officials of the UN system in Barbados participating in the review presentation for their valuable inputs and comments. The statements in this document are the views of the authors and do not necessarily reflect the policies or the views of UNICEF.

Executive Summary

Eastern Caribbean countries have made great strides towards achieving a great leap forward in achieving economic and social development. Many of the economies in the sub-region have sound economic growth rates, but the countries are among the world's most vulnerable not only because of risks for natural disasters, but also in economic and especially social terms.

Increased and more equitable social investment in children is key to the reduction of poverty and inequalities. With the current economic climate, public budgets are being put under pressure and transparent and efficient budgeting is needed to ensure that children's rights can be ensured.

Article 4 of the United Nations Convention on the Rights of the Child (CRC) underscores the obligation of States to implement rights to the maximum extent of their available resources. This implies the need for analysis of public budgets and their impact on children's rights.

This paper aims to give an overview of the level of public investment in social services related to children in the Eastern Caribbean sub-region. It builds on recent information available in the budgeting estimates of selected countries, with regards to the fiscal years 2007-2009 and will analyze different dimensions in the allocation of resources for children in protection of their well-being and in respect of their rights.

The first part of this study offers a description of the budgeting processes of the different Ministries and Budgeting Departments in the Eastern Caribbean and will focus on the cases of Barbados and St. Lucia as explanatory examples. This part takes into account possible differences between the various countries, emphasizing common aspects and substantial variations.

Second, this paper will offer a general overview of the revenues and expenditures of selected Eastern Caribbean countries, comparing taxing and non-taxing incomes, direct and indirect taxes and levels of lending and grants. It will also give a summary of the general public expenditure level in relation to the relevant GDP.

The following section deals with the overall investment in social services and will, using the 20/20 initiative on social development as a reference tool, assess the level of social investment in the selected countries. This section will also give an overview of the distribution of social spending in selected Eastern Caribbean states.

The last sections will deal with social budgeting towards education, health and social protection and will refer to international or regional benchmarks on public spending to analyze the level of social investment in the respective countries.

Bringing together this vital information on budgeting will enable us to appreciate the key trends in the sub-region and formulate recommendations for future action for children.

1. Objective and Methodology

The main objective of this paper is to offer an overview of the status of social investment in children in the Eastern Caribbean countries, especially Barbados, Turks and Caicos and the OECS countries. Special attention will be given to the level of social investment in Education, health care and social protection and reference will be made to international and regional agreed benchmarks relating to social budgeting.

This paper is building on an extensive literature review, personal interviews and the expertise of UNICEF –and the UN system in general- in advocating for social budgeting.

In a first stage, a literary review took stock of the existing experiences and knowledge on national social budgeting assessment by analyzing different social budgeting reports from Jamaica, Mozambique, Ecuador, the Gambia, Georgia, India and Dominica. These documents presented different patterns of research, different aims and diverse triggers. Bringing together the different ways of analyzing budgets, a set of core common indicators was produced, which can be divided into four categories: general public finance, education, health and social protection. Annex I refers to these indicators.

This paper is also building on the collection of the 2009 estimates of the following Eastern Caribbean countries: Barbados, British Virgin Islands, Grenada, Montserrat, Saint Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Personal interviews were undertaken with selected officials responsible of the budgeting section of various Ministries of Finance, while collecting the official public budgeting estimates for the present fiscal year and the previous ones.

The paper was produced during the period of July to August 2009 and benefited from the knowledge and expertise of UNICEF in Latin American and the Caribbean Regional Office dealing with social budgeting. A presentation and review meeting, involving officials of the United Nations system in Barbados and the Eastern Caribbean has also largely contributed to the production of the present paper.

The findings of the present paper should be viewed with a number of limitations as many of the findings are estimates and interpretations of the authors of the various budget items. The review –to a large extent- only focuses on the level for a specific fiscal year per country and hence has limitations in comparing trends over years or to appreciate the efficiency of the budgeting process in meeting its targets.

Also the level of comparability between countries is often hindered by the use of different templates and definitions on financial items between the various estimates. To this extent more in-depth studies or assessments could complement this work. Focusing on the level of

investment does not necessarily imply efficient and adapted quality services. Therefore this paper is limited to the description of the levels of investment and not its effectiveness. Several graphs compare levels of social outcomes with levels of public investment. It should be recognized that various explanatory variables exist for these social outcomes, and that the level of social spending is only one of these.

2. The public budgeting processes in the OECS and Barbados

Before elaborating on the contents and the analysis of the level of public investment in the social sector, it is important to understand the way public finance is organized in the Eastern Caribbean.

The budget process can be considered as composed of six main phases which take place sequentially during the fiscal year (Foster, 2005). The first phase is the “strategic planning” phase, during which the Government establishes perspectives and middle term goals, generally sets fiscal targets for the future three fiscal years (FY) and decides on expenditure priorities. The second phase is the budget preparation phase, during which revenue targets are set up for the coming fiscal year, and allocations are decided for each Ministry, according to the financing plan. Within the third phase, called “budget execution”, funds are released to every Ministry and the programmes are implemented. This is followed by the accounting and monitoring phase. During this stage of the budgeting process the audit section makes quarterly or monthly reports about expenditures and outputs. Next, during the reporting and auditing phase, the Auditor General reports the auditing report to the Parliament. The last phase, the “policy review”, implies the evaluation of outcomes and policy update.

As two case-studies, this paper will analyze St. Lucia and Barbados more in detail in order to have a more complete view over budgeting procedures and expenditure allocations. Despite applying different time ranges for the various steps of the following procedures, patterns are very similar for all the Eastern Caribbean countries.

The budgeting estimates of St. Lucia are submitted by the single Ministries, following criteria and respecting deadlines imposed by the Budget Office. The different budgeting estimates are collected by the “budget section” between the beginning of January and the end of March and are then revised. If the estimates are approved, they are collected, gathered in a unique document and presented by the Minister of Finance to Parliament between March and April of each year. The publishing of the budgeting estimates take place between May and July. The estimates refer to a fiscal year, which goes from the month of April of the year “x” to the month of March of the year “x+1”. The actual expenditure for the current fiscal year, which normally differs from the estimates for the same period of time, will be published in the budgeting estimates of the next fiscal year, or, partially, in a mid-year report –distributed between October and December.

With respect to policies relating to children, the mainly interested Ministries relevant in St. Lucia are the Ministry of Health, Ministry of Education and Ministry of Social Transformation, Human Services, Family Affairs, Youth and Sports. The latter presents, among its capital expenditures estimates, allocations for specific child related programmes such as the Youth Social Development Initiative, the Shelter for Victims of Abuse, the Boys Training Centre, and Sport related programmes.

In Barbados the budget building procedure starts in July, when the Budget Section sets the maximum level of expenditure for the upcoming fiscal year and transmits them to the Revenue Agency. With respect to the fiscal year 2009/2010 the rationale that every Ministry will have to follow is to keep the expenditure level below a specific deficit target. The Revenue Agency “responds” to the Budget Section in August, after having decided on the “ceilings” of expenses that every Ministry will receive. In early September the various Ministries will receive the guidelines for their own budgeting estimates. In October the estimates are transmitted to the Budget Section, which revises all the data and, by the beginning of December, indicates to every Ministry the aspects to modify and gives suggestions to better allocate the funds at their disposition.

During the month of January, the different Ministries discuss with the Prime Minister – who is also the Minister of Finance - their expected expenditures and, in February, the various estimates are combined in one single document by the Budget Section. This document, which is printed in March, is composed of a part of figures, corresponding to the various expenditure estimates, and a written part, in which these allocations are justified and detailed.

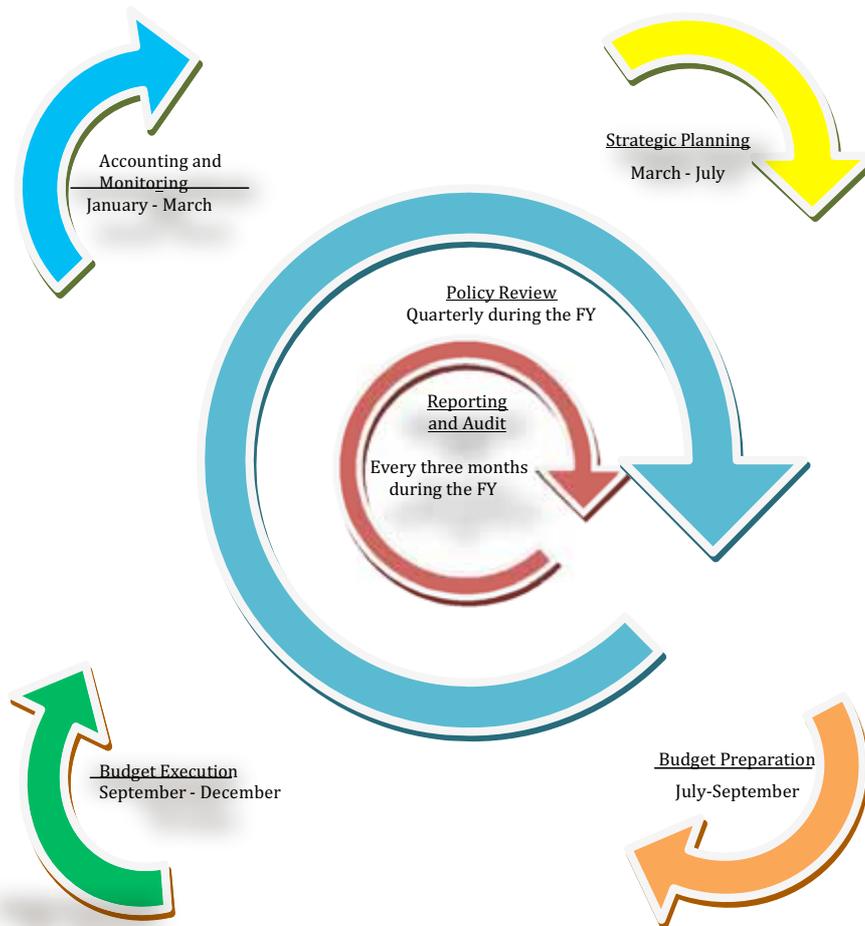


Chart: Budgeting Process in Barbados

The budgeting estimates must be approved by Parliament by March 31, which also coincide with the beginning of the fiscal year. The phase of “policy review” is done quarterly by the budgeting section through creation of semi-formal reports. Such policy review is mainly based on financial indicators including the level of public deficit. The observations contained in the various reports are condensed in a formal document, which is presented to the Ministry of Finance at the end of the fiscal year. If the results attained by each Ministry are far from those that were expected, the budgeting section makes individual reports to the specific Ministries.

