

ANNEX 1

GOVERNMENTS' INTERNATIONAL HUMAN RIGHTS OBLIGATIONS AND THE RIGHT TO FOOD GUIDELINES

GOVERNMENTS' INTERNATIONAL HUMAN RIGHTS OBLIGATIONS

When governments ratify international human rights treaties, they take on specific obligations to realize the rights enumerated in those treaties. At the same time, there are specific budget calculations that can often be helpful in enabling an organization or institution to assess a government's compliance with a particular obligation.⁴⁰ The following are summaries of the international human rights obligations with regard to the right to food. Where there is a budget calculation that may be particularly helpful in assessing compliance with the obligation, it is mentioned.

The obligation of non-discrimination

This obligation requires that governments in all their actions do not discriminate against individuals or groups of individuals on the basis of a number of characteristics, including ethnicity, religion, belief, sex or property. Thus, for example, if a government excludes (by policy or practice) a specific ethnic group from benefiting from a food security programme, it would be violating its obligation of non-discrimination.

40 This Annex does not address in any detail macroeconomic policies and their impact on the right to food. For insights into the relationship between such policies and human rights obligations, see Balakrishnan and Elson, Auditing economic policy in the light of obligations on economic and social rights. See References.

Budget calculation

Discrimination can often be spotted in a government's budget by calculating *per capita* allocations or expenditures. If, for example, a specific ethnic group is concentrated in a particular geographical area, the calculation may uncover lower *per capita* allocations to that geographical area.

The obligation to respect the right to food

In this context, the word 'respect' has a particular meaning. A short way of saying what it means is, 'do no harm.' In other words, a government should take no action that diminishes or interferes with an individual's current enjoyment of the right to food. Examples of failing to respect the right would be adopting trade or financial policies whose result is that some people in the country have less access to food. Another example would be pursuing development policies that force small-scale farmers off their land with no compensatory provisions to ensure their access to food.

The obligation to protect the right to food

In this context, the word 'protect' also takes on a very specific meaning. It means that the government must protect individuals from actions of a third party who would interfere with or diminish those individuals' right to food. An example of a failure to protect the right to food would be if a government failed to have an effective system of food inspection in the country, with the result that contaminated food made its way to the market. Another example would be when a government fails to control water or air pollution generated by private companies that damages crop production of farmers in an area.

Budget calculation

Has the government provided adequate funding in the budget to allow regulatory bodies or agencies to operate in an effective way? This could involve a costing exercise designed to determine if the funds available allow for adequate staffing and operations.

The obligation to fulfil the right to food

The obligation to fulfil has two dimensions: to provide and to facilitate.

- ◆ The obligation to fulfil (provide) means that the government must ensure that people who are suffering from hunger have access to emergency food. In other words, when individuals are unable themselves to access adequate food, the government must ensure that they get the necessary food. If the government, for example, fails to make provisions to get food to those who are hungry in an area of the country which it knows from experience is likely to suffer from drought (and will thus need supplementary food supplies), this could constitute a failure to meet this obligation.

Budget calculation

A *per capita* calculation would give an idea of how much the government has allocated for emergency relief per person at probable risk. Based on statistics of the number of people who have in the past been at risk in such situations, it should be possible to determine if the government is budgeting too low.

- ◆ The obligation to fulfil (facilitate) requires the government to create an environment that enables individuals to have access to food either through direct production of food (farming) or through earning sufficient income to be able to purchase the necessary food. There are many examples of failure to meet this obligation. They include: (1) A large portion of the population lives in rural areas and depends on farming for their livelihood. The government fails to institute an agricultural support programme, with the result that many people struggle to produce adequate food to meet their and their families' needs; (2) A government allocates funds for agricultural support programmes, but does not monitor expenditures closely, with the result that funds are either diverted to non-agricultural uses or are spent inefficiently; (3) Many poor people living in the cities have inadequate access to food. The children's nutritional needs could be met through a school lunch programme, but the government fails to establish and run such a programme.

Budget calculations

Because of the sweeping nature of this obligation, it is not possible, in the absence of a specific fact situation, to identify one calculation that would assess all relevant policies and programmes.

