



# // PEFA GENDER MODULE

// PEFA GENDER  
MODULE

**DRAFT FOR PUBLIC CONSULTATION**



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# ABOUT PEFA

The Public Expenditure and Financial Accountability (PEFA) program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance. PEFA is designed to provide a snapshot of PFM performance at specific points in time using a methodology that can be replicated in successive assessments, giving a summary of changes over time.

The PEFA framework includes a report that provides an overview of the PFM system and evidence-based measurement against 31 performance indicators. It also provides an assessment of the implications for overall system performance and desirable public financial management outcomes. It provides a foundation for reform planning, dialogue on strategy and priorities, and progress monitoring.

PEFA is a tool that helps governments achieve sustainable improvements in PFM practices by providing a means to measure and monitor performance against a set of indicators across the range of important public financial management institutions, systems, and processes.

In addition to governments, other users of PEFA include civil society organizations and international development institutions. PEFA scores and reports allow all users of the information to gain a quick overview of the strengths and weaknesses of a country's PFM system. Users also see the implications of the overall performance results for the key goals of fiscal discipline, strategic resource allocation, and efficient service delivery. The PEFA analysis thereby contributes to dialogue on the need and priorities for PFM reform.

The PEFA methodology draws on international standards and good practices on crucial aspects of PFM, as identified by experienced practitioners. PEFA incorporates a PFM performance report for the subject government that presents evidence-based indicator scores and analyzes the results based on existing evidence. It emphasizes a country-led approach to performance improvement and the alignment of stakeholders around common goals.

In addition to guidance for analysis and reporting, the PEFA program provides support, monitoring, and analysis of PEFA assessments. The PEFA Secretariat offers advice on the use of PEFA as one of many sources of information for examining and improving PFM performance.

For more information on PEFA, please see the PEFA website: [www.pefa.org](http://www.pefa.org).

# SUMMARY: PROPOSED USE OF PEFA TO ASSESS GENDER RESPONSIVENESS OF COUNTRIES' PUBLIC FINANCIAL MANAGEMENT SYSTEMS

## ABOUT PEFA GENDER MODULE

**The PEFA gender module is a set of supplementary questions built on the Public Expenditure Financial Accountability (PEFA) framework to collect information on gender responsive public financial management (GRPFM) practices.** The questions have been designed to cover all stages of the budget cycle: policy-based fiscal strategy and budgeting, predictability and control in budget execution, accounting and reporting, and external scrutiny and audit, including governments' efforts to make information on fiscal performance publicly available and strengthen management of assets and liabilities.

**The PEFA gender module is intended to be conducted on a voluntary basis.** A decision to carry out a PEFA gender module will be solely at the discretion of country authorities. The findings of a GRPFM assessment will be quality reviewed by the PEFA Secretariat in a similar vein to all PEFA assessment reports.

**The PEFA gender module was designed by the PEFA Secretariat as a response to requests that have been received from groups and individuals involved in PFM and gender responsive budgeting (GRB) reforms.** A process of public consultation carried out to assess the new PEFA framework identified gender responsiveness as a gap in existing PFM diagnostic tools that needed to be addressed. Stakeholders felt that PEFA was the appropriate tool for collecting information on countries' gender responsive budgeting practices given its position as the most widely used framework for assessing public financial management (PFM) performance.

**The PEFA gender module builds on the work of other relevant stakeholders involved in GRB.** This includes UN Women that has devoted significant resources to support gender equality and women's rights through gender responsive budgeting. The country specific results of the PEFA gender module are intended to be complementary and linked to the collection of information, anchored by UN Women, on gender responsive budgeting as part of Sustainable Development Goal (SDG) indicator 5.c.1. The indicator links the policy and legal requirements for gender equality with the resources allocated for their implementation. The PEFA gender module also builds on the work of numerous individuals involved in GRB in recent decades, as well as institutions that aim to promote its importance. These include, among others, the Organization for Economic Development and Cooperation's (OECD) analysis of GRB practices in OECD countries and the International Monetary Fund's Fiscal Affairs Department's analysis of practices in G7 countries.

## ABOUT THIS NOTE

**The note provides an overview of country-level and international efforts to promote use of national budget processes and systems to promote gender equality and women's empowerment.** It defines

gender responsive budgeting and gender responsive PFM in the context of international commitments to close gender gaps and its role in contributing to more transparent and equitable PFM systems. The note also outlines the PEFA Secretariat's contributions to discussions on gender responsive budgeting and how it is responding to requests from PEFA users to identify how the PEFA toolkit could assess or collect information on gender responsive public financial management tools, techniques, and systems.

**The note explains how gender augmented PEFA assessment could be applied.** The note presents a proposed set of supplementary questions and explains the proposed approach to collecting information on gender responsive PFM. The note concludes with the proposed next steps, including incorporating feedback from public consultation, the methodology being proposed to pilot test the PEFA gender module, and design the guidance for country authorities and assessment teams in collecting information on GRPFM practices using PEFA.

# BACKGROUND

## GENDER EQUALITY AND PUBLIC FINANCIAL MANAGEMENT

**Despite the progress made in last couple of decades, gender inequalities continue to persist in countries around the globe.** This is evident in health and education outcomes, labor market opportunities, as well as political participation (Duflo, 2012; OECD, 2017). Women remain underrepresented in leadership and management level positions in the public and private sectors; women and girls are subject to various forms of harmful practices including child marriage; women and girls perform the bulk of unpaid care and domestic work, which, particularly when combined with paid work, leaves women and girls working longer hours with less time for rest, self-care, learning, and other activities, such as political participation (ibid.; Stotsky, 2016; SDG, Target 5). The hardship on women and girls is exacerbated in times of budget austerity (Elson, 1992; for more information on the impact of the banking crisis in 2007 on different genders, see UN Women, 2014).

**Advancing gender equality<sup>1</sup> facilitates closing gender gaps in development outcomes in health, education, employment, and entrepreneurship; in access to and control over resources; and in public life and decision-making opportunities (OECD, 2017; Welham et al., 2018; World Bank, 2011).** Although most governments around the world have some form of high-level commitment to supporting gender equality (ADB, 2012; Birchall and Fontana, 2015; Welham et al., 2018), gender inequalities continue leading to billions of dollars of lost economic growth each year (Duflo, 2012), resulting in large losses in gross domestic product (GDP) across countries of all income levels (Stotsky, 2016). Moreover, beyond the impact on economic development, a rights-based approach to gender equality acknowledges that strengthening the role of women in political, social, economic, and health status is an important end in itself as well (World Bank, 2013). Women's development and reduced gender inequalities contribute to improved labor productivity, healthier children, greater engagement of women in business and politics, and more responsive governments (IMF, 2017; OECD, 2017) and are integral to achieving the Sustainable Development Goals (SDGs)<sup>2</sup>.

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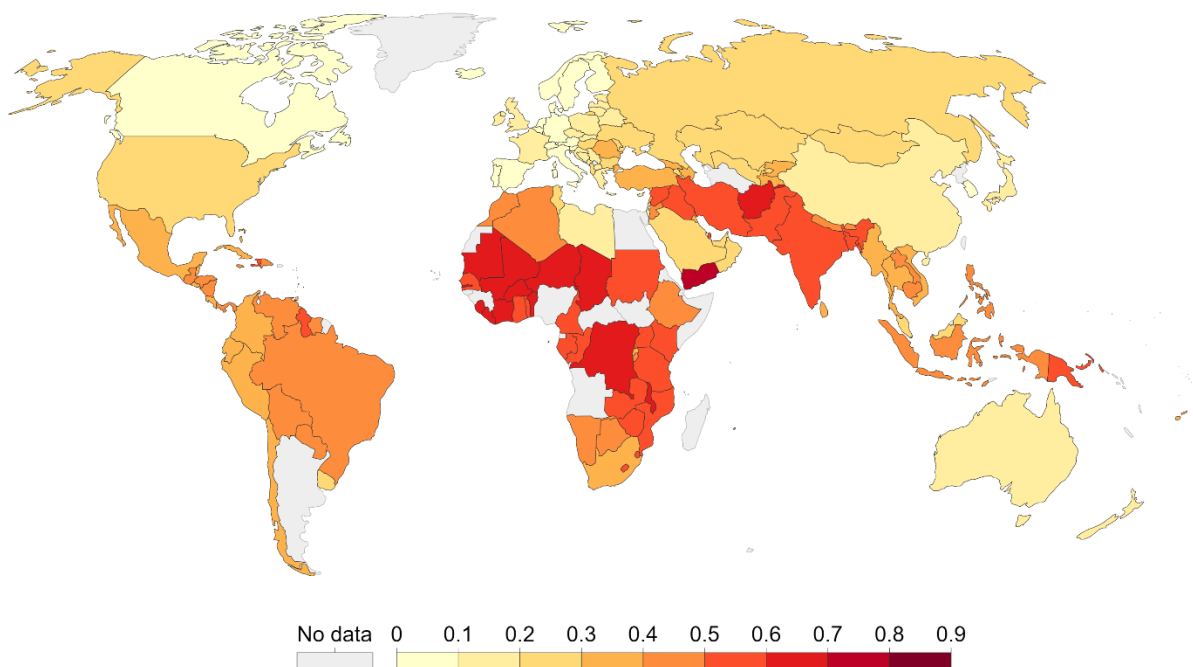
<sup>1</sup> Gender equality refers to how social, behavioral, and cultural attributes, expectations, and norms associated with being a woman or a man determine how women and men relate to each other and to the resulting differences in power between them (World Bank, 2011). The United Nations define gender equality as *'the equal rights, responsibilities, and opportunities of women and men, and girls and boys'* (United Nations, Office of the Special Advisor on Gender Issues and Advancement of Women, *Gender Mainstreaming Strategy for Promoting Gender Equality*).