It is the budgeting section, again, to monitor the expenditures and the revenues every three months. However, in case of economic downturns and crises, the monitor procedure is done every month. Furthermore, at the very end of the fiscal year (FY), the Accounting General prepares a report, in which his or her opinion is expressed about the financial trend of Barbados. This report, after its approval by the public account committee, is presented in front of the Ministry of Finance and the Parliament. During the discussion of the Auditing Report, main areas are discussed and, if any question about a specific issue is made by the Auditor General, the related Ministry is demanded to answer in written and public form, thus giving explanations and clarifications.

The Ministries that make most of the allocations for child development are those of “Health”, “National Insurance and Social Security”, “Home Affairs”, “Housing and Lands”, “Education and Human Resource Development”, “Community Development and Culture”, “Family, Youth, Sports and Environment” and “Social Care, Constituency Empowerment and Urban Development”.

3. General public financial challenges and outlook in the Eastern Caribbean

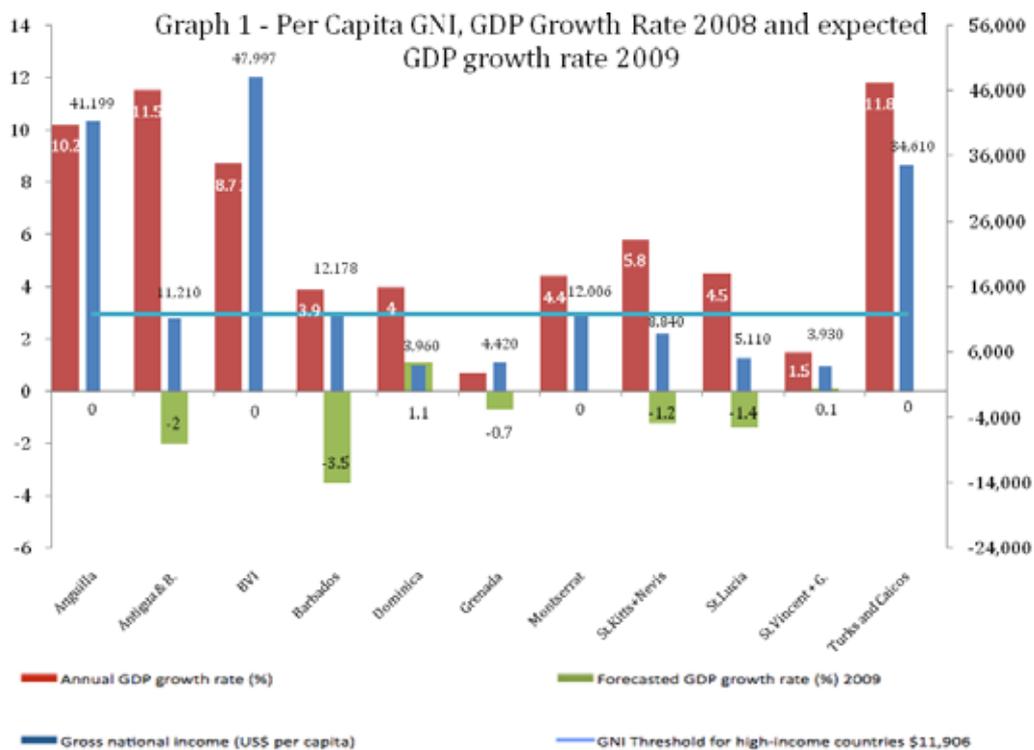
This section deals with the overall economic and fiscal outlook of the Eastern Caribbean countries and describes their structure of revenues, recognizing that the overall economic climate is most relevant for the fiscal space of public spending.

The overall economic situation of the Eastern Caribbean countries appears to be very diverse presents distinctive aspects with many islands having achieved middle or high income status. Graph 1 shows the threshold that is applied by the World Bank to consider a country as “high income”. In its definition the Gross National Income (GNI) per capita that must be above US\$11,906 to qualify as a high-income country for the year 2008 (blue line)². Within the Eastern Caribbean countries Anguilla, the BVI, Barbados, Montserrat and Turks and Caicos can be considered high-income countries, while Antigua and Barbuda marginally below the target.

² The world Bank, 2009, *Country Classification*, <http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

However, the economic outlook for many of these countries is still in jeopardy, as these Small Island Developing States (SIDS) are vulnerable to the global economic recession. For example, the annual GDP growth rates in the sub region remained relatively stable for year 2008, but shows grim outlooks for the year to come. In analyzing graph 1³, it is possible to infer that the countries for which growth is faster in 2008 were Turks and Caicos, Antigua and Barbuda, Anguilla and the British Virgin Islands, with respective growth rates of 11.8 per cent, 11.5 per cent, 10.2 per cent and 8.71 per cent. Lower performances were observed for Grenada and St. Vincent and the Grenadines, respectively 0.7 per cent and 1.5 per cent, against an average overall Eastern Caribbean growth of about 5 per cent.

However, the present economic recession has brought new pressure in fiscal resources, shrinking the projected GDP growth rate for 2009 and, in some cases, turning them to negative values. The most explicit example is Barbados, which is expected to pass from a GDP growth rate of 3.9 per cent to a negative one of -3.5. This forecast may increase overall vulnerability of its population because of its projected overall decrease in general household income. It also challenges countries such as Barbados to maintain their high- income status.



³ PAHO/WHO, 2008, *Health situation in the Americas/Basic Indicators*, referring to data of year 2006 for the gross national income; CIA, *The World Factbook*, 2009, first quarter for data about the GDP growth rate 2008; IMF, 2009, *World Economic Outlook* for the forecasts about GDP growth rate in 2009.

Source of Revenues

The economic crisis is affecting the fiscal space of Governments. Therefore, it is important to understand the different sources of revenues which are used by the Eastern Caribbean countries. In general, a distinction should be made between tax revenues and non-tax revenues. Non-tax revenues are generally generated by fees, fines and permits, interests, investment income, grants income, rents and dividends and other revenues. Tax revenues can be divided into direct and indirect taxes. Examples of indirect taxes are income taxes, some corporate taxes, and transfer taxes such as estate (inheritance) tax and gift tax. In this sense, a direct tax is contrasted with an indirect tax or "collected" tax (such as sales tax or value added tax (VAT)). It is important to note how non-tax revenues and tax revenues are used as income-generators differently between the various islands. For example, the percentage of non-tax over tax revenues for the BVI is of 243.54 per cent (BVI Budget estimates, 2009), while those of Barbados, St. Kitts and Nevis and St. Lucia respectively correspond to 9.46 per cent 27.72 per cent and 10.10 per cent. The main reason for this important difference is that 57 per cent of the recurrent budget of BVI is financed by contributions of the financial sector (BVI Budget estimates, 2009).

Table 1 below gives an overview of tax revenues for the FY 2003 for the countries that are analyzed in this paper (Dos Santos and Bain, 2004). Data shows that for some countries tax revenues account for a larger portion of the GDP than for others. For example, Barbados and Grenada rely on taxes for a percentage which is close to 30% of their GDP, while other countries, like Antigua and Barbuda and St. Lucia, have tax revenues "only" for about 20 percent of GDP. Another important detail regarding recurrent revenues which is possible to observe in the table below is the general share of indirect taxes, being superior to that of direct taxes.

Table 1⁴ - Tax Revenue in 2003 as a Percent of GDP

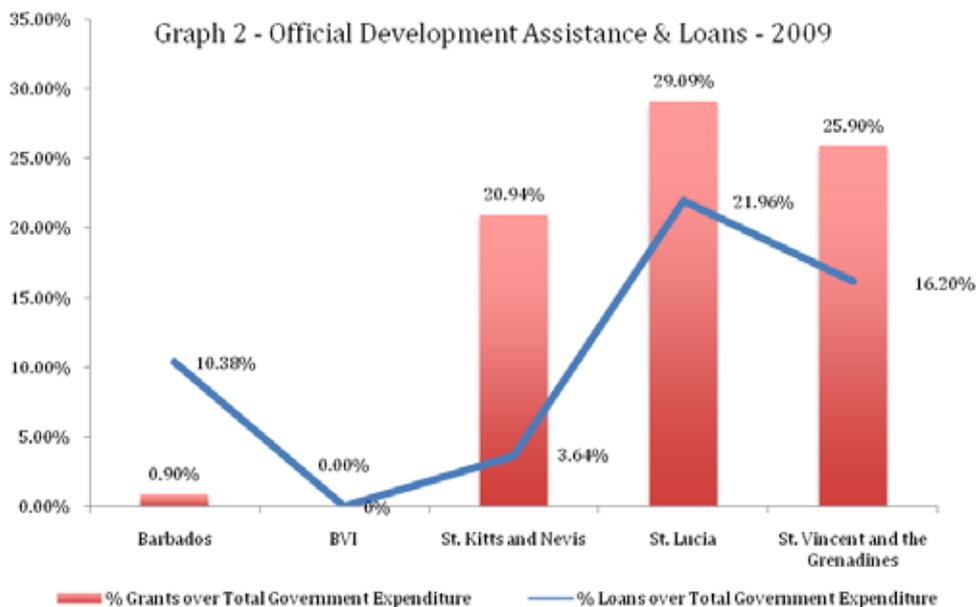
Country taxes	Direct	Indirect taxes	Total
Barbados	12.5	17.3	29.8
Grenada	5.9	22	27.9
St. Vincent and the Grenadines	8.3	18.6	26.9
Turks and Caicos	4.4	21	25.4
Montserrat	10.4	13.8	24.2
Dominica	7	17	24
St. Kitts and Nevis	6.8	16.7	23.5
Antigua and Barbuda	3.7	14.2	17.9
St Lucia	6.2	15.5	21.7

⁴ Dos Santos P. – Bain L., 2004, *CARICOM – Survey of the Caribbean Tax Systems*

Having an overview of the level of direct and indirect taxing, as reflected in Table 1, it is possible to appreciate elements of the level of redistribution of the respective countries and their fiscal policy. Where direct taxes are high and constitute a higher portion of the total taxation level, fiscal pressure is often higher for wealthy citizens. Supposedly, revenues coming from taxes, in countries where direct taxes are high, will be more likely to be redistributed for the improvement of the overall situation. The highest level of direct taxing can be observed in Barbados and Montserrat and the lowest in Turks and Caicos and Antigua and Barbuda.