Obligations specific to economic, social and cultural (ESC) rights

With regard to ESC rights, governments also have additional obligations that are spelled out in Article 2(1) of the International Covenant on Economic, Social and Cultural Rights (ICESCR). That article says:

Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.

The underlined phrases are of particular importance in budget work.

- ◆ Maximum of its available resources in broad terms means that even when a government's resources are very limited, it still has an obligation to use those resources in a way that will have the maximum impact on the enjoyment of

human rights. The phrase has been interpreted by the UN Committee on Economic, Social and Cultural Rights (CESCR) to mean that governments have a duty to use resources allocated in an effective and efficient manner, and prohibits the diversion of resources devoted to Covenant-related issues. Thus, corruption is to be combated. Also of concern is non-utilization of budget items earmarked for social expenditures; those funds should be fully spent, and spent solely for the purpose intended.

The Committee has also used a number of indicators to provide insight into compliance with this obligation:

- A comparative analysis of the financial resources spent by a government on Covenant-related items and non-related items (e.g. tourism). If there is significantly more devoted to the latter, the Committee considers this an indication of non-compliance.
- A comparison between money spent by a government in implementing a specific right and that spent on the same item by governments in other countries with the same level of development. If the percentage of the national budget allocated is considerably lower than that of another State with a comparable level of development, this is indicative of non-use of maximum available resources.
- The Committee also looks at the level of development of a country. The greater the development, the more it expects specific rights to be realized. If the level of resources in a country is improving, the level of its commitment to ESC rights must similarly improve. Failure to do so points to a failure to use the maximum of available resources.

CESCR has pointed out that the phrase maximum available resources was intended by the drafters of the Covenant to refer to both the resources existing within a country and those available from the international community through international cooperation and assistance. According to General Comment 12 (para. 17), States are obliged to ask for international cooperation if domestic resources are insufficient to assure a minimum essential level of food necessary for individuals to be free from hunger. Thus, the nature of a government's efforts to secure international assistance is relevant to assessing its compliance with this obligation.

In light of the complexity of this obligation, several budget calculations could be useful. For example:

- Economic and social rights should be prioritized in a government's budget. A useful *budget calculation* would be determining shares of the budget allocated to different sectors.
- A government allocates significant funds to economic and social rights areas, but fails to spend them.

A *budget calculation* would be to compare allocations to expenditures through looking at in-year or year-end reports.

- The GDP in a country is growing, but government revenue is not keeping pace with the growth.

An appropriate *budget calculation* would be to assess the budget as a share of GDP compared over a few years.

- ◆ **Achieving progressively** has been interpreted to mean that governments not only have the responsibility to move consistently to increasingly expand the enjoyment of Economic and social rights, but that they cannot take any backward steps (known as retrogression).

A possible *budget calculation* would be to measure changes over time (see Annex 2). Whenever comparison is being made of budget figures from one year to the next, it is important that those figures first be adjusted for inflation. If they are not adjusted, this should be noted in any findings. This calculation could be undertaken in conjunction with calculations of *per capita* expenditures and allocations.

The obligations of conduct and result

The **obligation of conduct** requires the government to undertake action reasonably calculated to realize the enjoyment of the right to food. It focuses on what the government *does*.

Relationship to the budget: This obligation would require the government to raise revenue, allocate and spend funds in a way or on policies and programmes that are designed to further the right to food.

The **obligation of result** requires that the steps the government has taken and the measures it has adopted actually do enhance enjoyment of the right to food. This obligation focuses attention on the *outcome* (rather than just output) of government actions: Have people's right to food been respected, protected and fulfilled?

Relationship to the budget: To assess compliance with this obligation, it would be necessary to look at the *impact* of the budget on people's enjoyment of the right to food.

Participation and access to information

There are two civil and political rights whose fulfilment is very important to budget work. They are:

- the **right to information** (often called 'access to information'), guaranteed by the Universal Declaration of Human Rights (UDHR), Article 19, and the International Covenant on Civil and Political Rights (ICCPR), Article 19(2); and
- the **right to participate** in public affairs (typically called participation), cited in UDHR Article 21 and guaranteed by ICCPR Article 25.