<sup>2</sup> SDG 5 *'Achieve gender equality and empower all women and girls'* aims to, among other things, end all forms of discrimination against all women and girls everywhere; recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate; and ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. Related, SDG 8 *'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'* targets to, by 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

FIGURE 1: GENDER INEQUALITY INDEX

### Gender Inequality Index from the Human Development Report, 2015

This index covers three dimensions: reproductive health (based on maternal mortality ratio and adolescent birth rates); empowerment (based on proportion of parliamentary seats occupied by females and proportion of adult females aged 25 years and older with at least some secondary education); and economic status (based on labour market participation rates of female and male populations aged 15 years and older). Scores are between 0-1 and higher values indicate higher inequalities.



Source: UNDP, 2015.

**Gender responsive budgeting (GRB)<sup>3</sup> is grounded in the understanding that public budgeting decisions and public financial management (PFM) systems that underpin them can affect the economic and social outcomes for different genders (Welham et al., 2018).** Improvements in gender equality are considered integral to a country's development objectives which – like other development objectives (e.g., poverty reduction, addressing social inequalities) – requires adequate budget allocations and a strong PFM system to ensure those allocations are made and implemented as planned. The same concerns can be raised for other segments of society (e.g., impact of public spending on different income groups, regions, urban and rural areas, the young and the old, etc.). To ensure that public budgets do not (unconsciously) reinforce systematic gender inequalities, GRB proposes making PFM systems, processes, and institutions as well as public spending choices more gender responsive (Birchall and Fontana, 2015).

**Gender responsive budgeting requires understanding the context of gender inequalities, how they arise, what are their underlying structural causes, and how their manifestations can be tackled (ADB, 2012; Council of Europe, 2009).** However, while GRB is a strategic approach to promoting gender equality and women's empowerment, it is not the only available lever to address it. While governments can use public revenue raising and spending to achieve gender equality, public spending is also used to target and

<sup>3</sup> Gender responsive budgeting is sometimes also referred to as 'equality budgeting', 'gender sensitive budgeting', or 'applied gender budget analysis' (Budlender and Hewitt, 2003).



promote other development and policy goals (e.g., reducing poverty, addressing inequalities, maintaining law and order, etc.) (ADB, 2012). Governments typically have a range of levers through which public policy can be advanced of which GRB is one. *‘Public spending may not always represent the most effective and efficient form of public policy intervention to support gender equality’* and GRB should therefore be seen as only *‘a part of ‘package’ of legal, regulatory, expenditure, taxation, cultural, and political reforms that will ultimately lead to government policy supporting more gender equal society’* (Welham et al., 2018).<sup>4</sup> Moreover, PFM can only facilitate addressing gender inequalities if governments’ objectives and policies are gender responsive themselves (Anwar, Downs, and Davidson, 2016).

## WHAT IS GENDER RESPONSIVE BUDGETING?

**Gender responsive budgeting can be defined as ‘an approach to budgeting that uses fiscal policy and administration to promote gender equality, and girls and women’s development’ (Stotsky, 2016).** Similarly, the OECD notes that *‘gender budgeting involves using the tools, techniques, and procedures of the budget cycle in a systematic way to promote equality’* (OECD, 2017). The Council of Europe defines gender budgeting as *‘an application of gender mainstreaming<sup>5</sup> in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality’* (Council of Europe, 2009).

### BOX 1: WHAT IS GENDER RESPONSIVE BUDGETING?

- *Formulating the budget in a gender responsive way*
- *Linking gender responsive policies with adequate budgetary funds*
- *Linking policies to empower women and to fight against gender-based violence with adequate budgetary funds*
- *Executing the budget in a way that benefits women and men, girls and boys equitably*
- *Monitoring the impact of expenditure and revenue raising from a gender perspective*
- *(Re)prioritizing expenditure and (re)formulating revenue raising policies in a gender equitable way by taking the different needs and priorities of women and men, girls and boys into account*

Source: Schneider, 2007; and Anwar, Downs, and Davidson, 2016.

<sup>4</sup> Similarly, the OECD ‘Toolkit for Mainstreaming and Implementing Gender Equality’ which focuses on strengthening governance and accountability for gender equality as a means to improving the gender responsiveness of public policy, proposes looking beyond the national budgets to promote gender equality and women empowerments and identifies four pillars of action: i) Institutional and governance frameworks for gender equality and mainstreaming; ii) Gender-sensitive practices in parliaments; iii) Gender-sensitive public employment systems, and iv) Gender-sensitive practices in the judiciary (OECD, 2018). For more information on the OECD Toolkit, please see: <http://www.oecd.org/gender/governance/toolkit/>

<sup>5</sup> Gender mainstreaming is the *‘(re)organization, improvement, development, and evaluation of policy processes, so that a gender equality perspective is incorporated in all policies at all levels and all stages, by the actors normally involved in policy-making’* (Council of Europe, 2009).

**GRB focuses on both expenditure and revenue policies to promote gender equality.** The existence of following categories of expenditure have been identified as indicative of the level of gender awareness in the allocation of budget resources:

- i) Specific gender-related equal opportunities programs (e.g., public expenditure focusing on paying mothers' maternal leaves, subsidized childcare to allow women to work, etc.);
- ii) General public services targeted specifically at or used mostly by women (e.g., health program for pregnant women, specific initiatives to support female entrepreneurs, etc.); and
- iii) General public services that operate without a specific focus on women and/or gender equality (gender responsive budgeting approaches suggest that this seemingly 'gender-blind' spending is mistakenly considered to be 'gender-neutral') (Sharp, 2003; Birchall and Fontana, 2015).

**While the impact of expenditure systems on gender equality is relatively well researched and defined, fewer studies have aimed to disentangle the impact of revenue systems (Grown and Valodia, 2010; Birchall and Fontana, 2015; Stotsky, 2016; Lahey, 2018), although the topic is gaining traction (Brooks et al., 2011; Gunnarson et al., 2017).** Gender-based analysis suggests that there are explicit and implicit gender biases in design of tax policies. Explicit forms of gender bias refers to specific regulations or provision of tax law that treat men and women differently and are most common in personal income arrangements (e.g., taxation based on the family rather than individuals can create a disincentive for the second earner to work, as s/he is taxed at a higher marginal rate); while implicit forms of gender bias relate to provision in tax system that, because of gendered social and economic norms and arrangements, have different impact on men and women (e.g., in consumption taxes as a result of differential expenditure patterns by women and men on various goods such as food, children's clothes or medical care) (Birchall and Fontana, 2015; Stotsky, 2016; IMF, 2017).

**To address the lack of understanding of gender imbalances in the tax systems, several options have been recommended.** They include: i) undertaking gender analysis of tax policy; ii) increasing public education and awareness on revenue systems; and iii) improving methods of tax collection (ibid.; ADB, 2012). Moreover, the recent study on gender inequalities and taxation in developing countries, anchored by UN Women, reviewed gender issues in personal income taxation, corporate income taxation, value added taxation (VAT), to propose a set of recommendations of how those could be addressed to facilitate gender equalities and women empowerment. The study highlighted the role of ministries of finance and revenue administrations in addressing gender inequalities, and proposed that international engagements focused on domestic resource mobilization provide in-depth and long-term evaluation of the gender and poverty effects on tax, transfer, and public investment systems to ensure revenue systems are restructured to ensure sustainable gender equality, poverty reduction, and adherence to human rights standards (for more information, see Lahey, 2018).