Grants and Lending

Graph 2⁵ below shows the amount of Grants composing capital revenues, over the total public expenditure for the FY 2009 of selected Eastern Caribbean countries. From this data one can deduce that the level of Grants corresponds to a very variable portion of the total budget. If this proportion is contained in the range between 7.76 per cent and 10.77 per cent for St. Kitts and Nevis, St. Vincent and the Grenadines, and St. Lucia, the portion of Grants corresponds in Barbados to respectively 0.9 per cent of its total expenditure for FY 2008/2009.



Generally, official development assistance (ODA) revenues are used to finance results and projects that are agreed upon with the donors. This data is presented in the different budget estimates, together with the concessional financial terms, which are often required by the international donor organizations. In Barbados, for example, following the 2009-2010 estimates for the projected receipts to March 2008 in terms of project financing, the main development partners were the Inter-American Development Bank (US\$M 17.65), the World Bank (US\$M 4.7), the Caribbean Development Bank (US\$M 2.6) and the European Development Fund (\$M 3.75). As we are aware of other development actors such as the UN system, NGOs, university cooperation and bilateral are equally physically present in Barbados, the 2009 estimates of Barbados do not reflect the entire picture of its development assistance situation. It must be

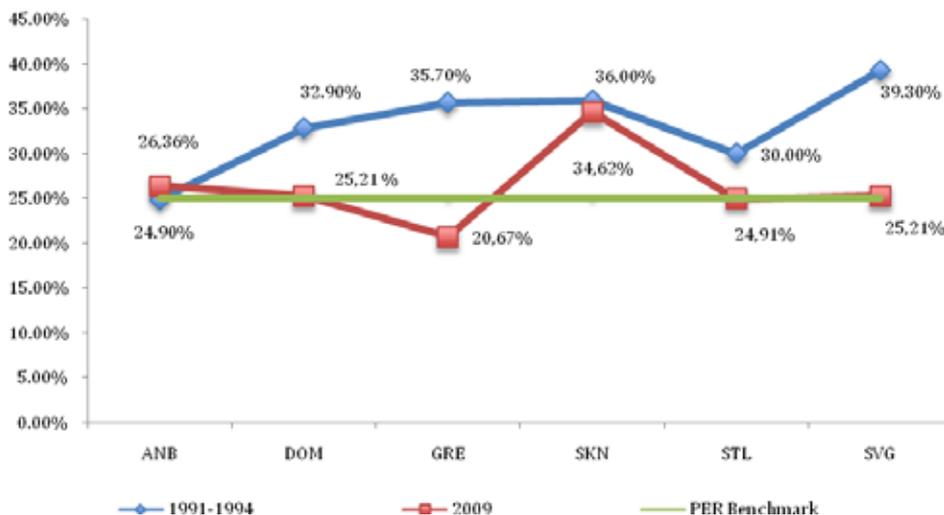
⁵ Data was collected from the official budget estimates of each country, FY 2009

mentioned that the level of financing the 2009 budget by means of loans remains very high; with for example St. Lucia, St. Vincent and the Grenadines and St. Kitts reaching an estimated lending level of over 20% of the total budget.

Tendency of public expenditures

The chart below shows that, over the last 10 years, all countries – with the exception of Grenada, which has access to a large amount of capital expenditure not included in this figure – have almost reduced by one third their public spending as part of the overall GDP. With higher debt to GDP ratios and the continued lending culture, it is clear that the culture of public spending (25 per cent can be considered as a reference rate; Parker and Jespersen -1994- in Sabatini and Kamau; 1997) is being reviewed and this certainly will affect social spending.

Graph 3- Public Expenditure Ratio - 2009



4. General overview of social investments in the Eastern Caribbean

Level of commitment to the 20/20 initiative

A bold attempt to create a common standard for social investment was made during the World Summit for Social Development of Copenhagen (1995), where 117 Heads of Government adopted a “Declaration and Programme of Action which represents a new consensus on the need to put people at the centre of development”⁶. The participating governments agreed to commit their countries to the 20/20 rationale, which means that “a minimum 20 per cent of Government Budget and 20 per cent of the Official Development Assistance (ODA) from donor countries will be earmarked for expenditure in Basic Social Services, that is, for Human Development Priority Expenditure”⁷. There are different ways to measure the effort a country makes to comply with

⁶ United Nations Department of Economic and Social Affairs, 2009, <http://www.un.org/esa/socdev/wssd/index.html>

⁷ Sabatini F. – Kamau M., 1997, *20/20 Vision or Social Investment: A preliminary analysis of Human Development Priority Expenditure in Seven Eastern Caribbean Countries*

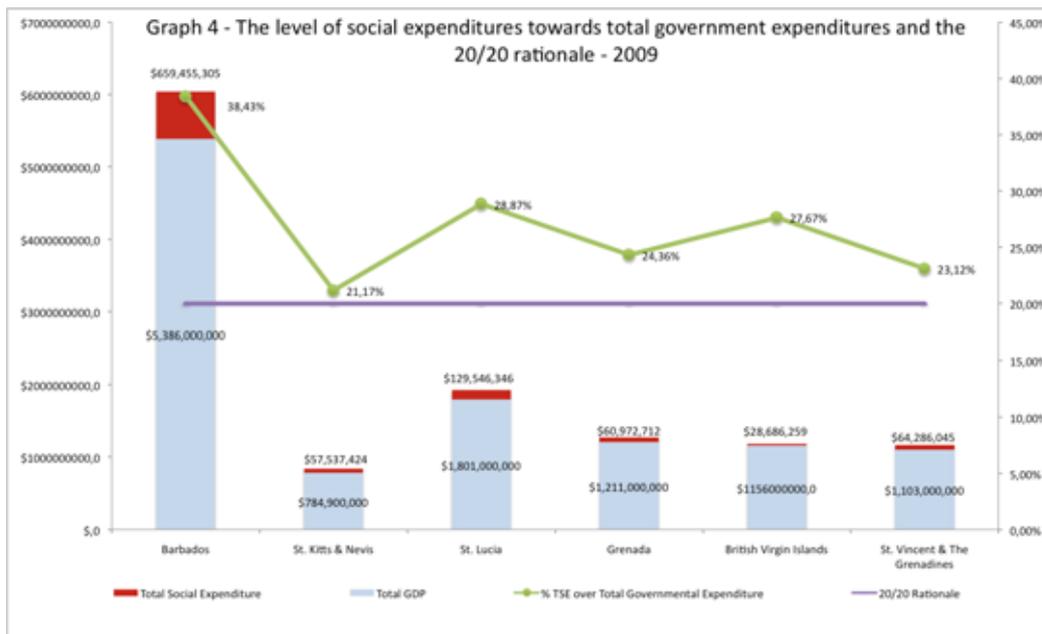
the 20/20 benchmark. One way is to compare the total social expenditure with the total recurrent expenditure, while a second approach is to take into account the different levels of basic social services over the total general expenditure.

Total social expenditure (TSE) over total government expenditure

Assessing the commitment to the 20/20 initiative, it is important to analyze to what extent the observed countries invest their revenues in general social services, in terms of GDP and of total revenues.

Graph 4⁸ below shows which percentage of the GDP (Purchasing Power Parity) of Barbados, St. Kitts and Nevis, St. Lucia, Grenada, St. Vincent and the Grenadines and the BVI is devoted to social services. These services included education, health care, social protection and other minor social services. Observing the data, it is possible to state that Barbados is the most outstanding investor in social services within the countries of reference and meets the 20/20 norm by devoting 38.34% - followed by St. Lucia and the BVI that invests almost 30% - of its total expenditures for the social sector.

In addition, this graphic representation highlights that there is no strong significant correlation between the absolute level of GDP of an Eastern Caribbean country and the level of investment in social services.



⁸ Data was collected from the official budget estimates of each country, FY 2009, and from IMF database for GDP's.

Layers of social expenditure commitment towards the 20/20 initiative

A 1994 UNICEF publication (Parker and Jespersen, 1994) suggests an alternative way for calculating the 20/20 norm in order to gain more insights in the issue. In this case, the calculation starts from the assumption of 25 per cent of the GDP represents the optimum for governmental expenditure. Of this share, a 40 per cent should be invested in social services. Here, the 20/20 norm prescribes that at least 50 per cent of the mentioned 40 per cent should be devoted to Human Development Priorities, representing the 20 per cent of the total Governmental expenditures. Table 2⁹ shows the evolution of data between FYs 1991-1994 and 2005-2009, with respect to the public expenditure ratio; the total general expenditure (TGE) over the gross domestic product (GDP).