THE RIGHT TO FOOD GUIDELINES

The Right to Food Guidelines⁴¹ adopted by the FAO Council in 2004 are a practical tool reflecting the consensus among FAO members as to what needs to be done in the most relevant policy areas to promote food security using a human rights-based approach. The Guidelines are based on binding international law and are a powerful tool that can assist the users of this guide in pursuing their cases.

Guideline 12 on national financial resources is of particular relevance here as it spells out some basic consideration for how the financial resources of a country should be organized and how priorities should be set to advance the right to food.

Guideline 12: National Financial Resources

- 12.1 Regional and local authorities are encouraged to allocate resources for anti-hunger and food security purposes in their respective budgets.
- 12.2 States should ensure transparency and accountability in the use of public resources, particularly in the area of food security.
- 12.3 States are encouraged to promote basic social programmes and expenditures, in particular those affecting the poor and the vulnerable segments of society, and protect them from budget reductions, while increasing the quality and effectiveness of social expenditures. States should strive to ensure that budget cuts do not negatively affect access to adequate food among the poorest sections of society.
- 12.4 States are encouraged to establish an enabling legal and economic environment to promote and mobilize domestic savings and attract external resources for productive investment, and seek innovative sources of funding, both public and private at national and international levels, for social programmes.
- 12.5 States are invited to take appropriate steps and suggest strategies to contribute to raise awareness of the families of migrants in order to promote efficient use of the remittances of migrants for investments that could improve their livelihoods, including the food security of their families.

41 Full title: Voluntary Guidelines to Support to Progressive Realization of the Right to Adequate Food in the Context of National Food Security.

Depending on the issue, many other provisions of the Right to Food Guidelines can be of relevance. For example, if a group is concerned with violations in relation to access to natural resources, they can underpin their arguments with a reference to Right to Food Guideline 8b:

Guideline 8b: Land

8.10 States should take measures to promote and protect the security of land tenure, especially with respect to women, poor and disadvantaged segments of society, through legislation that protects the full and equal right to own land and other property, including the right to inherit. As appropriate, States should consider establishing legal and other policy mechanisms, consistent with their international human rights obligations and in accordance with the rule of law, that advance land reform to enhance access for the poor and women. Such mechanisms should also promote conservation and sustainable use of land. Special consideration should be given to the situation of indigenous communities.

A different case could, for example, be concerned with obesity, which occurs disproportionately among disadvantaged and marginalized communities. Guideline 10.2, which talks about ‘education, information and labelling regulation to prevent over-consumption and unbalanced diets’ could serve as a useful yardstick.

ANNEX 2

BUDGET CLASSIFICATIONS, BUDGET CALCULATIONS AND COSTING

In the text, reference was made to budget classifications, a number of budget calculations, and costing. This annex includes summary information on the three areas.

BUDGET CLASSIFICATIONS

Public budgets are available in different formats ('classifications'), and each type of classification provides different information on budget allocations.

- *Administrative classification*: Shows which government entity (department, ministry or agency) will have responsibility for spending a funding allocation and will ultimately be held accountable for its use.
- *Economic classification*: Provides information on the nature of an expenditure, and arranges expenditures and receipts of the entity into significant economic categories which distinguish:
 - operating outlays from capital outlays;
 - spending for goods and services from transfers to individuals and institutions; and
 - tax receipts from other types of receipts, and from borrowing and inter-governmental loans and grants.
- *Functional classification*: Specifies how much is being allocated to different purposes in accordance with the priorities of the budget entity. Functional classifications indicate the programmatic purpose or objective for which the funds will be used (e.g. health, education, defence).

Here are examples of the different formats or classifications, although, in practice, most government budgets are a mix of classifications. For each classification, the first chart sets out in general form what the particular classification would look like.

It is followed by a (fairly close) example of the classification, drawn from the 2008 budget for South Africa. It must be said, however, that the South African budget is exceptionally well organized and easy to read. It is not usual to find such clarity in government budget data.

Table A2.1 Budget presented by administrative classification ('who?')