**Gender responsive budgeting does not entail separate budgets for women and men (UNIFEM, 2006) nor does it require specialist skills to design, implement, and review government policies to ensure they achieve their (gender specific) objectives.** The purpose of GRB is not to label an initiative as gender budgeting but rather to understand whether fiscal policies and administration are formulated with an eye to promoting gender equality and girl's and women's development (Stotsky, 2017). Gender responsive budgeting does not require a new approach to budgeting but rather '*an explicit recognition of the existence of gender elements paired with an adaptation and reinforcement of existing institutions and tools*' (IMF, 2017) and understanding how to integrate gender equality objectives into the budget cycle (Anwar, Downs, and Davidson, 2016). Gender budgeting also does not presuppose new approaches to

PFM but rather embraces discussions on gender equality in formulation and implementation of public policies and their funding through national budgets (Council of Europe, 2009). Similarly, although GRB efforts have predominantly focused on the needs of girls and women, they should not detract from boys' and men's development needs (Stotsky, 2016).

**Governments have committed to the principle of adequate financing for gender equality and empowerment of women and girls through numerous international agreements and partnerships.** The principle of adequate financing for gender equality is rooted in the Beijing Declaration and Platform of Action adopted in 1995<sup>6</sup> and, as noted above, highlighted in the 2030 Agenda for Sustainable Development. The importance of adequate and appropriate finance was emphasized in the Addis Ababa Action Agenda adopted at the Third International Conference on Financing for Development in 2015<sup>7</sup> and further reaffirmed in the Outcome Document of the Second High-Level Meeting of the Global Partnership for Effective Development and Cooperation in Nairobi in 2016<sup>8</sup>. Both Addis Ababa Action Agenda and Nairobi Outcome Document link the achievement of gender equality and women's empowerment with adequate and appropriate financing and make specific reference to gender responsive budgeting (Elson, 2017).

## CURRENT TRENDS IN GENDER RESPONSIVE BUDGETING

**Gender responsive budgeting and inclusion of gender specific information in the budget process has been gaining increased traction in public financial management.** More than 80 countries have now undertaken some form of GRB although their activities vary (Stotsky, 2016). UN Women have been instrumental in promoting gender responsive budgeting and mainstreaming gender in national development plans and strategies. While gender budgeting initiatives might have not been in place long enough to effectively evaluate whether they resulted in tangible positive gender outcomes (Anwar, Downs, and Davidson, 2016; Swaine, 2017; however, there are country examples demonstrating the impact of GRB on gender equality, such as Morocco, where GRB has significantly contributed to reduced maternal mortality through good planning and budgeting<sup>9</sup>), some useful PFM tools related to gender have been developed and applied (Stotsky, 2016; IMF, 2017). The recent OECD study on GRB in OECD countries

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<sup>6</sup> For more information on Beijing Declaration and Platform of Action, see: <http://beijing20.unwomen.org/en/about>

<sup>7</sup> Through the Addis Ababa Action Agenda countries committed to increase transparency and equal participation in the budgeting process and promote gender responsive budgeting and tracking, as well as to track and report resource allocations for gender equality and women's empowerment (for more information, please see: [http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)).

<sup>8</sup> Through the Nairobi Outcome Document countries recognized that women's and girls' rights, gender equality and the empowerment of women and girls are both stand-alone goals and a cross-cutting issue to achieving sustainable development. Countries committed to accelerate efforts to achieve these aims by deepening multi-stakeholder partnerships and tracking resource allocations for these endeavors; strengthening capacity for gender responsive budgeting and planning; and increasing the participation of women's organizations in partnerships for development; and continue strengthening gender responsive planning and budgeting by improving the systematic tracking of resource allocations for gender equality and the empowerment of women and girls. Countries also committed to accelerate and deepen efforts to collect, analyze, disseminate, harmonize, and make full use of data disaggregated by demography (including sex, age, and disability status) and geography to inform policy decisions and guide investments that can ensure that public expenditures are targeted appropriately, including to equally benefit both women and men and to leave no-one behind (for more information, please see: <http://effectivecooperation.org/wp-content/uploads/2016/12/OutcomeDocumentEnglish.pdf>).

<sup>9</sup> For more information on the Morocco case study, please refer to the UN Women website: <http://gender-financing.unwomen.org/en/highlights/gender-responsive-budgets-case-of-morocco>

demonstrated that the majority of OECD countries (59% of respondents to the OECD Survey of Gender Budgeting Practices) do not explicitly undertake gender responsive budgeting but most of them (90%) use PFM tools to promote gender equality. The OECD study, similarly to the IMF study on G7 countries, highlighted that the most frequently used gender budgeting tools are *ex ante* and *ex post* gender impact assessments (IMF, 2017; OECD, 2017).<sup>10</sup>

**There is an evolving agreement that GRB should be integrated into all the stages of the budget cycle (Anwar, Downs, and Davidson, 2016; Stotsky, 2016; IMF, 2017; OECD, 2017).** During initial stages of the cycle, countries can design PFM related legislation and guidelines on gender responsive budgeting that guide the budget preparation processes. During these stages, the executive branch compiles the budget plans and it is important that they include considerations on the impact of gender and gender inequalities. In Timor Leste, gender responsive budgeting was given legal status by the parliament. Gender perspective is considered in the planning and analysis of government's programs and related targets. This is similar as in Rwanda, where the Organic Budget Law includes requirements for all government units to prepare and report on implementation of gender budget statements. In Austria, every line ministry must include gender related objectives in the Annual Budget Statement, and this commitment is set both in the Constitution and the Budget Code. Similarly, in Iceland, gender impact analysis needs to be included in all new budget proposals and analysis of all new legislative proposals is required to include a cost-benefit analysis from a gender perspective.

**Gender disaggregated data and information is considered crucial for policy makers to be able to assess and develop appropriate, evidence-based policy responses.** Performance-related budgeting frameworks have been used in this context to facilitate the integration of gender disaggregated data in the budgeting process to inform decision making and resource allocation (Sharp, 2003; Klatzer 2008; Bosnić and Schmitz, 2014). This has been done, for example, in Rwanda and Ukraine, by focusing on gender disaggregated data as part of planning and reporting on objectives, outputs, and outcomes achieved in the delivery of public services financed through the budget.

**Reliable information on gender specific data is crucial for the budget execution phase as well.** Fiscal reports that capture gender disaggregated data on the outputs and outcomes of policies rely on good information systems (often using FMIS) as well as gender responsive chart of accounts and budget classification (IMF, 2017). Similarly, gender disaggregated data are crucial for gender impact assessments and ex post evaluations and audits of the impact and effectiveness of gender related policies. In India, ex post evaluations of budgets have been conducted to provide an informed assessment of the impact of programs, funded through the budget, on gender and gender equality. In the Netherlands, National Court of Audit (Algemene Rekenkamer) performs gender audits; similarly, in Austria, 'The Annual Report on Impact Assessment' includes an ex post assessment of the gender impact of government policies and is submitted to the legislature for review.

## GENDER RESPONSIVE BUDGETING IN PRACTICE

**Gender responsive budgeting initiatives typically involve the following stages that are not mutually exclusive but are often sequential:**

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<sup>10</sup> For more information on the approach to examining GRB practices deployed by the OECD as well as the IMF in OECD and G7 countries respectively, please refer to Annex 2.

- i. Awareness and analysis: Ensuring that gender disparities are presented and made more visible, including developing capacities and awareness of key stakeholders (e.g., ministry of finance, line ministries, parliaments, supreme audit institutions, subnational governments, civil society, and others). Inclusion and access to gender disaggregated data are key in this process as they facilitate gender specific analyses of revenue and expenditure in budgets;
- ii. Accountability: This phase extends GRB initiatives from the initial analysis of specific budget allocations to cover the entire budget cycle and involves securing the accountability of government agencies for GRB and evolve moving from transparency and information about gender inequalities in budget allocations to the generation of a sense of accountability for gender equality objectives;
- iii. Change and mainstreaming: This phase includes changing government budgets and policies as well as assumptions informing budgets so that the systems can become gender sensitive and gender responsive. This also requires the introduction of tools that monitor and evaluate the impact of the change in allocations (Sharp, 2003; Council of Europe, 2009; ADB, 2012).