Table 2 - The National Dimension of the 20/20 Compact Percent, 1991-1994 VS. 2005-2009													
	20/20	ANB		DOM		GRN		SKN		STL		SVG	
		1991-1994	2005-2009	1991-1994	2005-2009	1991-1994	2005-2009	1991-1994	2005-2009	1991-1994	2005-2009	1991-1994	2005-2009
Public Expenditure Ratio (TGE/GDP)	25	25,4	26,4	32,9	25,21	35,7	20,7	36	34,62	30	24,91	39,3	25,21
Social Allocation Ratio (SSE/TGE)	40	29,6	N/A	32,7	N/A	42,2	23,1*	N/A	21,17	33	9,71	32,5	23,11
Social Priority Ratio (Basic Soc.Serv./SSE)	50	54,2	N/A	51,1	N/A	41,7	41,45*	N/A	28,47	60	61,53	37,7	32,88
Human Dev.Priority Ratio (BSS/TGE)	20	16	N/A	16,7	N/A	17,6	13,76*	N/A	6,03	19	5,98	12,3	7,6

* This data of Grenada refers to recurrent values only

We can observe that in 2009, the countries with a public expenditure ratio closer to the optimal 20/20 benchmark of 25 per cent of the GDP, have all significantly reduced their public expenditure ratio. In this sense, the situation has improved for Dominica, St. Vincent and the Grenadines and St. Lucia, which are now in line with the 25 per cent benchmark. St. Kitts and Nevis and Grenada got closer to the target, while Antigua and Barbuda widened their distance to the reach of the point of reference.

Furthermore, for the social allocation ratio, which is given by the social services expenditure (SSE) over the total general expenditure (TGE), the recommended benchmark is 40 per cent (Parker and Jespersen -1994 - in Sabatini and Kamau, 1997). Under this point of view, all the countries of reference seem to be below the mentioned benchmark and hence would have a low level of social allocation.

⁹ Sabatini F and Kamau M., 1997, *20/20 Vision or Social Investment: A preliminary analysis of Human Development Priority Expenditure in Seven Eastern Caribbean Countries*; updated data refers to the Budget Estimates of the respective countries, FYs 2005-2009.

The social priority ratio, calculated as the expenditure for basic social services (BSS)¹⁰ over social services expenditures, has a recommended value of 50 (Parker and Jespersen -1994- in Sabatini and Kamau, 1997) and Antigua and Barbuda and Dominica are close to this target during FYs 1991-1994, showing respective values of 54.2 per cent and 51.1 per cent. For the FYs 2005-2009, Grenada and St. Lucia show values of respectively 41.45 per cent and 61.53 per cent. Hence all countries observed have – in function of the benchmark - an appropriate social priority, with the exception of St. Kitts and Nevis and St. Vincent and the Grenadines with respective ratios of 28.47 per cent and 32.88 per cent. Despite the gap between the reached level and the benchmark being widened, the situation for the social priority ratio demonstrated stability over the last ten years.

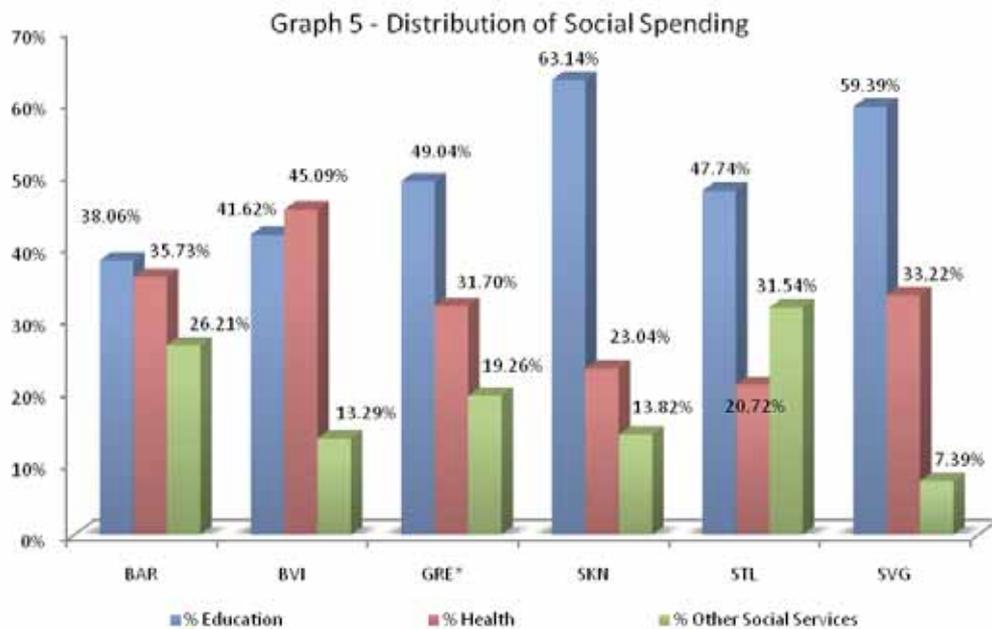
We can observe an overall decrease in the human development ratio, reflecting the relationship of the expenditure on BSS by the TGE. Hence, there is a need – at the country level - to look more into detail why this ratio has decreased over the last 10 years and why the level of BSS is so low in comparison with the general level of expenditure.

Distribution of investment in social services

Graph 5¹¹ shows the distribution of the total expenditure for social services, highlighting which percentage of this resource is allocated for each sector. The category “other social services” refers to the non specific health or education related social services, often involving various social protection services and other welfare programmes.

¹⁰ For the calculation of recent BSS, data was selected from the official budget estimates of the respective countries according to the definition of BSS provided by the United Nations within the Millennium Development Goals Indicators webpage: “mdgs.un.org/unsd/mdg/Metadata.aspx?IndicatorId=0andSeriesId=593”: “Basic Education comprises Primary Education, basic life skills for youth and adults and early childhood Education. Primary health care includes basic health care, basic health infrastructure, basic nutrition, infectious disease control, health Education and health personnel development. Population policies/programs and reproductive health includes population policy and administrative management, reproductive health care, family planning, sexually transmitted disease (STD) control including HIV/AIDS and personnel development (population and reproductive health). Basic social services (BSS) also include basic drinking water supply and basic sanitation, and multi-sector aid for BSS. Bilateral official development assistance is from one country to another

¹¹ Data was collected from the official budget estimates of each country, FY 2009, and from IMF database for GDPs.



* The data for Grenada refers to recurrent values only

Overall higher investments are made for education and, in addition, a high quantity of resources is allocated for education in St. Kitts and Nevis, corresponding to 63% of the total social expenditure. In addition, Barbados has the more equal balance between expenditures for the various social services. The country which is investing the highest proportion in the other social services is Barbados, with a share of 26%, while the lowest investment on this category is estimated for St. Vincent and the Grenadines, with an approximate 7% of expenditure.

5. Status of investment in Education in the OECS and Barbados

The Convention of the Rights of the Child highlights that access to quality Education is a right for every child. This is also underscored by the Education for All international framework in which the different Caribbean countries have endorsed. Despite the quasi universality of Primary Education, the sub-region still faces challenges in terms of the quality of the Education system, the access to early childhood development services, gender related high dropout rates and weak attendance.

Table 3¹² reflects the level of expenditure of Eastern Caribbean countries for Education. Here, the highest expenditure for Education as percentage of GDP pertains to Dominica (5.12%). With an exception for the BVI (in which the value is of 1.84%), the expenditure for Education for all the other analyzed countries corresponds to an average of about 4.5%.

¹² Data elaborated from Budget Estimates, FY 2009

Table 3 – Public Expenditure on Education - 2009

Country	Public expenditure on education as % of GDP	Public expenditure on education as % of total government expenditure
Barbados (2009)	4,66	16,97
BVI (2009)	1,84	15,2
Dominica (2002)	5,12	n.a
Grenada (2009)	2,47	16,28
Montserrat (2006)	3,35	n.a.
Saint Kitts & Nevis (2009)	4,63	13,38
Saint Lucia (2009)	3,43	13,78
Saint Vincent & the Gren. (2009)	4,11	16,32
Turks and Caicos Islands (2006)	n.a.	11,76

The public expenditure on Education as percentage of the total governmental expenditure ranges from 11.76% to 16.97% for all the countries.

Distribution of Investment in Education

Graph 6¹³ summarizes the allocated budget per level of education in the context of the overall education budget. Data about Pre-Primary Education in Turks and Caicos and Tertiary Education in Montserrat is not available. Expenses tagged as “others” refer to various expenses for administration or to special school programmes.

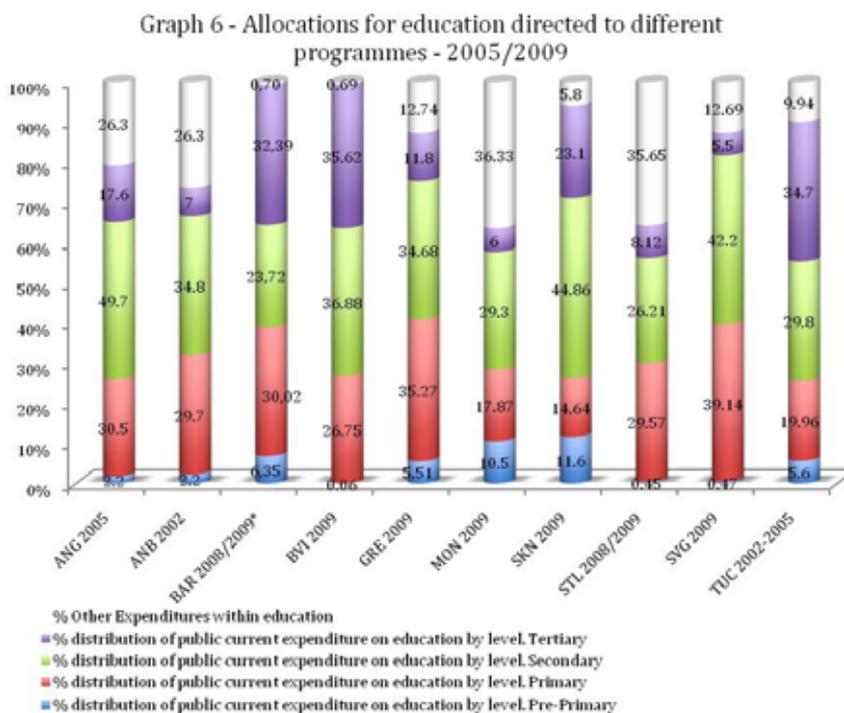
From this graph, it can be inferred that Barbados and the BVI are giving more or less the same importance to Primary, Secondary and Tertiary Education. Moreover, as already mentioned above, Montserrat, Antigua and Barbuda and St. Vincent and the Grenadines almost do not invest in Tertiary Education, while the Government of Turks and Caicos gives a lot of importance to this level of Education with 34.7 per cent of their Education budget.