MINISTERIAL CLASSIFICATION	DEPARTMENTAL CLASSIFICATION
Ministry of Human Resource Development	Dept. of Elementary Education
	Dept. of Higher Education
	Dept. of Women and Child Development
Ministry of Transportation	Dept. of Railway Transportation
	Dept. of Aviation
Ministry of Rural Development	Dept. of Land Resources
	Dept. of Drinking Water
	Dept. of Rural Development

Table A2.2 Example of an administrative classification from South Africa's Department of Agriculture 2008 budget

	2008/09	2009/10	20010/11	Total
ZAR million	Medium-term expenditure estimates			
Central Government Administration	666	1 212	1 699	3 576
1. Presidency	27	31	23	81
2. Parliament	22	27	30	79
3. Foreign Affairs	253	497	380	1 130
4. Home Affairs	345	594	1 034	1 973
5. Public Works	19	62	232	313
Financial and Administrative Services	630	1504	2 709	4 843
6. Government Communication and Information System	29	50	66	145
7. National Treasury	548	1 260	2 444	4 252
8. Public Service and Administration	3	7	34	44
9. Public Service Commission	1	4	8	12
10. SA Management Development Institute	30	34	39	103
11. Statistics South Africa	21	148	117	286
Social Services	5 680	7 590	10 205	23 476
12. Arts and Culture	33	70	101	204
13. Education	631	793	1 911	3 336
14. Health	1 157	1 420	2 807	5 383
15. Labour	35	86	125	245
16. Social Development	2 788	4 623	4 952	12 362
17. Sport and Recreation South Africa	1 037	599	310	1 946

Table A2.2 Example of an *administrative* classification from South Africa's Department of Agriculture 2008 budget - CONT.

	2008/09	2009/10	2010/11	Total
ZAR million	Medium-term expenditure estimates			
Justice and Protection Services	2 405	3 229	7 750	13 384
18. Correctional Services	306	385	2 205	2 896
19. Defence	610	835	1 809	3 254
20. Independent Complaints Directorate	3	5	5	13
21. Justice and Constitutional Development	176	253	291	720
22. Safety and Security	1 310	1 752	3 439	6 501
Economic Services and Infrastructure	7 633	7 994	17 001	32 627
23. Agriculture	146	223	358	727
24. Communications	247	189	166	602
25. Environmental Affairs and Tourism	275	477	839	1 592
26. Housing	1	203	1 998	2 202
27. Land Affairs	668	775	689	2 132
28. Minerals and Energy	187	171	194	553
29. Provincial and Local Government	1 730	1 925	6 665	10 319
30. Public Enterprises	2 867	2 116	157	5 140
31. Science and Technology	64	109	216	389
32. Trade and Industry	435	766	1 255	2 457
33. Transport	932	957	4 176	6 066
34. Water Affairs and Forestry	80	83	288	450
Total	17 014	21 529	39 363	77 906

1 ZAR = 0.1 US\$

Table A2.3 Budget presented by *economic* classification ('how?')

ECONOMIC CLASSIFICATION		
EXPENSE		
Current Expense	Goods and Services	Wages and Salaries
		Employee benefit schemes
		Other goods and services
Interest payments		
Subsidies and current transfers		
Capital Expense	Acquisition of fixed capital assets	
	Capital transfers	

Table A2.4 Example of an economic classification, from the South African Department of Agriculture 2008 budget