**Experience has demonstrated some high-level success factors to make GRB work effectively.** Establishing the conditions for these success factors are often more challenging in states with lower capacity or in environments that lack gender awareness. The success factors include: i) an understanding of gender and gender inequalities to understand how gender operates in different policy domains and underlying structural causes of inequalities; ii) political will and support to achieve real changes; iii) institutionalization and integration to make sure that gender considerations are fully embedded within the budget cycle; iv) availability of gender disaggregated data to identify areas that would benefit from GRB reform and determine interventions required to address gender inequalities; v) clear legal and conceptual framework and positive institutional arrangements that effectively position discussions on the impact of policies on gender and include all the relevant stakeholders, including sectoral ministries, e.g., health, economic affairs, education or interior ministries (O'Hagan and Klatzer; 2018); and vi) external influence, specifically support by development partners as well the encouragement to achieve the SDG gender equality targets (Kovsted, 2010; Stotsky, 2016; Welham et al., 2018).

# GENDER RESPONSIVE BUDGETING AND PEFA

## PEFA'S CONTRIBUTION TO EXISTING DISCUSSIONS ON GENDER EQUALITY AND EMERGING GENDER RESPONSIVE BUDGETING PRACTICES

During public consultations on the 2016 upgrade of the PEFA framework<sup>11</sup>, the learn4dev<sup>12</sup> Gender Expert Group proposed introducing the assessment of gender specific information in the budget process as part of a PEFA assessment. Similarly, during the launch of the revised PEFA 2016 framework at the international conference in Budapest, Hungary in April 2016, PEFA users recommended exploring options combining a PEFA assessment with other supplementary assessments that would widen the scope or provide more detailed information on a topic considered of particular importance. While participants outlined strong synergies between PEFA and a range of specific public sector reform areas (e.g., anticorruption, public participation, and service delivery), gender responsive budgeting was recognized as the priority area that could be integrated or separately assessed through alignment with the PEFA framework.

In 2017, the PEFA Secretariat was invited to join UN Women and other international institutions to contribute to the design of a measurement for the Sustainable Development Goal indicator 5.c.1 *'Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment'*.<sup>13</sup> This indicator measures progress towards Target 5.c of the SDGs to *'adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels'*. It links the policy and legal requirements for gender equality with resource allocations for their implementation. The indicator measures three important components of GRB:

- i. Intent of a government to address well-identified gender equality goals by identifying whether policies, programs, and adequate resources are in place and executed;
- ii. Existence of mechanisms to track resource allocations towards these policy goals; and
- iii. Existence of mechanisms to make resource allocations for gender equality and women's empowerment publicly available.

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<sup>11</sup> The PEFA framework assesses the status of a country's public financial management. It measures the extent to which PFM systems, processes, and institutions contribute to the achievement of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. PEFA identifies seven key pillar of PFM performance (i. Budget reliability; ii. Transparency of public finances; iii. Management of assets and liabilities; iv. Policy-based fiscal strategy and budgeting; v. Predictability and control in budget execution; vi. Accounting and reporting; and vii) External scrutiny and audit) spread throughout the budget cycle and defines 31 specific performance indicators, disaggregated into 94 individual dimensions, that focus on key aspects of the PFM system. Since the launch of the first PEFA framework in 2005, PEFA has been used 600 times in 150 countries. The PEFA framework was revised in 2016.

<sup>12</sup> learn4dev is an international network of development organizations who work together to provide learning opportunities for their staff and partners. The essence of the learn4dev network are the Expert Groups, each of them created around a specific topic or common area of interest, including an expert group on gender. For more information on the network, please see: <http://www.learn4dev.net/>

<sup>13</sup> For more information on the SDG 5.c.1 indicators, please see the UN Women website: <http://gender-financing.unwomen.org/en/highlights/sustainable-development-goal-indicator-5c1>

**The existing PEFA framework does not explicitly assess the gender responsive aspects of PFM performance.** However, the measurement guidance for the substantially revised PEFA 2016 performance indicator PI-8 ‘Performance information for service delivery’ notes, as part of the definition of performance information, that *‘more advanced performance measurement systems may also seek to assess the gender responsiveness of budget resources through collection and analyzing gender disaggregated data on outputs and outcomes’*. Since the launch of the PEFA 2016 framework, PEFA assessment reports under PI-8 have not typically addressed the role of gender disaggregated data. However, during consultations and training with the assessment team for the 2018 Zimbabwe PEFA assessment, the Secretariat recommended including GRB aspects in the PEFA report and the report for Zimbabwe is the first one that presents information on the availability of gender disaggregated data in the narrative for PI-8. Moreover, the upcoming PEFA assessments in Ethiopia are planned to assess how gender responsive PFM systems at the subnational levels are. The World Bank team leading the assessment will work closely with UN Women to collect the relevant information and provide an overall assessment of GRB practices.

**Moreover, during recent public consultations on the update of the PEFA guidance in November 2018, UN Women as well as independent GRB experts suggested the Secretariat to consider how PEFA could be complemented or expanded to include the collection of information on GRB practices.** While the PEFA Secretariat recognized that a reference to GRB tools in the PEFA framework in the context of the PEFA performance indicator PI-8 on service delivery was an important addition to the current GRB discussions, we further explored opportunities to augmenting the current PEFA framework to assess the use of GRB tools in public financial management and designed a set of supplementary questions on GRB practices. The proposal on how PEFA could be augmented to collect information on GRB practices was presented at the PEFA Steering Committee meeting in Washington DC in December 13—14, 2018 and the PEFA partners agreed for the Secretariat to proceed with piloting of the PEFA gender module. The subsections below present the proposed approach to collecting information on GRB practices using PEFA, the benefits of linking GRB with PEFA, and envisaged next steps.

# PROPOSED APPROACH TO THE ASSESSMENT OF GRB PRACTICES USING PEFA

## PROPOSED SET OF SUPPLEMENTARY QUESTIONS TO COLLECT INFORMATION ON GENDER RESPONSIVE PFM PRACTICES

The proposed ‘PEFA gender module’ is a set of supplementary questions to collect information on **gender responsive public financial management practices**. The questions are built on the PEFA framework and mirror the mapping of PFM practices and assessment of PFM institutions, processes, and systems as typically carried out during a PEFA assessment process. For the purpose of this note, the gender responsive PFM is defined as presented in Box 2 below.

### BOX 2: WHAT IS GENDER RESPONSIVE PUBLIC FINANCIAL MANAGEMENT?

*Gender responsive public financial management entails the use and application of public financial management institutions, systems, and processes in each of the phases of the budget cycle – policy-based fiscal strategy and budgeting, predictability and control in budget execution, accounting and reporting, and external scrutiny and audit, including through governments’ efforts to make information on fiscal performance publicly available and strengthen the management of assets and liabilities – with a view to promoting and contributing to gender equality.*

The questions are structured around the budget cycle process, as presented in the PEFA framework, and connect general PFM practices to GRB specific practices and tools. The analysis of GRB practices is done in the context of the recent IMF 2017 report on ‘Gender Budgeting in G7 Countries’ which emphasized the need for fiscal policies relating to gender to be fully integrated into all the stages of the budget cycle (IMF, 2017). The proposed set of questions builds on the work of UN Women and the collection of information for SDG indicator 5.c.1 and is based on the analysis of existing practices and research findings on how gender considerations can be integrated into the budget process (e.g., Council of Europe, 2009; ADB, 2012; IMF 2017; OECD, 2017, and others). The set of supplementary questions is presented in Annex 1.