Furthermore, it is important to note that Anguilla and St. Kitts and Nevis spend almost 50 per cent of their resources on secondary education.

¹³ UNESCO Database 2009.

St. Kitts and Nevis, Montserrat and St. Lucia, official budget estimates 2009.

CIA The World Factbook 2009, <https://www.cia.gov/library/publications/the-world-factbook/geos/tk.html>.



In order to assess the performance of the analyzed countries on social expenditure, one can refer to the “FTI indicative framework”¹⁴, developed within the Education for All (EFA) – Fast Track Initiative (FTI)¹⁵ which has the aim of assisting low-income countries in meeting the Millennium Development Goals (MDGs) and the EFA target for Education (all children achieve Primary Education by 2015). The EFA commitment was launched in 1990 as the result of the World Conference on Education for All and promoted by UNESCO, UNDP, UNFPA, UNICEF and the World Bank.

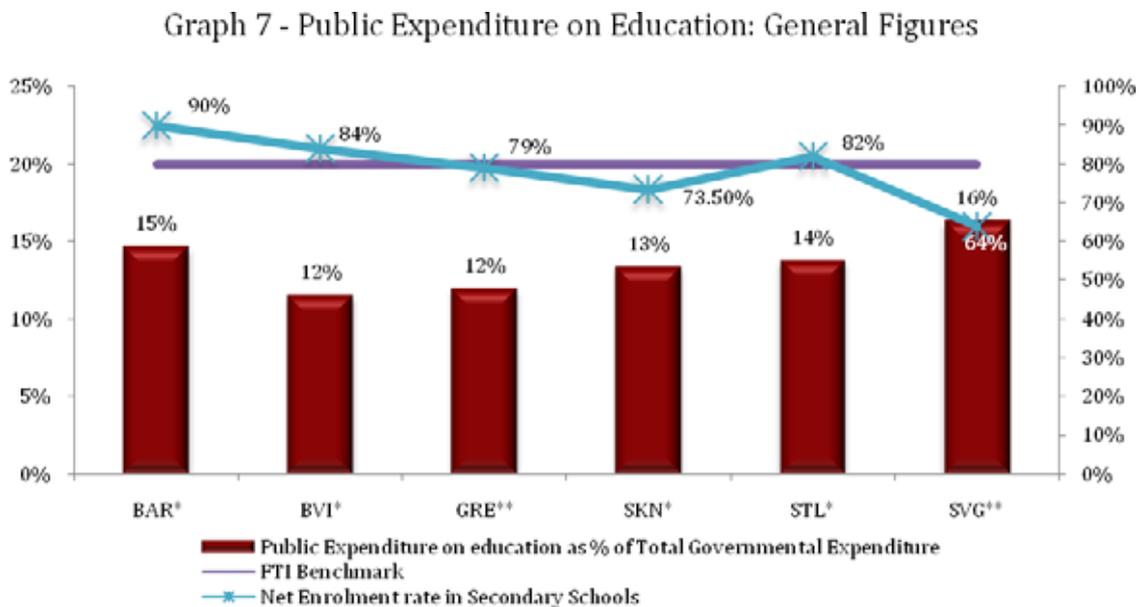
Though the FTI is designed for low-income countries and the Eastern Caribbean countries are middle and high-income countries, it is useful to refer to one of the schools of thought within the FTI framework (Bermingham D., 2006), which states that countries should spend about 20 per cent of their budget on Education.

All the countries in the Eastern Caribbean invest between 11 to 17 per cent on Education as a share of total governmental expenditure. In comparing this data with the FTI ratio, it is understandable that the analyzed countries are far from reaching the 20 per cent target. Historical data from the specific budgeting assessments of the various countries show a positive trend in investments for Education over the last few FYs in the Eastern Caribbean.

¹⁴ The world Bank, 2009, *EFA Fast Track Initiative (FTI) and the World Bank*, <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20278663~menuPK:617564~pagePK:148956~piPK:216618~theSitePK:282386,00.html>
 Bermingham D., 2006, *The Education For All, Fast-Track Initiative (EFA-FTI)*, www.oecd.org/dataoecd/24/42/37819963.pdf

¹⁵ UNESCO – Education For All, 2009, <http://www.unesco.org/en/efa-international-coordination/the-efa-movement/efa-goals/>

Graph 7¹⁶ below presents the trend of governmental expenditures for Education and, at the same time, the net enrolment rate in secondary schools.



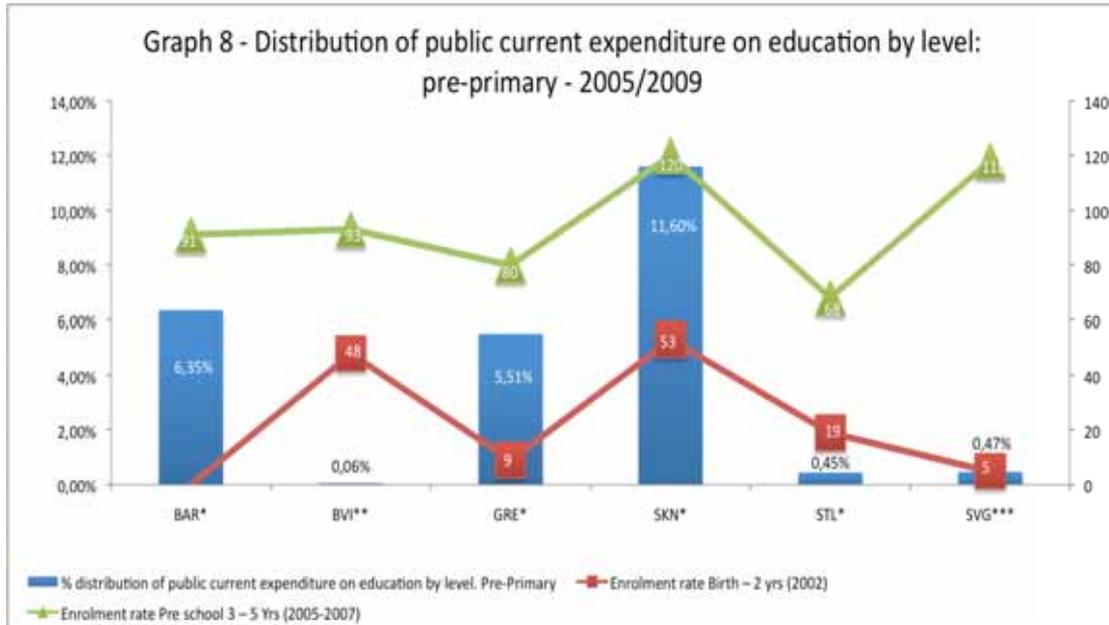
As one can observe, although many other factors also exist, countries with higher investments for education tend to have a higher enrolment rate for secondary education, with the exception of St. Lucia and St. Vincent and the Grenadines. Graph 7 shows that Barbados, having the higher investment in Education, has also the highest enrolment rate for Secondary Education.

Early childhood

Early Childhood Development Programmes are interventions that improve the physical, intellectual and social development of children early in their life. The interventions range from growth monitoring, early stimulation, daycare services, preschool activities, and improved hygiene and health services to parenting skills. With respect to early childhood development, as shown in Graph 8¹⁷, the distribution of public investment for Pre- Primary Education varies strongly across countries, as well as the enrolment rate for this Educational level, both for children in the age range 0-2 and for those in the range of 3 to 5 years old.

¹⁶ Data source: Budget Estimates of the specific countries, FY 2009 and UNESCO database 2009, with respect to years 2005-2007

¹⁷ UNESCO Database, 2009 (data from year 2006 regarding the Enrolment rate Birth – 2 yrs; data from year 2007 for Barbados, Grenada, St. Kitts and Nevis and St. Lucia, data from year 2006 for the BVI and data from year 2005 for St. Vincent and the Grenadines regarding the Enrolment rate 3-5 yrs); Budget Expenditures of single states, FY 2009



