



UNITED NATIONS OFFICE OF THE HIGH COMMISSIONER FOR  
HUMAN RIGHTS  
UNITED NATIONS DEVELOPMENT PROGRAMME



**SEMINAR ON GOOD GOVERNANCE PRACTICES  
FOR THE PROMOTION OF HUMAN RIGHTS**

**Seoul**

**15 – 16 September 2004**

**Jointly organized by the Office of the United Nations High  
Commissioner for Human Rights and the United Nations  
Development Programme**

**Panel 2: Strengthening the delivery of services contributing to the  
realization of human rights**

**Increasing transparency and social spending in public budgets\***

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\* The views expressed in this paper do not necessarily reflect those of the OHCHR or UNDP.

## **Increasing Transparency and Social Spending in Public Budgets in Ecuador**

### **Presentation Abstract**

#### **Summary**

1. Ecuador experienced a serious macroeconomic crisis during the late 1990s, which resulted in sharply decreased spending on social programmes. Poverty rates doubled between 1998-99 and spending for health and education dropped by around 25%.
2. Concerned at these cuts, which were especially devastating for Ecuador's poorest and most vulnerable families, and with a particular concern for the rights of the children to survival, health and nutrition, civil society organizations with the support of the United Nations Children Fund (UNICEF) began - working with data from the Ministry of Finance and Economy and through a team of respected economists - to analyze the national budget. Helping legislators and the public to understand how the budget functions and what priorities it reflects were the objectives of this exercise. The goal was to encourage the creation of more equitable public policies based on a consensus regarding society's obligation to fulfill the human rights of all of its members and to alter spending priorities.
3. The budget analysis revealed that spending on social programmes was plummeting. For example in 1999 investment in health dropped from USD 198 to USD 96 million. It also revealed that spending for social sectors was disproportionately low compared to allocations for debt repayment and other non-social sectors. In addition, it revealed that certain regions—particularly those with majority indigenous population—were not getting an equitable share of social benefits.

#### **Results**

4. Over the past four years a broad cross-section of social groups with the support of UNICEF and the executive and legislative branches of government have collaborated to sharpen budget analysis and increase social spending for poor and vulnerable groups. Social spending grew to represent 23.2% of Ecuador's budget, and the issue of public spending was subject to widespread, participatory national debate. It was openly discussed in the media, the legislature, and by the private sector and Ecuador's active indigenous and labour movements. Public discussion has also focused on how to sustain increased social spending, examining the impact of the

foreign debt and heavy reliance on income from oil exports and overcoming inequities in the national tax structure.

5. Ecuador's political leadership has worked with civil society to strengthen a national monitoring system—SIISE (Integrated System of Ecuadorian Social Indicators)—to track progress in social investment both nationally and by region. The programme ensued increased government transparency and accountability, investment in social services, and participation by all people in decisions that affect them, as well as access to information, and a more efficient and effective public sector.

### **Lessons Learned**

6. The example showed that a human rights-based message can resonate and provoke change if it is based on widespread consensus and perceived as a positive contribution to the society.

7. Such messages have far greater likelihood of producing change if they are backed up by data and accompanied by realistic suggestions about how change can be accomplished. For example, by focusing on the inequalities inherent in Ecuador's tax structure, the economic team was able to demonstrate where the funds needed for social programmes might be obtained. Government and society alike perceived that priorities could be shifted to benefit the society as a whole.

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