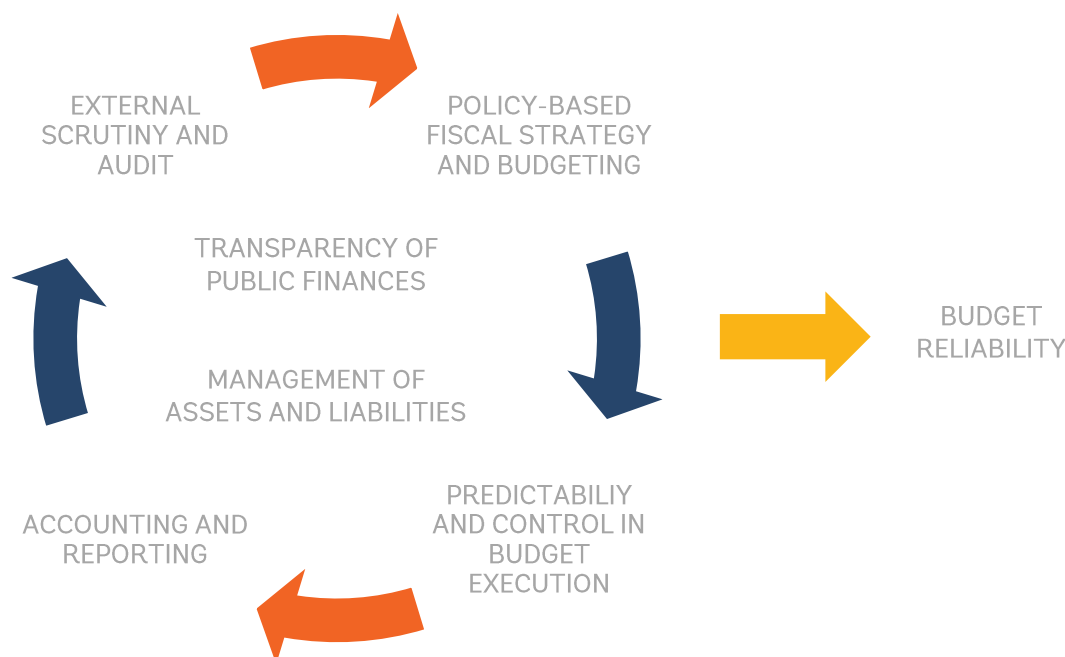
The PEFA gender module is intended to be included on a voluntary basis either: i) concurrently with a PEFA assessment; ii) before or after the assessment; or iii) as a standalone activity. The decision to undertake a supplementary assessment on GRPFM as part or separately to the PEFA assessment will rest with the respective country but will need to be formally specified as an objective at the concept note phase of the PEFA assessment process or separately communicated to the PEFA Secretariat.

The PEFA gender module is recommended to be presented in the form of a series of binary questions across the budget cycle. This will require assessment teams to respond to questions with ‘Yes’ or ‘No’. Assessors would provide a brief explanation and supporting evidence for their assessment. In case of lack



of information to respond to a question, the same logic should apply as in the PEFA framework where the lowest score (i.e., D\*) is given for those dimensions and indicators where insufficient information is available to facilitate scoring. In case of the GRB assessment using the PEFA framework, the assessment team should respond 'No' in cases where information is not available. In cases where the question is not applicable to country circumstances, the assessment team should respond 'NA'. An example includes a question on performance information disaggregated by sex; if there is no performance framework in place, it means that the question is not applicable.

FIGURE 2: PEFA PILLARS AND THE BUDGET CYCLE



Source: PEFA, 2016.

**Assessment teams will be required, as with other PEFA performance indicators, to present the evidence collected for each of the proposed GRPFM questions.** The PEFA gender module findings will be quality reviewed by the PEFA Secretariat as other parts of the PEFA assessment report.

## BENEFITS OF APPLYING THE GENDER AUGMENTED PEFA ASSESSMENT AND EXPECTED OUTCOMES

**Linking the assessment of countries' gender responsive PFM practices with PEFA provides a unique opportunity to leverage the most widely used framework for assessing PFM performance to gain extensive insights into the current status and future progress of the role of PFM in promoting gender equality.** Access to such standardized data is expected to importantly contribute to discussions on gender equality and adequate funding to close the persistent gender gaps, as enshrined in the Beijing Declaration and Platform of Action, Addis Ababa Action Agenda, Nairobi Outcome Document, and the 2030 Agenda for Sustainable Development. It would contribute to the collection of information on GRB, anchored by

UN Women, as part of SDG 5.c.1 and would feed international discussions on gender responsiveness of national budgets and stimulate cross-country and regional comparisons and analysis.

**At a country level, findings of the PEFA gender module are expected to contribute to discussions on how gender responsive a country's budget is, and to what extent are gender aspects considered throughout the budget cycle.** The supplementary GRB assessment will provide a *snapshot* of GRB PFM practices and be expected to broaden PFM reform discussions, action planning, and discussions on the contribution of PFM to efficient service delivery by including the impacts on gender and gender equality. As outlined above, public spending and revenue (and related PFM tools and processes) targeted at achieving gender equality are only one of several levers through which governments can aim to close gender gaps. At the same time, if country has institutionalized practices to include gender considerations through budgetary processes, this contributes directly to more transparent and equitable PFM process.

**To get a more comprehensive picture of gender equality in a country, the government might need to consider evaluating other levers.** This can include employing gender impact analysis tools for public sector management beyond public financial management, e.g., sectoral analysis, gender aware poverty and social analysis, gender aware regulatory impact assessment, etc. Information collected as part of the achievement of SDG targets, specifically related to SDG 5.c.1, might be a useful additional input to the gender equality assessment, as well as the analysis of findings of the United Nation's Development Program's Gender Development Index and Gender Inequality Index.<sup>14</sup> Similarly, the World Bank's World Development Indicators help capture the quality of people's lives by providing data on gender and include new indicators that measure progress toward gender-equality-related SDG targets.<sup>15</sup>

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<sup>14</sup> The Gender Inequality Index (GII) measures gender inequalities in three important aspects of human development—reproductive health, measured by maternal mortality ratio and adolescent birth rates; empowerment, measured by proportion of parliamentary seats occupied by females and proportion of adult females and males aged 25 years and older with at least some secondary education; and economic status, expressed as labor market participation and measured by labor force participation rate of female and male populations aged 15 years and older. For more information on GDI, please see: <http://hdr.undp.org/en/content/gender-development-index-gdi>

The Gender Development Index (GDI) measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards using the same component indicators as in the Human Development Index (HDI). The GDI is the ratio of the HDIs calculated separately for females and males using the same methodology as in the HDI. It is a direct measure of gender gap showing the female HDI as a percentage of the male HDI. For more information on GDI, please see: <http://hdr.undp.org/en/content/gender-inequality-index-gii>.

<sup>15</sup> To learn more about the World Bank's World Development Indicators, please see the WDI website: <http://datatopics.worldbank.org/world-development-indicators/>. The following indicators by gender are presented: i) School enrollment, primary and secondary (gross), gender parity index (GPI); ii) Women who were first married by age 18 (% of women ages 20-24); iii) Demand for family planning satisfied by modern methods (% of married women with demand for family planning); iv) Ratio of female to male labor force participation rate (%) (modeled ILO estimate); v) Female share of employment in senior and middle management (%); vi) Proportion of women subjected to physical and/or sexual violence in the last 12 months (% of women age 15-49); vii) Proportion of seats held by women in national parliaments (%).

# NEXT STEPS

## PILOT TESTING

**Following the collection of inputs through public consultation, the Secretariat will pilot the proposed PEFA gender module in a sample of three to five countries.** For each selected country, a one-week mission in countries with an upcoming PEFA assessment or in a country that had a recent PEFA assessment would be conducted. The findings from piloting will allow the Secretariat to refine the assessment approach and use the findings to refine the guidance to assessment teams. The pilot studies will be particularly valuable for refining the existing approach that recommends using a set of binary questions as well as refining the set of proposed questions to ensure they are in line with current GRPFM practices and are appropriate for different country contexts.

## GUIDANCE DESIGN

**The PEFA Secretariat will develop an accompanying guidance to PEFA gender module note to help assessment teams collect information on GRPFM practices.** The guidance is planned to be designed as a useful resource on why GRB matters and its role in the PFM reform process, what data needs to be collected during the fieldwork and who are the stakeholders that need to be interviewed and consulted to understand what GRB practices are in place and to what extent are they embedded in the PFM system. Each of the proposed GRPFM tools to be evaluated (as presented in Annex 1) will be further elaborated in the guidance material and preliminary country examples will be included to explain how these tools work in practice.

## REPORT TEMPLATE AND TRAINING TUTORIALS

**The PEFA Secretariat will also develop tutorials and an assessment report template to assist teams in collecting the evidence on GRPFM practices and reporting on them.** Following the piloting, the Secretariat will design a template on PEFA gender module report that assessment teams will be required to use when collecting information on GRPFM practices. Information from one of the piloting countries will be used as an example on how the report should be structured and presented. The Secretariat will work closely with the World Bank data specialists to ensure that data collected will be visualized in an appealing way and that data collected on GRB practices can be linked to the existing PEFA database. The examples collected during the piloting will also be used for developing technical resources and training to complement the existing PEFA training and used to raise awareness about the proposed set of supplementary questions on GRPFM.