* Data about Enrolment rate Pre School 3-5 yrs refers to year 2007

** Data about Enrolment rate Pre School 3-5 yrs refers to year 2006

*** Data about Enrolment rate Pre School 3-5 yrs refers to year 2005

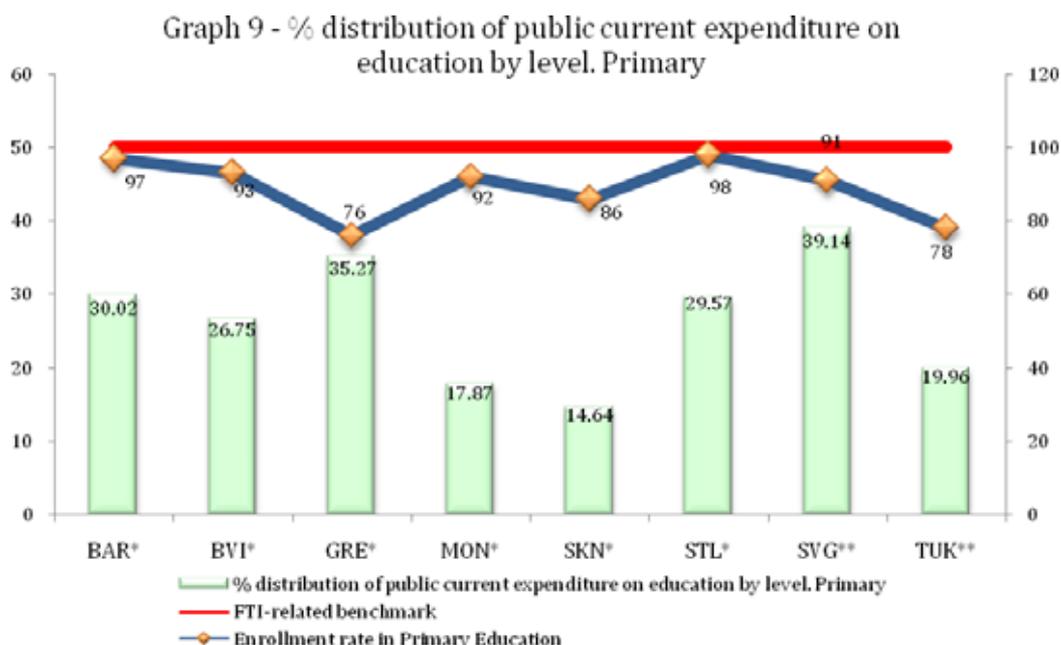
In general, one can observe a correlation between the level of enrollment in early childhood services and the level of public investment. One exception is BVI. Here, there is a low level of allocation of public funds for childhood Education, but a relatively high level of enrollment. This may reflect the contribution of private financing in BVI which also has a much larger income level than the average Eastern Caribbean countries. With 11.6 per cent of its Education resources dedicated to early childhood development, St. Kitts and Nevis is the country, within the analyzed ones, with the highest gross enrollment rates for both age categories. Hence the case of St. Kitts and Nevis proves that public investment in ECD can directly impact enrollment rates. This is important as access to quality early childhood services has proven to be key to break intergenerational poverty (Sen and Brundtland, 1999).

Primary Education

Universal access to primary education is underlined by both the Millennium Development Goals and the Education for All Declarations and is central to ensure all children their right to Education. Ensuring this, as a human rights principle, is an obligation of the State Parties, which have ratified the Convention of the Rights of the Child. Still, the sub-region has not achieved full universal access to primary education, as reflected by the primary enrolment rates in Graph 9¹⁸. The graph shows the level of investment for primary education as part of the total expenses for education. The largest investments, on a relative scale, are made by St. Vincent and the

¹⁸ UNESCO Database 2009, showing data from years 2005/2009; Budget Estimates of the single countries, FY 2009.

Grenadines, which is the country which is closest to the benchmark of the rationale proposed in the above mentioned school of thought related to the FTI programme. This source recommends to governments spending 50 per cent of their education budget for primary education. The Governments of Barbados and Grenada are also allocating a high portion of their budget to primary education, respectively 30.02 per cent and 35.27 per cent of the total investment in education.



*Data about enrolment rate in Primary Education refers to year 2007

**Data about enrolment rate in Primary Education refers to year 2005

Still, it should be noted that Barbados and Grenada have different enrollment rates for primary education as depicted by the green line in the graph. From this data one can assess that there is no strict correlation between expenditure for Primary Education and the effective enrollment rate.

6. Status of investment for health care in the OECS and Barbados

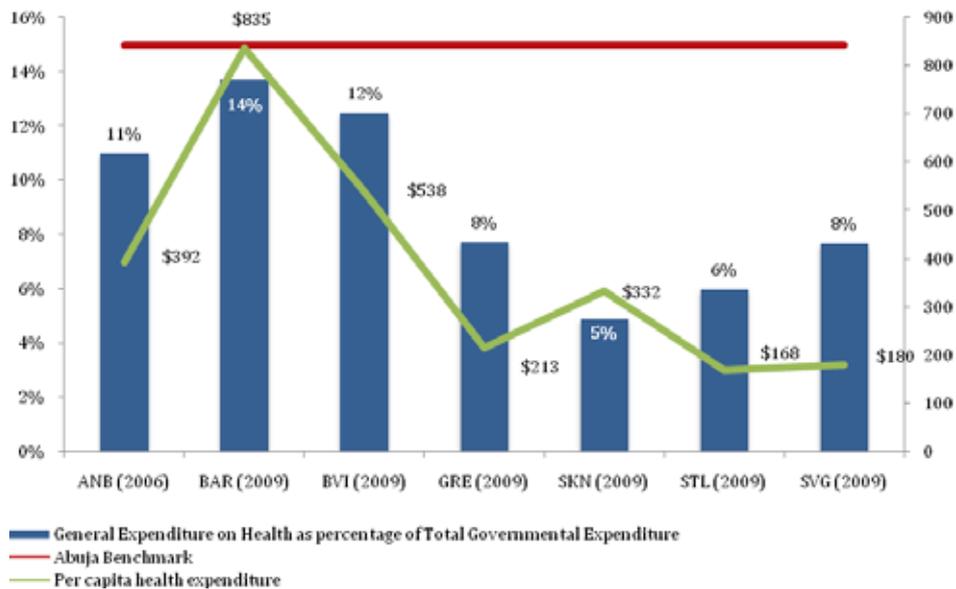
Access to health care for all children is also a key component of the Convention of the Rights of the Child. This section gives an overview about how the Governments of countries in the Eastern Caribbean invest in healthcare, and focuses on child-sensitive services such as primary healthcare, HIV and AIDS Prevention Control Programmes and community health services.

General Expenditure for Health

Graph 10¹⁹ shows the share of investments in health care, over total Governmental expenditures, which selected Eastern Caribbean countries have employed with respect to FY 2005-2009.

¹⁹ The World Health Organization, Health financing Data, 2009

Graph 10 - General government expenditure on health as percentage of total Government expenditure



In order to appreciate the overall level of investment in health care, a regional reference benchmark is the “Abuja target” developed by the African Union (AU) in 2001. This benchmark “calls for African countries to spend 15% of their public budget on health, typically measured as funds allocated to the Ministry of Health”²⁰. Even if the Abuja benchmark was developed with respect to African states, it is interesting to examine the performances of the Caribbean countries. In this case, it is possible to observe that Barbados within the countries in analysis is the closest one to the Abuja target. The share of general investments in health care for the other countries is between 5 per cent and 12 per cent. However, it is important to remember that the above mentioned rationale for investments in health was developed considering the needs and conditions of the African continent, that are to a large extent different from those of the Eastern Caribbean.

Graph 10 also shows the social expenditure for health care per capita²¹. Also in this case, Barbados has the highest expense for health care, with an allocation of US\$ 835. Overall, in the OECS, the per capita expense for health is between US\$ 168 and US\$ 538.

Primary Health Care

Primary health care is key for children’s wellbeing as this involves vaccination, maternal care and those medical services that are most relevant for children. In addition, being most cost-effective with relation to secondary or tertiary care, it offers a better return on social investment.

Data about primary healthcare is not always easy to extract from budgeting estimates of the analyzed countries. The figures contained in the three small Graphs 11²² show that the

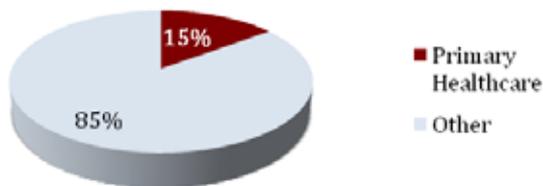
²⁰ U.S. Aid, 2009, <http://www.healthsystems2020.org/content/blog/detail/2073>

²¹ The World Health Organization, Health financing Data, 2009

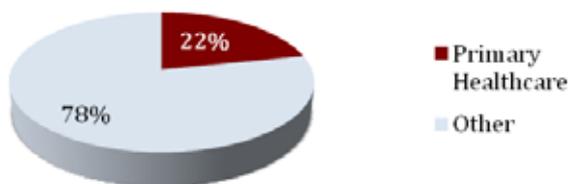
²² Data elaborated from budget estimates of the three countries, for FY 2009.

allocation of funds for primary healthcare is very similar from country to country. In fact, where the expenditure for Barbados corresponds to the 15 per cent of the total investment in health care, in Montserrat and St. Lucia primary health care receives respectively 22 per cent and 10 per cent of total expenditures by the Ministry of Health.

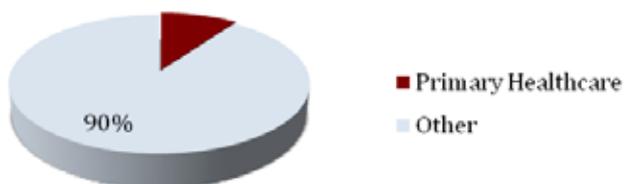
Graph 11.a - Barbados, Total Health Expenditure