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	ZAR thousand	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Economic classification								
Current payments	584 954	718 078	871 808	883 071	883 071	1 021 785	1 111 567	1 207 715
Compensation of employees	322 065	358 716	434 392	480 310	480 310	585 811	639 420	702 497
Goods and services	261 952	358 643	435 932	402 761	402 761	435 974	472 147	505 218
of which:								
Communication	11 251	16 009	13 639	13 954	13 954	15 990	16 603	17 260
Computer services	13 142	20 022	15 976	18 783	18 783	25 235	33 185	35 832
Consultants, contractors and special services	57 452	113 931	119 800	101 594	101 594	118 195	128 179	123 883
Inventory	43 129	39 414	50 651	45 824	45 824	35 695	36 581	38 724
Maintenance, repairs and running costs	12 249	16 633	11 531	12 746	12 746	13 051	12 637	14 412
Operating leases	23 714	26 337	31 393	35 943	35 943	11 557	12 086	13 468
Travel and subsistence	63 851	68 105	107 080	71 529	71 529	74 887	76 298	83 154
Advertising	4 930	6 504	11 605	7 569	7 569	5 101	5 198	5 505
Municipal services	6 560	6 984	8 555	9 494	9 494	9 569	10 526	11 579
Audit fees	1 923	3 592	5 102	3 968	3 968	4 875	5 094	5 400
Assets < R5 000	7 627	7 967	5 412	8 452	8 452	9 827	9 064	10 020
Financial transactions in assets and liabilities	937	719	1 484	-	-	-	-	-
Transfers and subsidies	761 858	1 134 310	1 292 075	2 524 239	2 274 239	1 473 338	1 478 553	1 503 546
Provinces and municipalities	345 012	411 336	401 805	762 088	552 088	584 301	680 277	812 104
Departmental agencies and accounts	358 905	385 711	532 790	518 469	518 469	548 627	558 021	591 437
Universities and technikons	-	-	-	3 806	3 806	7 604	4 240	4 496
Public corporations and private enterprises	2 383	146 785	245 523	965 765	955 765	299 442	201 600	59 033
Foreign governments and international organisations	12 998	155 074	9 974	28 915	28 915	26 618	27 360	29 002
Non-profit institutions	2 628	779	7 664	4 640	4 640	6 400	6 694	7 094
Households	39 932	34 625	94 319	240 556	210 556	346	361	380
Payments for capital assets	64 630	56 611	60 073	66 174	66 174	39 548	37 638	39 894
Buildings and other fixed structures	36 892	17 780	23 427	31 319	31 319	23 104	21 009	22 270
Machinery and equipment	24 383	33 423	34 842	33 373	33 373	15 828	15 944	16 906
Cultivated assets	175	11	79	540	540	-	-	-
Software and other intangible assets	3 180	5 397	1 725	942	942	616	685	718
of which: Capitalised compensation	17 462	21 329	22 223	30 271	30 271	15 667	16 762	17 934
Total	1 411 442	1 908 999	2 223 956	3 473 484	3 223 484	2 534 671	2 627 758	2 751 155

1 ZAR = 0.1 US\$

Table A2.5 Budget presented by *functional* classification ('for what?')

FUNCTIONAL CLASSIFICATION	SUB-FUNCTIONAL CLASSIFICATION
Defence	Military Defence
	Civil Defence
	Foreign Military Aid
	R & D – Defence
Public Order and Safety	Police Services
	Fire Protection Services
	Law Courts
	Prisons
Economic Affairs	General Economic, Commercial, and Labour Affairs
	Agriculture, Forestry, Fishing and Hunting
	Fuel and Energy
	Mining, Manufacturing and Construction
	Transport
Health	Communication
	Medical Products, Appliances and Equipment
	Outpatient Services
	Hospital Services
Education	Public Health Services
	Primary Education
	Secondary Education
	Tertiary Education
	Subsidiary Services to Education

Table A2.6 Example of a functional classification: South Africa's 2008 overall budget.

ZAR thousand	Revised estimate	Medium-term estimates			Average annual growth (in %)	
		2007/08	2008/09	2008/10	2010/11	2004/05–2007/08
Protection services	86 992	95 324	104 450	114 589	11.0	9.6
Defence and intelligence	28 579	30 440	32 016	34 496	8.9	6.5
Police	38 563	42 730	47 932	52 214	13.0	10.6
Prisons	11 114	12 050	13 077	15 704	7.0	12.2
Justice	8 736	10 105	11 425	12 175	15.0	11.7
Social services	311 678	354 444	394 472	432 434	15.8	11.5
Education	105 746	121 087	134 139	146 680	11.6	11.5
Health	6 8 169	75 492	83 853	92 228	15.3	10.6
Social security and welfare	92 224	105 309	116 255	1 25 384	15.0	10.8
Housing	12 370	14 784	17 679	20 897	21.8	19.1
Community development	33 170	37 772	42 546	47 246	38.6	12.5
Economic services	143 213	165 213	178 592	187 136	20.8	9.3
Water schemes and related services	15 994	16 775	18 643	19 388	19.7	6.6
Fuel and energy	7045	5651	6503	5111	38.6	-10.1
Agriculture, forestry and fishing	14 145	14 624	14 839	16 000	24.4	4.2
Mining, manufacturing and construction	2 845	2 775	2 837	2 598	25.4	-3.0
Transport and communication	54 991	71 281	76 845	80 693	25.2	13.6
Other economic services	48 195	54 107	58 925	63 346	14.3	9.5
General government services and unallocable expenditure	34 876	40 302	44 426	46 937	11.6	10.4
Allocated expenditure	576 760	655 283	721 940	781 097	15.9	10.6
Interest	55 772	54 960	55 385	55 657	2.1	-0.1
Contingency reserve	–	6 000	12 000	20 000		
Consolidated expenditure	1 632 532	716 243	789 325	856 753	14.4	10.6