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**A note will be developed on the implications of the proposed approach to the average time and costs of conducting PEFA assessments as well as the skillset required.** The Secretariat will also prepare a note to map and document how the proposed approach aligns with other initiatives to collect information on gender responsive budgeting, including the work of UN Women, International Monetary Fund, and OECD. The note will reflect how the proposed approach will complement the processes around the collection of information on SDG 5.c.1, anchored by UN Women, which measures the 'proportion of countries with

systems to track and make public allocations for gender equality and women's empowerment'. A report with the results of the piloting, documentation of skills and cost implications, alignment with other GRB initiatives (including SDG 5.c.1) will be presented to the PEFA Steering Committee during its meeting in June 2019.

# ANNEX 1: LIST OF PROPOSED SUPPLEMENTARY QUESTIONS FOR ASSESSING GRB PRACTICES ACROSS THE BUDGET CYCLE BASED ON THE PEFA FRAMEWORK

GM <sup>16</sup> #	QUESTION TO BE ADDRESSED	RELATED PEFA INDICATOR	PEFA REPORT NARRATIVE REQUIREMENTS	RELEVANCE TO GENDER RESPONSIVE PFM
<b>TRANSPARENCY OF PUBLIC FINANCES</b> Throughout the budget cycle, transparency of public finances ensures that information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation.				
1	Does the government budget classification and chart of accounts system include a specific classification element on gender?	PI-4. Budget classification	Describe how, which element, and at what level the budget classification and chart of accounts system captures information on gender.	A robust classification system allows transactions to be tracked through the budget's formulation, execution, and reporting cycle. Inclusion of information of gender enables measuring the contribution of programs to discussions on gender and gender equality.
2	Does the government's budget documentation include a gender budget statement or other gender-specific accountability document that sets out the government's gender-related objectives and/or the gender impacts of its policies, programs, and budget allocations?	PI-5. Budget documentation	Describe any formal budget statement, role in budget process and its content prepared by the executive. Include information if the statement includes ex ante and ex post analysis of the gender impacts of government policies.	Gender budget statements can have different formats; it can be an accountability document or document used in budget preparation for prioritization purposes. It informs on the allocation of resources to reach strategic goals on gender equality and women's empowerment and measuring impacts and results. It provides a report from particular ministry or the whole of government on how policies, programs, and related budgets fulfil the government's gender equality objectives.
3	Is performance information on planned outputs and outcomes of programs or services disaggregated by gender?	PI-8. Performance information for service delivery	Describe the extent to which sex disaggregated data is provided in budget documentation.	Performance information promotes the inclusion of information on the planned and achieved outputs and outcomes of government program and services within budgetary documentation and strengthens the accountability of the executive.  Sex-disaggregated data and gender indicators are considered crucial for policy makers to be able to assess and develop appropriate, evidence-based responses, and policies.
4	Are there specific gender indicators (indicators measuring the gender gap) included in performance information on results for outputs and outcomes?		Describe the extent to which sex disaggregated data and gender indicators are provided.	
5	Do evaluations of the efficiency and effectiveness of service delivery include an analysis of the impacts of service delivery by gender and gender equality?		Describe the extent to which evaluations include an analysis of the impacts on gender and gender quality.	

<sup>16</sup> GM = Gender Module

GM <sup>16</sup> #	QUESTION TO BE ADDRESSED	RELATED PEFA INDICATOR	PEFA REPORT NARRATIVE REQUIREMENTS	RELEVANCE TO GENDER RESPONSIVE PFM
6	Do performance audits conducted by the supreme audit institution include an analysis of the impacts of policies or service delivery on gender and gender equality?		Describe the extent to which performance audits include an analysis of the impacts on gender and gender equality. Explain if there are specific gender audits carried by the supreme audit institution.	After the budget has been executed, ex post evaluations or audits of the impact and effectiveness of gender-related policies help appraise those policies and their impacts.
7	Does the public have access to the gender budget statement or reports on gender analysis of budget programs before or after the budget has been approved?	PI-9. Public access to fiscal information	Present the evidence of the publication on the gender budget statement and/or reports from gender analysis of budget programs timing of the availability to the public.	Fiscal transparency depends on whether information on government fiscal plans, positions, and performance is easily accessible to the general public. More comprehensive and consistent information, including information on gender equality strengthens the accountability between the executive and the public.
<b>MANAGEMENT OF ASSETS AND LIABILITIES</b> Effective management ensures that public investments provide value for money, assets are recorded, and managed, and fiscal risks are identified.				
8	Do economic analyses of major public investment projects include an analysis of gender and gender equality impacts?	PI-11. Public investment management	Describe the extent to which gender and gender equality impacts of major investment proposals are assessed.	Ex ante evaluation is an analysis or assessment of a policy or a program, funded through the budget, to understand the envisaged impact of budget and fiscal policies on individuals disaggregated by gender and on gender equality and women's empowerment.  The aim is to improve the design and the planning of the policy under consideration, in order to prevent a negative impact on gender equality and to strengthen gender equality through better designed, transformative policies, programs, and investments.
9	Prior to the inclusion in the budget, do major public investment project selection criteria require an analysis of direct and indirect impacts on gender and gender equality?		Describe the specific criteria used for major investment projects selection prior to the inclusion in the budget. Present the evidence of a questionnaire or an analysis tool used to assess direct or indirect impacts of investment projects on gender equality.	
10	Do annual financial reports of public corporations include sex disaggregated information on senior management, boards of directors, and staff?	PI-10. Fiscal risk reporting	Describe the extent of disaggregation of data by sex in annual financial reports of public corporations.	Annual budgetary central government financial reports are critical for accountability and transparency in the PFM system. Production of reports that include gender specific data is key in facilitating gender equality policy and spending debates and decisions. This includes reports from public corporations.
<b>POLICY-BASED FISCAL STRATEGY AND BUDGETING</b> During this phase, the executive branch prepares the fiscal strategy and the budget with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections; and the legislature debates, alters, and approves the budget.				
11	Does the government's analysis of the impacts of proposed changes in revenue and expenditure policy include information on the impacts on gender and gender equality?	PI-15. Fiscal strategy	Describe the extent to which government's estimates of the fiscal impact of revenue and expenditure policy proposals include an analysis of the gender impacts of the proposals adoption or implementation.	Expenditure and revenue policy is a key lever for government in delivering overall public policy objectives and can therefore help or hinder the degree to which government intervention in society support the objective of gender equality.  Ex ante gender assessment is an evaluation or an analysis of a policy or a program, funded through the budget, to understand the envisaged impacts of budget and fiscal policies on individuals disaggregated by gender and on gender equality and women's empowerment.

GM <sup>16</sup> #	QUESTION TO BE ADDRESSED	RELATED PEFA INDICATOR	PEFA REPORT NARRATIVE REQUIREMENTS	RELEVANCE TO GENDER RESPONSIVE PFM
12	Does the government's fiscal strategy include qualitative or quantitative policy objectives to promote gender equality, and/or girls and women's empowerment?		Highlight specific gender initiatives included in the government's fiscal strategy and any reporting requirements.	Fiscal strategy is a government's tool to clearly articulate to central government units, the legislature, and the public its fiscal policy objectives, including specific quantitative and qualitative fiscal targets and constraints. It provides a framework against which the fiscal impact of revenue and expenditure policy proposals, including on gender and gender equality, can be assessed during the annual budget preparation process.
13	Does the legal framework for public finance require specific provisions related to gender issues or gender responsive budgeting?	PI-17. Budget preparation process	Provide specific information on gender related provisions included in public finance legislation.	A framework of rules and procedures for promoting gender responsive budgeting ensures that spending ministries and agencies are briefed on the legal and administrative procedures to be followed in implementing gender responsive budgeting.
14	Does the budget circular(s) require budgetary units to include information on the gender and/or gender equality impacts of spending proposals?		Describe the requirements included in the budget circular(s) related to gender.	Budget circular(s) instructs ministries and other budgetary units on how to complete their budget submissions for the forthcoming year; the circular may require that gender be reported in budget submissions and discussed during negotiations; or the circular needs to include gender relevant indicators, provide sex disaggregated data or request specific budgetary allocations for gender-related program or projects.
15	Does the legislature's review of the budget proposal include the review of gender policies and/or impacts of budget proposals on gender and gender equality?	PI-18. Legislative scrutiny of budgets	Describe the legislature's review of gender policies and/or gender and gender equality impacts of the budget proposal.	As the government's authority to spend is awarded by the legislature it is important that the review of budget document includes the analysis of government's policies on gender and gender equality.
16	Are women's groups or committees involved in the legislative review or public consultation on the proposed budget?		Describe if the legislature's procedures to review budget proposal include public consultation that involves engaging women on women specific issues and/or includes arrangements to work with relevant women or gender equality expert groups or committees that review the budget proposals from gender perspective.	
PREDICTABILITY AND CONTROL IN BUDGET EXECUTION				
During this phase, the executive implements the policies planned in the budget and monitors and controls the execution. Predictability and control in budget execution ensures that the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.				
17	Is sex disaggregated data available on personnel records including grade and/or on payroll data?	PI-23. Payroll controls	Describe the extent of availability of sex disaggregated data on the wage bill.	Internal control assesses the existence of the segregation of duties which is fundamental in preventing errors or fraud. The wage bill is usually one of the biggest items of government expenditure and susceptible to weak control. Inclusion of gender disaggregated data provides important inputs to the analysis of the role of men/women and gender equality.
18	Do government databases or records for contracts include sex disaggregated data?	PI-24. Procurement	Describe to what extent government procurement databases or records include sex disaggregated data.	Significant public spending takes place through the public procurement system. Inclusion of sex disaggregated data provides platform for discussion on the role of different genders