Graph 11.b - Montserrat, Total Health Expenditure - 2009



Graph 11.c - St. Lucia, Total Health Expenditure - 2009

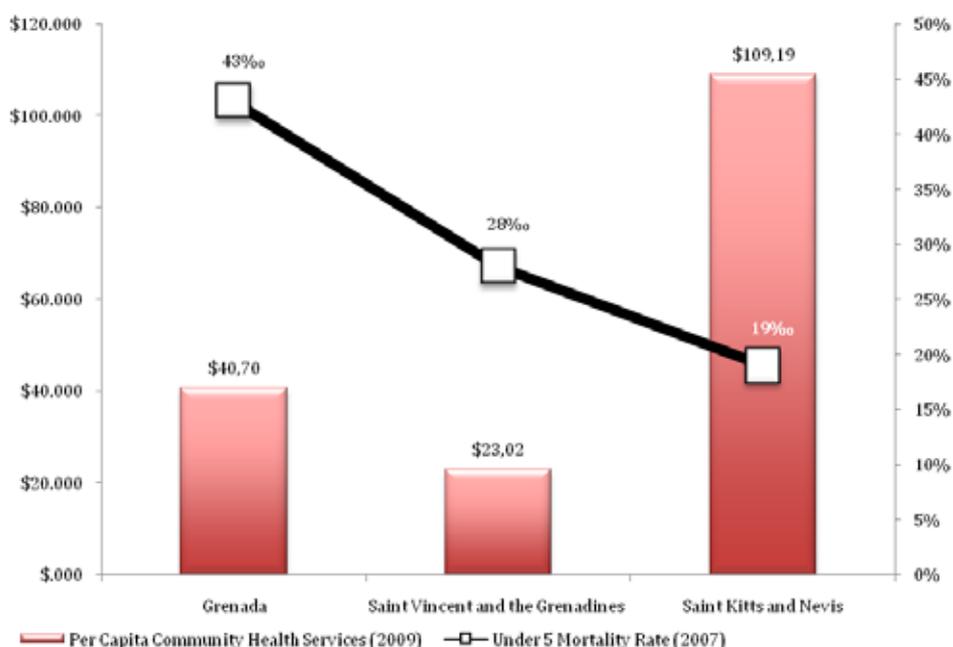


Community Health Services

Community health services are central to ensure that children have geographical and cultural access to adapted primary health care. These programmes have the objectives to “immunize all children with the approved set of vaccines; reduce dental caries, extractions and periodontal diseases in children; or, in general, to ensure that all the members of a family have the

opportunity to reach their full potential for healthy and productive lives”²³. Although little information is available on the different countries, Grenada, St. Vincent and the Grenadines, and St. Kitts and Nevis, clearly state their level of investment in community health services in their estimates. The expenditures for community health services are reported in Graph 12²⁴ below shows important differences between the various countries, with St. Kitts and Nevis investing US\$ 109.19 per capita, while St. Vincent and the Grenadines invests US\$ 23.02. These figures are in line with the overall policy commitment of Saint Kitts and Nevis to invest in early childhood development, an age group which needs high investment in community health services such as vaccination and early detection.

Graph 12 - Per Capita Community Health Service Expenditure vs Under 5 Mortality Rate - 2007/2009



When comparing the level of investment in community development services with the level of under-five mortality per 1,000 live births (2006; PAHO 2008 basic indicators), one can observe a relationship between child survival and the need to invest in community health, although many other factors also could explain child mortality such as general income, nutritional quality, safety, hygiene, education and access to safe water sources.

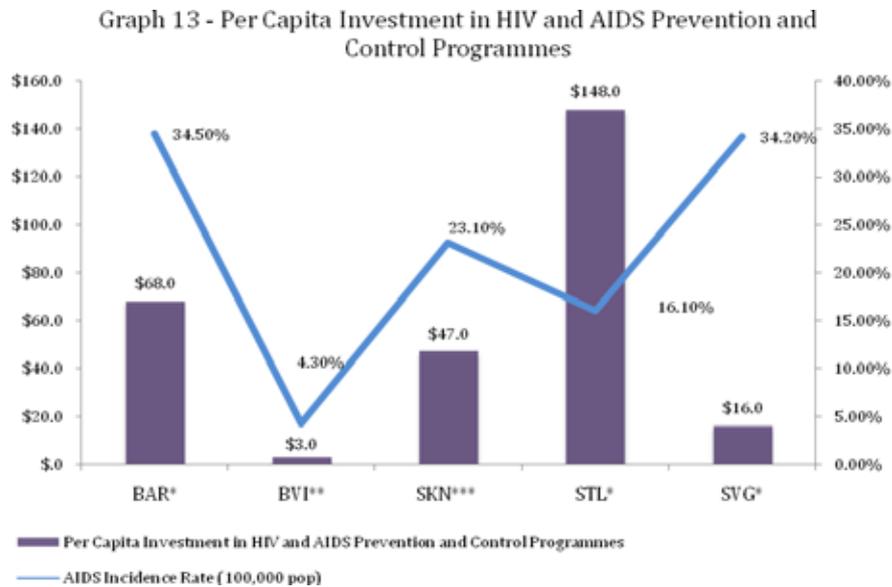
HIV and AIDS Prevention Control Programme

HIV and AIDS are affecting Caribbean countries and it is known that – after the African continent- Caribbean states are most vulnerable to this pandemic. Children are most vulnerable to the pandemic, whether to be born with HIV and AIDS, to be infected by HIV and AIDS or to be left as an orphan because of parents deceasing due to AIDS. The various Ministries of Health of

²³ Data elaborated from the budget estimates of St. Kitts and Nevis, for FY 2009.

²⁴ Data elaborated from budget estimates of the three countries, for FY 2009; and form SITAN UNICEF 2009.

the Eastern Caribbean run specific programmes to prevent and cope with HIV and AIDS. Graph 13²⁵ below shows the distribution of the per capita resources that five countries allocated for HIV and AIDS, compared with their respective incidence rate of AIDS for 100,000 people.



* Data about AIDS incidence rate from year 2006
 ** Data about AIDS incidence rate from year 2005
 *** Data about AIDS incidence rate from year 2002

The investment in HIV and AIDS programmes is not equal in all the countries of the Eastern Caribbean and in many cases such allocation is not even mentioned in the budget estimates. For Barbados, St. Lucia and St Kitts and Nevis the level of expenditures is between US\$ 68 and US\$ 47 per capita, data for the BVI and St. Vincent and the Grenadines shows that respectively \$ 3, 0 and \$ 16, 00 were allocated for each citizen. The highest investment is made in St. Lucia with an amount of 148 USD per capita. It is difficult to relate on correlations between the level of HIV and AIDS and its public investment. Still, as the graph indicates, certain countries, such as Saint Vincent and the Grenadines have a low investment in the issue in comparison with the relative high level of the problem.

7. Status of investment in other child-sensitive social services in the OECS and Barbados

Social protection is generally understood as a set of public actions that address poverty, vulnerability and exclusion as well as provide means to cope with life’s major risks throughout the life cycle (DFID et al., 2009). Social protection can increase the effectiveness of investments in

²⁵ Data source: budget estimates of the mentioned countries, FY 2009; data source about AIDS incidence rate: PAHO/WHO, Health situation in the Americas/Basic indicators, 2008, referring to data from year 2002-2006.

health, education, and water and sanitation as part of an essential package of services for citizens. Investing in social protection not only supports progress towards a range of Millennium Development Goals, it has the potential to reduce poor people's vulnerabilities to global challenges such as aggregate economic shocks, instability in the price of food or other essential commodities, and climate change. Many societies recognize that such provision can also contribute to social cohesion and broader national socio-economic development and security.

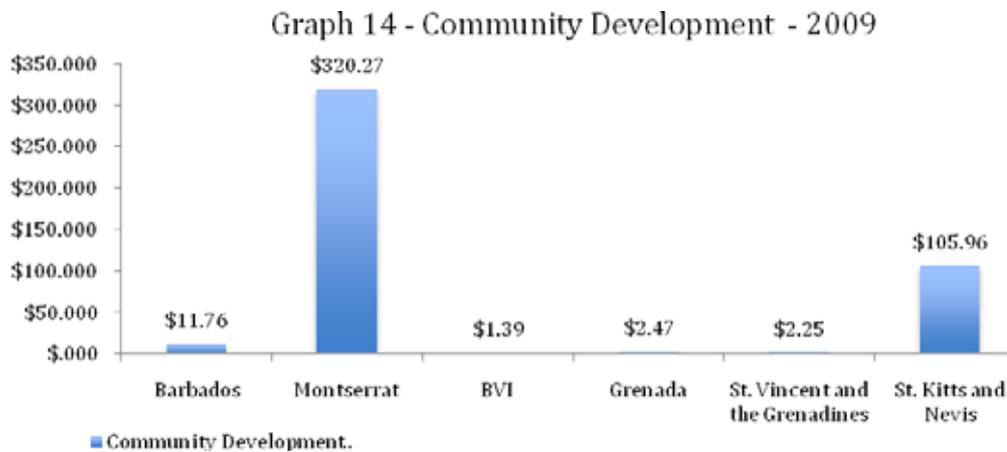
Social protection for children means "the framework of policies, programmes and actions provided by Governments and civil society that [...] promote and ensure realization of child's rights, [...] including services and transfers to prevent and reduce social vulnerability and poverty". The Convention on the Rights of the Child (CRC - 1989) in its article 3, argues that for all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration.

This paper will not focus on the issues of social insurance or social safety nets, but will explore different categories of social services which relate directly to children: community development initiatives, personal social services delivery, probation and child protection, youth and sports and investments related to child care. However, it is important to underline that the analysis of the expenditures for social protection services is made difficult by some factors, such as the lack in a commonly recognized definition of "social protection", the fact that same services are managed by different ministries within different countries, and the fact that investments for social protection services are mostly financed with ODA and loans. This last issue produces mismatching effects between the content of the budget estimates and what happens in the reality of the countries, thus making it difficult to assess the exact quantity of resources that a country is allocating for social protection. In addition, just few countries show directly in their budget estimates the direct source of capital revenues that are used in order to finance specific social protection programmes aimed at children.

Community Development Initiatives

A first category of child-sensitive social protection services is the community development programme, which works at group level and has the main concern of empowering local communities and taking care of disadvantaged parts of the population. These programmes directly address children and their wellbeing and have the aim of creating a safe environment where personal development should be enabled and in which children are protected and fostered in their upbringing. Graph 14²⁶, shows the per capita investment on this issue in selected Eastern Caribbean countries.

²⁶ Data source: budget estimates of the specific countries, FY 2009.



As it is possible to observe from the graph above, general investments present important differences across the various countries. Montserrat has the highest per capita expenditure of US\$ 320.27, whilst the lowest one to British Virgin Islands, with an expenditure of only US\$ 1.39 per capita. This indicates that countries have different approaches to community participation and development, especially as the unit tends to move between different types of ministries.

Child protection

The Eastern Caribbean region is confronted with a high level of violence against children, child abuse and neglect. They also on need of special care in case of persons with disability. One key challenge in the region is sexual abuse, which may or may not involve actual physical contact and includes penetrative acts (e.g. rape or buggery) and also non penetrative and non-contact activities, such as involving children in watching sexual activities, encouraging children to behave in sexually explicit ways and exposing them to inappropriate sexual material. Both boys and girls are sexually abused, although girls are more at risk.