1 ZAR = 0.1 US\$

BUDGET CALCULATIONS

Composition of the budget

Is the government giving adequate priority to areas of the economy closely related to rights, such as the right to food? This is a very important question. One of the first exercises a budget analyst undertakes is to demonstrate the composition or 'shape' of a budget in broad terms. This exercise provides insights into what areas of the economy or society are getting smaller or larger parts of the budget. A very simple government's budget might look like Table A2.7.

Table A2.7 A very simple government budget

National budget	Billions of currency units
Defence	100
Education	25
Health care	25
Interest	40
Other	10
Total	200

A budget analyst would apply the following formula to determine the share of the budget devoted to defence, to education, etc:

$$\text{Budget share} = \frac{\text{Budget area}}{\text{Total budget}}$$

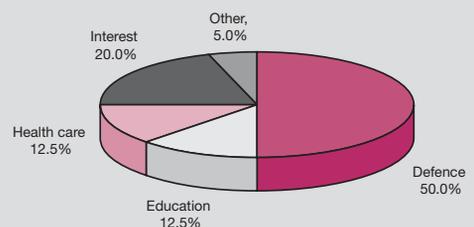
Using this formula, the budget shares are as in Table A2.8.

Table A2.8 Budget shares

National budget	%
Defence	50.0
Education	12.5
Health care	12.5
Interest	20.0
Other	5.0
Total	100.0

The composition of the budget is often depicted in charts, which provide a visual representation that is often easier for people to understand.

Figure A2.1 Budget shares



Adjusting for inflation

Everyone has experienced inflation, which drives the cost of goods up. Inflation means that the same amount of currency will purchase less as years go by, because the prices of goods and services a consumer (or a government) wants to purchase increase over time. Because of this increase, in order to make an accurate comparison of the meaning of government budgets from one year to the next, it is essential to adjust budget figures to take into account any inflation that has occurred.

To adjust figures for inflation, it is necessary to know what inflation was for each of the years during the period being analyzed. The most common tool for doing this, published by most governments or by academics, is typically called the *consumer price index* (CPI) or sometimes the *inflation index*. This is a table that has an arbitrary starting point equal to 100. Years prior to the base year will show up as numbers below 100 as long as inflation was positive, while numbers above the base will show up as above 100. Table A2.9 is an example of a CPI table.

**Table A2.9
Consumer Price Index
(Inflation index)**

Year	CPI
1995	64.2
1996	72.5
1997	83.4
1998	93.0
1999	100.0
2000	106.6
2001	113.2
2002	121.3
2003	126.2
2004	130.9

Using such a table, which is readily available from a number of different sources, budget analysts apply the following formula to adjust figures from previous years to current year figures.

The ‘nominal value’ is the starting point (the previous year’s figure). Once a nominal value has been adjusted for inflation, it is called a ‘real’ value.

$$\text{Real value} = \frac{\text{Nominal value} \times \text{Current year inflation index}}{\text{Prior year inflation index}}$$

Measuring changes over time

The government’s obligation of progressively achieving the realization of the right to food means that a valuable budget calculation would look at how much the government’s budget for right to food-related areas of the economy has increased or decreased over time. The following formula will give the percentage change in a budget from a prior year to the current year:

$$\text{change (in \%)} = \frac{\text{Most recent year budget figure} - \text{Prior year budget figure}}{\text{Prior year budget figure}} \times 100$$

There are several other perspectives that analysts take on changes over time, but they are not treated here.