GM <sup>16</sup> #	QUESTION TO BE ADDRESSED	RELATED PEFA INDICATOR	PEFA REPORT NARRATIVE REQUIREMENTS	RELEVANCE TO GENDER RESPONSIVE PFM
19	Do government procurement guidelines include the requirement that government contracts include consideration of gender equality in the contracting terms and conditions?		Describe the gender related requirements of government procurement guidelines.	in the society and their opportunities to be involved in different aspect of social engagements.
20	Do internal audits include coverage of the appropriate application of regulations and procedures relating to gender equity including equal opportunity, sexual harassment, efficiency and effectiveness of gender equality related policies, etc.?	PI-26. Internal audit	Describe the relevant requirements of internal audit regulations.	Internal audit provides regular and adequate feedback to management on the performance of the internal control system. Internal audits can provide important information on regulations and procedures on gender equality as well as examine compliance, efficiency, and effectiveness of gender related policies.
<b>ACCOUNTING AND REPORTING</b>				
Accounting and reporting ensures that accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.				
21	Do annual financial reports include information on expenditure and revenue disaggregated by gender?	PI-29. Annual financial reports	Describe the extent of disaggregation of data by sex in annual financial reports.	The annual financial reports are critical for accountability and transparency in the PFM system, including providing data disaggregated by gender.
<b>EXTERNAL SCRUTINY AND AUDIT</b>				
During the phase, public finances are reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.				
22	Does the legislature conduct any hearings or publish any reports that discuss the impacts of the budget or revenue policy decisions on gender equality?	PI-31. Legislative scrutiny of audit reports	Describe the extent to which such hearings discuss impacts on gender and gender equality.	The legislature has a key role in not only authorizing the budget but also scrutinizing the execution of the budget that it approved. As a result, the legislature would be interested in the implementation and impact of policies on gender equality.



# ANNEX 2: REVIEW OF EXISTING APPROACHES TO COLLECTING INFORMATION ON GENDER RESPONSIVE BUDGETING

## SDG INDICATOR 5.C.1. ON PROPORTION OF COUNTRIES WITH SYSTEMS TO TRACK AND MAKE PUBLIC ALLOCATIONS FOR GENDER EQUALITY AND WOMEN'S EMPOWERMENT

### CUSTODIAN ORGANIZATION(S):

- UN Women as custodian.
- OECD and UNDP as co-custodians.

### DEFINITION

Sustainable Development Goal (SDG) Indicator 5.c.1<sup>17</sup> seeks to measure government efforts to track budget allocations for gender equality throughout the public finance management cycle and to make these publicly available. This is an indicator of characteristics of the fiscal system. It is not an indicator of quantity or quality of finance allocated for gender equality and women's empowerment (GEWE).

The indicator measures three criteria. The first focuses on the intent of a government to address GEWE by identifying if it has programs/policies and resource allocations to foster GEWE. The second assesses if a government has planning and budget tools to track resources for GEWE throughout the public financial management cycle. The third focuses on transparency by identifying if a government has provisions to make allocations for GEWE publicly available.

The indicator aims to encourage national governments to develop appropriate budget tracking and monitoring systems and commit to making information about allocations for gender equality readily available to the public. The system should be led by the Ministry of Finance in collaboration with the sectoral ministries and National Women's Machineries and overseen by an appropriate body such as Parliament or Public Auditors.

### RATIONALE

Adequate and effective financing is essential to achieve SDG 5 and the gender related targets across the SDG framework. By tracking and making public gender equality allocations, governments promote greater transparency in and hence this could result in better accountability. The indicator encourages governments to put in place a system to track and make public resource allocations which can then inform policy review, better policy formulation and more effective public financial management.

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<sup>17</sup> For more information on SDG 5.c.1, please see: <http://gender-financing.unwomen.org/en/highlights/sustainable-development-goal-indicator-5c1>

The principle of adequate financing for gender equality is rooted in the Beijing Declaration and Platform of Action (para 345 and 346) adopted in 1995. However, the Secretary General's report on the twenty-year review and appraisal of the Platform for Action found that underinvestment in gender equality and women's empowerment has contributed to slow and uneven progress in all 12 critical areas of concern. Inadequate financing hinders the implementation of gender responsive laws and policies. Data shows that financing gaps are sometimes as high as 90% with critical shortfalls in infrastructure, productive and economic sectors.

The 2030 Agenda for Sustainable Development Agenda commits to a "significant increase in investments to close the gender gap." Ensuring requisite resources for gender equality is central to implementing and achieving SDG 5 and all gender targets across the framework. Tracking these allocations and making the data publicly available are important steps to assess progress towards meeting these goals. This has been reaffirmed at the Third International Conference on Financing for Development, where member states adopted the Addis Ababa Action Agenda which commits to track gender equality allocations and increase transparency on public spending.<sup>1</sup> Furthermore, the Commission on the Status of Women at its 60th session called upon states to support and institutionalize gender-responsive budgeting and tracking across all sectors of public expenditure to address gaps in resourcing for gender equality and the empowerment of women and girls.

Indicator 5.c.1 will measure the percentage of governments with systems to track and make public resource allocations for gender equality. It builds on Indicator 8 of the Global Partnership for Effective Development Co-operation that has been piloted, tested and rolled out in 81 countries. Indicator 8 allowed, for the first time, the systematic collection of data on government efforts to track resource allocations for gender equality across countries. Indicator 5.c.1 is defined in almost identical terms to Indicator 8 of the GPEDC. In addition, Indicator 5.c.1 is the only indicator in the SDG monitoring framework that links national budgeting systems with implementation of legislation and policies for gender equality and women's empowerment.

The refined methodology for Indicator 5.c.1 is an improvement over the original methodology for Indicator 8. The increased specificity of the criteria provides a greater level of detail and therefore, captures the variability in countries' gender equality policies and public financial management systems. The application of a tiered scoring approach with specific thresholds increases the indicator's rigor and gives incentive to countries to improve these systems over time. Further, it is envisaged that the OECD Survey of Budget Practices and Procedures, conducted regularly among OECD countries, will be modified and updated to align closely with Indicator 5.c.1. This will allow greater global coverage by strengthening the indicator's relevance to ministries of finance in all countries.