While it is difficult to prevent these problems, which have large socio-cultural roots and should be considered as a public health issue, it is important that each country is accountable to protect children from these vulnerabilities, as stated in the Convention of the Rights to the Child. It is striking that out of the seven estimates only three directly refer to child protection services, in particular Probation and Child Protection and Child Care. The first refers to services dealing with juvenile justice and to the reintegration of children in society after the probation period. Specific expenditures on probation and child protection services are worth US\$ 6,194,550 in Grenada and US\$ 3,703 in St. Kitts and Nevis. As is known that a multiple persons unit is working on probation and child protection issues in St. Kitts and Nevis, it is understood that the

staffing costs dealing with the issue are not adequately reflected in this budget item. In addition, probation services that invest children as the ultimate targets are considered together with the various services provided by the main correctional and penal institutions. This aspect makes it very difficult to discern child specific services from the general ones.

Table 4 below, shows the recurrent expenditures for the Child Care Programmes, supported by Barbados and St. Kitts and Nevis. The mentioned programmes have the aim of “providing and maintaining child care institutions for the safe keeping of children in need of care and protection”.

Table 4 - "Child Board" Expenditures				
	Expenditures Actual, 2007	Expenditures Estimated 2008	Expenditures Planned, 2009	Comparison 2008/2009
Barbados	n.a.	\$9.475.159	\$9.425.534	-0,99%
St. Kitts and Nevis	\$307.407	\$335.185	\$376.296	12,00%

Table 4 demonstrates that investments for the Child Care Board are increasing in St. Kitts and Nevis by an average of 12.0% yearly, while the situation in Barbados remains almost unchanged.

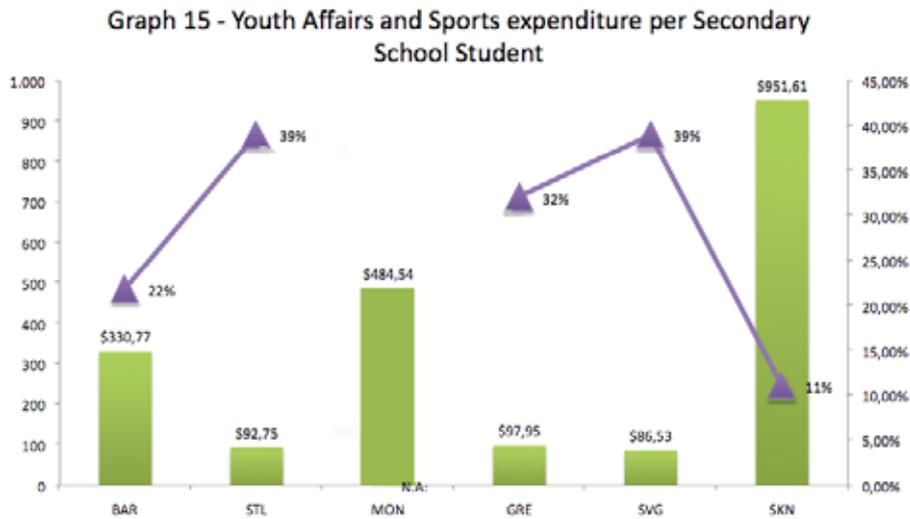
Social services can be targeted to children or families with specific needs, such as disability or child protection, care or abuse. Personal social services delivery refers to services that are addressed at children and families with disabilities or with particular needs. Information on the level of investment in this type of programme is not provided by all the countries and data is only available for Barbados and the BVI. In the first case, the total recurrent expenditure is of US\$1,582,077, while for BVI the expected expenditure is worth US\$ 17,962.

Youth and Sports

Youth and sports are key for positive adolescent development and can also be considered as social protection services. The youth and sports programmes, financed by the majority of the analyzed countries, have generally the objective “to foster and enable environment to empower youths and provide for their sustainable growth and development”²⁷. In Graph 15²⁸ one can see the real expenditure on youth and sports per secondary school student of each of the respective countries.

²⁷ St. Kitts and Nevis Budget Estimates, FY 2009.

²⁸ Data source: budget estimates of the specific countries, FY 2009; secondary school; enrollment data from UNESCO database 2009, data year 2008.



In this case, we observe important differences when it comes to Montserrat and St. Kitts and Nevis, with respectively US\$ 484.54 and US\$ 951.61 of investment per secondary school student. While it is difficult to argue for a direct negative correlation between youth unemployment (2005 – source: the World Bank and OECS) and social investments in youth and sports, the graph 15, is suggesting evidence on the need for positive adolescent development in order to create a climate of employability and preparedness for the labour market

8. Conclusions and recommendations

This paper has aimed at bringing together evidence feeding into the public debate on the need for more transparency on the level of social investment in children in the Eastern Caribbean. Many of the findings remain interpretations of the available estimates and are limited because of the lack of timeline per country, which would allow us to appreciate the evolution of social investment over time.

Beyond focusing on gender, poverty or specific sectoral issues, it is important to consider public budgets as evidence of political commitment to ensure the human rights, especially child rights, principles that each country has ratified. To this extent, it is important to appreciate to what extent the public budgets in the Eastern Caribbean are in line with the commitment related to the Convention of the Rights of the Child.

It was observed that the budgeting processes are similar in the different Eastern Caribbean countries. It is apparent though, that these remain bureaucratic processes, which are not designed to communicate in a transparent way with different social interest groups. Better designed easy-to-read and summarizing budget estimates, linking to results or socio-economic policies, would benefit democratic governance and transparency between policy makers and the general public. Also the audit reports could deserve a higher public interest than they have today, as these reflect the real status of expenditures.

The current economic crisis is impacting all the Eastern Caribbean economies with expected negative GDP growth rates for 2009, challenging selected countries to remain high-income. While the levels of public deficit are for some of the Eastern Caribbean countries amongst the highest in the world, the paper is observing a continued lending culture. In the light of the current economic crisis, countries are increasingly depending on external loans in order to balance their public expenditures. It is important to monitor this situation in order to avoid that the future generations will have to bear the burden of today's failed public policies.

The level of external donor support changes strongly between the different countries in the Eastern Caribbean. While the lending is certainly well reflected in the budget estimates, it is observed that not all cooperation, especially with the UN system and with other direct and indirect actors, is reflected in the budget. This paper recommends, in line with the OECD principles of donor harmonization and aid effectiveness - the 2005 Paris declaration-, that financial and technical contributions of development partners and national counterparts are most adequately reflected in the national budget.

This paper has found that only Barbados, and to a limited extent St. Kitts and Nevis, have a public expenditure in line with the 20/20 norm for social development. This paper has observed an overall decrease in the human development ratio, reflecting the expenditure from basic social spending towards general spending. Hence, there is a need – at the country level- to look more into detail why this ratio has decreased over the last 10 years and why the level of basic social spending is so low in comparison with the general level of expenditure.

In 2007, the Consult de San José, an Expert Panel of nine world-renowned distinguished economists, aimed to rank solutions to the biggest challenges facing Latin America and the Caribbean. These challenges were: democracy, education, employment and social security, environment, fiscal problems, health, infrastructure, poverty and inequality, public administration and institutions, and violence and crime. This panel presented more than forty solutions to these challenges. Early Childhood Development was selected as the “number one” social policy priority for return on investment. Besides improving children’s welfare directly, these programs create further benefits for family members, enabling women and older siblings to work outside the home or to further their own education.

When private financing is not easily available, the case of St Kitts and Nevis has proved that public investment in early childhood can effectively ensure higher enrollment of children in ECD settings. Also in terms of community health services, St. Kitts and Nevis has the high levels of investment, leading to relative positive results for child survival. Hence, the other Eastern Caribbean countries may want to exchange experiences with Saint Kitts and Nevis to appreciate how to build policies on Early Childhood Development and community health development.

There is a general low level of investment in Primary Education, despite the fact that some countries, such as Grenada, St. Kitts and Turks and Caicos, still face challenges achieving universal access to primary education. These countries, with reference to their international commitments on the issue, should invest more in Primary Education.

The general investment in health – with the exception of Barbados - remains relatively low in the sub-region and the countries should review how to improve their financial commitment to the health sector. Within the health budget, with the exception of St. Kitts and Nevis, there is a high level of expenditure for secondary and tertiary care, at the expense of primary and community based care, which has proven to be more cost-effective.

Social sector interventions lie at the heart to ensure that girls, boys and their families from the poorest families access their right to survival, education, health and protection, and in turn allow them to realize their full productive potential as adults. The Eastern Caribbean countries present very diverse programmes, related to very diverse needs, but it is important to ensure that there is a sufficient level of investment in positive adolescent development in order to ensure that young people are ready for adulthood and future employment. Also beyond behavioral change campaigns, prevention and legal protection, there is a need for adequate social safety net mechanisms to ensure that all children and their families are being ensured their basic rights to adequate living standards. In the context of child development, this is especially important, as early detection and protection can prevent intergenerational poverty.

While HIV and AIDS is a challenging socio-cultural risks for children and their families in the Caribbean, it is striking to observe that not all budget estimates reflect investment in the issue. While for some countries, such as St. Lucia and Barbados serious investments are being made to prevent and cope with HIV and AIDS, other countries such as Saint Vincent and the Grenadines need to increase investment in this important issue.

The OECS Secretariat report entitled "Social Policy Framework: A Vision for Social Development in the OECS" (2001) indicates that "a major challenge to the promotion of sustainable human development in the OECS is the absence of a coherent and well-articulated framework to shape the evolution of social policy." The authors of this paper recommend the OECS Secretariat, if it seriously wants to promote human development in the sub-region, to embark on a more evidence-based approach where the monitoring of the level and effectiveness of harmonized public budgets is central in its policy advocacy.

ANNEX I

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