Calculating *per capita* expenditures

Another common calculation is determining *per capita* (per person) expenditures in a budget on, for example, education or health. This is a potentially very useful calculation for people concerned about the right to food. Two examples:

- A government's budget for a food subsidy programme may grow from one year to the next, making it appear that the government is meeting its obligation to progressively achieve realization of the right to food. However, if the population that qualifies for the subsidy grows more rapidly than the budget during that time, the actual *per capita* expenditure for the food subsidy programme may drop.
- Two provinces in one country are allocated the same amount in a given year for the food subsidy programme. However, the population that qualifies under the law for the subsidy is considerably larger in one province than in the other, with the result that individuals needing the food subsidy in the more populous province get a smaller subsidy than do individuals in the other province. This situation would give rise to questions about discrimination.

The formula to calculate *per capita* expenditure is simple:

$$\text{Per capita expenditure} = \frac{\text{Spending}}{\text{Population}}$$

It is important to be careful about which population figures are used. In the cases given, the population is not the whole population of the country or the two states involved, but of those qualifying for the food subsidy programme.

Comparing the budget to the Gross Domestic Product (GDP)

Budget analysts also compare the budget (or parts of the budget) to the GDP. The GDP is defined as the total value of final goods and services produced in a country during a calendar year. Economic growth is measured by the change in GDP from year to year. In other words, if the GDP expands, it is considered that the economy is growing.

Comparing the budget to the GDP can be important in considering the obligation to use the maximum of available resources to realize the right to food. As the GDP grows, there are more goods and services to tax and the government could raise more revenue. If it did so, there would be more money available to direct to priority human rights areas. While the proposition of increasing revenues in pace with

growth in the GDP is not without controversy, the idea is important to bear in mind because of its human rights implications.

The following formula for comparing the budget to the GDP results in a percentage figure, i.e. the budget as a percentage share of the GDP:

$$\text{Budget as a percentage share of the GDP} = \frac{\text{Total spending}}{\text{GDP}} \times 100$$

COSTING

Costing is the process of estimating the expenses associated with a programme. (See Chapter 4 for two examples of costing exercises). It is very widely used in the private sector by managers who are interested in calculating the amount of funds their firms expend to produce goods and services. Since modern businesses typically produce multiple goods and services, and the process of producing a single product may involve activities by different divisions of the business entity, managers are keenly interested in calculating the cost of producing each of their individual products or the costs incurred by different divisions within the business entity to produce a single product. These calculations aid managers in decision-making by enabling them to evaluate the productivity of a particular division, to set the sale price of a product that will return a profit, or to assess whether it is cheaper to contract with another firm for a product or a part of a product, or to produce the product in-house, etc.

Governments are also interested in costing. Information generated from costing calculations can assist a government agency in deciding the budget for a new programme or identifying the additional resources required to expand an existing programme. Costing information can also help governments decide on the fee that should be charged for a service provided directly by the government. It can also assist governments in deciding whether it is more cost-effective to provide the service direct or to engage a contractor to provide it.

Costing is a technical process that requires a good understanding of multiple economic, financial and accounting concepts. The basic costing equation is:

$$\text{Cost} = \text{Quantity} \times \text{Price}$$

However, in practice, determining the price of delivering a good or service to a variable number of beneficiaries is a little more complicated than this basic equation suggests, because there are some other expenses that are integral to the delivery of a good or service. A government programme may, for example, incur overhead costs that are not directly tied to the provision of the specific good or service. In addition, some expenses are incurred as one-time costs, such as

the construction of a building, but other expenditures will vary depending on the number of beneficiaries to be served. All these different concepts need to be considered while undertaking a costing process.

The following cost concepts are integral to any costing process:

1. *Direct Costs:* These include all those expenditures that are directly assigned to the delivery of a good or service. For example, the direct costs of a food stamp programme would include the value of the food stamps. The direct costs of an immunization programme would include the costs of the vaccines provided through the programme.
2. *Indirect Costs:* These include all those expenditures that cannot be directly assigned to a specific good or service but comprise a portion of overhead costs. For example, indirect costs would be the cost of maintaining an office where the food stamp programme is administered or the cost of an ambulance used temporarily for an immunization programme.
3. *Fixed Costs:* These include expenditures that do not change in proportion to the activity or service being provided. For example, the costs of constructing a health clinic will remain constant even if the number of persons actually served by the health clinic falls from 25 persons per day to 20 persons per day.
4. *Variable Costs:* In contrast to fixed costs, variable costs will change in proportion to the specific activity or service being provided. The costs of buying vaccines, for example, will vary depending on whether vaccines are provided to 25 people or 10 people. For a food stamp programme, the variable costs will depend only on the number of beneficiaries, but for an immunization programme, in addition to the costs associated with the vaccines provided to the programme's beneficiaries, the costs associated with the nursing staff needed to administer the vaccines will vary depending on the number of nurses needed to serve the programme's patient population.
5. *Marginal Costs:* Marginal costs are estimated by determining how much a total programme's costs change when output is increased by one unit. If, for example, treating additional patients through a health programme requires the construction of a new hospital (because the existing hospital is working at full capacity), the marginal cost of attending to the additional patients includes the cost of the new hospital.
6. *Opportunity Costs:* These are the costs of utilizing resources for one alternative rather than another (forgone) alternative. Opportunity cost comes into play only if resources are limited and their use for one objective precludes their use for another objective. For example, if there is an extra nurse and they are assigned to a malaria immunization programme instead of a prenatal care programme, then the opportunity cost associated with that decision will be the cost of not using the nurse in prenatal care.

7. *Total Costs:* These are the total of variable costs, which may vary according to quantity of goods and services produced, and fixed costs, which are independent of the quantity of goods produced (such as the expense of buying a vehicle or constructing a building).
8. *Average Costs:* These are calculated by dividing the total cost by the number of goods produced. For example, if the total cost of an immunization programme for 500 persons is \$ 10 000, then the average cost of an immunization per patient immunized is \$ 20.

The idea of a costing exercise is to produce information about resource use and resource costs per unit of output of a particular programme. It is the essence of economic evaluation as it involves investigation and valuation of all inputs in the production process of a programme.

Just as governments can use cost calculations to inform budget allocations, civil society groups can also use costing information to develop concrete recommendations to pursue in their advocacy and lobbying initiatives. Using costing techniques, a CSO can develop an accurate cost of an alternative budget programme and thereby demonstrate the desirability of this alternative not only in terms of its public policy, but also its budget, implications. For example, an organization could calculate the costs of a cash transfer programme for a poor community and demonstrate its desirability over a food-for-work programme, if it can show that the transfer programme is cheaper and provides wider coverage than the food-for-work programme. Costing information also allows civil society groups to develop a stronger argument for why the budgets for specific government services, such as health or education, should be increased.

The two examples of costing presented in Chapter 4 focus on governmental costing exercises, however, and that is not simply by chance. While the use of costing can be beneficial for civil society groups in budget advocacy campaigns, accurately completing a costing exercise requires access to detailed financial information on the various components of a government budget programme, which can be difficult to obtain for groups outside government (although easier, undoubtedly, for legislators and government institutions). Further, it also demands an in-depth understanding of the implications of and costs associated with a programme, which requires technical skills that are not readily available within all civil society groups.

Civil society groups that do not have access to the necessary information to do costing, or lack some of the necessary skills, can use calculations that fall short of a true costing exercise. Taking advantage of information available to them, they can develop their best estimates of the cost of specific items or programmes. When challenged by the government, they can use the opportunity to encourage the government to explain the basis on which the government itself arrived at (or would arrive at) the cost of the same item or programme.



METHODOLOGICAL TOOLBOX ON THE RIGHT TO FOOD

The purpose of the Methodological Toolbox is to provide a practical aid for the implementation of the Right to Food Guidelines.

It contains a series of analytical, educational and normative tools that offer guidance and hands-on advice on the practical aspects of the right to food. It covers a wide range of topics such as assessment, legislation, education, budgeting and monitoring. It emphasises the operational aspects of the right to food and contributes to strengthening in-country capacity to implement this right.

METHODOLOGICAL TOOLBOX ON THE RIGHT TO FOOD:

1. GUIDE ON LEGISLATING FOR THE RIGHT TO FOOD
2. METHODS TO MONITOR THE HUMAN RIGHT TO ADEQUATE FOOD [VOLUME I - VOLUME II]
3. GUIDE TO CONDUCTING A RIGHT TO FOOD ASSESSMENT
4. RIGHT TO FOOD CURRICULUM
5. BUDGET WORK TO ADVANCE THE RIGHT TO FOOD



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