## CONCEPTS

To determine if a country has a system to track and make public allocations for gender equality and women's empowerment, the following questionnaire will be sent to its Ministry of Finance, or agency in charge of the government budget:

**Criterion 1. Which of the following aspects of public expenditure are reflected in your government programs and its resource allocations? (In the last completed fiscal year)**

- Question 1.1. Are there policies and/or programs of the government designed to address well-identified gender equality goals, including those where gender equality is not the primary

objective (such as public services, social protection and infrastructure) but incorporate action to close gender gaps? (Yes=1/No=0)

- Question 1.2. Do these policies and/or programs have adequate resources allocated within the budget, sufficient to meet both their general objectives and their gender equality goals? (Yes=1/No=0)
- Question 1.3. Are there procedures in place to ensure that these resources are executed according to the budget? (Yes=1/No=0)

**Criterion 2. To what extent does your Public Financial Management system promote gender-related or gender-responsive goals? (In the last completed fiscal year)**

- Question 2.1. Does the Ministry of Finance/budget office issue call circulars, or other such directives, that provide specific guidance on gender-responsive budget allocations? (Yes=1/No=0)
- Question 2.2. Are key policies and programs, proposed for inclusion in the budget, subject to an ex ante gender impact assessment? (Yes=1/No=0)
- Question 2.3. Are sex-disaggregated statistics and data used across key policies and programs in a way which can inform budget-related policy decisions? (Yes=1/No=0)
- Question 2.4. Does the government provide, in the context of the budget, a clear statement of gender-related objectives (i.e. gender budget statement or gender responsive budget legislation)? (Yes=1/No=0)
- Question 2.5. Are budgetary allocations subject to “tagging” including by functional classifiers, to identify their linkage to gender-equality objectives? (Yes=1/No=0)
- Question 2.6. Are key policies and programs subject to ex post gender impact assessment? (Yes=1/No=0)
- Question 2.7. Is the budget as a whole subject to independent audit to assess the extent to which it promotes gender-responsive policies? (Yes=1/No=0)

**Criterion 3. Are allocations for gender equality and women’s empowerment made public? (In the last completed fiscal year)**

- Question 3.1. Is the data on gender equality allocations published? (Yes=1/No=0)
- Question 3.2. If published, has this data been published in an accessible manner on the Ministry of Finance (or office responsible for budget) website and/or related official bulletins or public notices? (Yes=1/No=0)
- Question 3.3. If so, has the data on gender equality allocations been published in a timely manner? (Yes=1/No=0)

## SCORING

A country will be considered to satisfy each criterion as follows:

	REQUIREMENTS PER CRITERION
A country will satisfy Criterion 1	if it answers “Yes” to 2 out of 3 questions in Criterion 1
A country will satisfy Criterion 2	if it answers “Yes” to 4 out of 7 questions in Criterion 2
A country will satisfy Criterion 3	if it answers “Yes” to 2 out of 3 questions in Criterion 3

Each question within each criterion has the same weight. A country would need to satisfy the threshold of “yes” responses per criterion to satisfy a criterion.

Countries then will be classified as ‘fully meets requirements’, ‘approaches requirements’, and ‘does not meet requirements’ per the following matrices (There are 8 possible combinations of criteria being satisfied, Cases A-G below):

FULLY MEETS REQUIREMENTS			
	Criterion 1	Criterion 2	Criterion 3
Case A	✓	✓	✓

Note: “Checked” boxes represent satisfied criteria; “unchecked” boxes represent unsatisfied criteria.

APPROACHES REQUIREMENTS			
	Criterion 1	Criterion 2	Criterion 3
Case B	✓		
Case C		✓	
Case D			✓
Case E	✓	✓	
Case F	✓		✓
Case G		✓	✓

Note: “Checked” boxes represent satisfied criteria; “unchecked” boxes represent unsatisfied criteria.

DOES NOT MEET REQUIREMENTS			
	Criterion 1	Criterion 2	Criterion 3
Case H			

Note: “Checked” boxes represent satisfied criteria; “unchecked” boxes represent unsatisfied criteria.

Because the three criteria are equally important, a country would need to satisfy the three to fully meet requirements.

## OECD GENDER BUDGETING TYPOLOGY

The following typology of gender budgeting practices of OECD countries was designed by the OECD to classify gender budgeting interventions and was presented in the study on *'Gender Budgeting in OECD Countries'*.<sup>18</sup>

The OECD defines gender budgeting as “integrating a clear gender perspective within the overall context of the budgetary process, through the use of special processes and analytical tools, with a view to promoting gender responsive policies”. As the “budget process” is an annual (or indeed multiannual) event, there are several opportunities across the cycle in which the gender perspective can be brought to bear. The OECD study accordingly classifies gender budgeting interventions by the relevant stage in the process.

### (a) EX ANTE GENDER BUDGETING APPROACHES

- **Ex ante gender impact assessment:** Assessing individual budget measures, in advance of their inclusion in the budget, specifically for their impact on gender equality.
- **Gender budget baseline analysis:** An analysis which is periodically conducted to assess how the existing allocation of government expenditures and revenues contributes (or otherwise) to gender equality.
- **Gender needs assessment:** A qualitative assessment, including views and opinions from stakeholders and civil society representatives, of the extent to which government policies and programs meet gender equality needs, with a view to identifying priorities for policy action in the budgetary context.

### (b) CONCURRENT GENDER BUDGETING APPROACHES

- **Gender perspective in performance setting:** Requirements prescribing that a minimum proportion of budget-related performance objectives be linked to gender responsive policies.
- **Gender perspective in resource allocation:** Requirements prescribing that a minimum proportion of overall budgeted resources be allocated towards gender responsive policies.
- **Gender-related budget incidence analysis:** The annual budget is accompanied with an official assessment, conducted by the central budget authority (or under its authority) of the budget's overall impact in promoting gender equality, including a gender-disaggregated analysis of specific policy measures (both revenue- and expenditure-related).

### (c) EX POST GENDER BUDGETING APPROACHES

- **Ex post gender impact assessment:** Assessing individual budget measures, after their introduction/ implementation, specifically for their impact on gender equality.
- **Gender audit of the budget:** Independent, objective analysis, conducted by a competent authority different from the central budget authority, of the extent to which gender equality is effectively promoted and/or attained through the policies set out in the annual budget.

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<sup>18</sup> For more information on the study, please refer to: <https://www.oecd.org/gender/Gender-Budgeting-in-OECD-countries.pdf>

- **Gender perspective in spending review:** In the context of a national/“comprehensive” spending review, gender is routinely included as a distinct dimension of analysis.

Moreover, the study did not only review the use of gender budgeting tools but also analyzed the administrative tools to support the implementation of gender budgeting. The following administrative tools were reviewed:

- **Standard guidelines** from central budget authority on how to apply gender budgeting
- **Training and capacity development** in the use of gender budgeting
- **Expert/consultative group** advises on the application of gender budgeting
- **Inter-agency working group(s)** to exchange good practices on gender budgeting
- **Annual budget circular** includes details and instructions on the application of gender budgeting
- Other (please specify)

# IMF QUESTIONNAIRE FOR ASSESSMENT OF GENDER RESPONSIVENESS OF PFM SYSTEMS IN G7 COUNTRIES

The IMF's Fiscal Affairs Department (FAD) prepared a paper on "*Gender Budgeting Initiatives in Advanced Countries*" as a contribution to a G7 initiative on Equality requested by the Italian Presidency. As part of this exercise FAD prepared a short questionnaire to understand gender budgeting policies and practices in the G7 and other advanced countries.<sup>19</sup>

## INSTITUTIONAL FRAMEWORK

- Does the legal framework for public finance and budgeting include specific provisions related to gender issues or gender budgeting? Where can these provisions be found in the Constitution, an organic law, a Public Finance Law, or other laws and regulations?
- Are there specific arrangements for coordinating discussions within the government on gender related issues, in particular decisions related to expenditure programs or tax policy?
- Who is responsible for coordinating these decisions (e.g., a Ministry or Agency for Gender, an Inter-Ministerial Committee on Gender, the Prime Minister's Office, and/or the Ministry of Finance)?
- Is there a Gender Budget Statement which has been adopted by the government and made public?

## BUDGET PREPARATION

- Does the government occasionally/systematically carry out a gender impact assessment (or a gender incidence analysis) of new government policy initiatives, equivalent to an economic or financial impact assessment, before they are approved by the government? Which government ministries/agencies are responsible for carrying out this work?
- Does the budget circular issued by the Ministry of Finance at the beginning of the budget cycle each year, or other budget guidelines issued by the Ministry, include details or instructions on the application of gender budgeting (e.g., how to calculate the gender impact of new spending proposals or tax policies)?
- Does the government have in place a framework for managing and monitoring the performance of ministries and agencies in delivering public services (i.e., program/performance budgeting)? Does this framework include specific performance targets or indicators relating to gender equality? Are these data published?
- Does the government systematically collect fiscal data that are disaggregated by gender? Are these data published, e.g., in the annual budget documentation? Please provide examples.
- Does the budget classification or chart of accounts incorporate a gender perspective? Is there a program or sub-program within this classification that specifically relates to gender equality?

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<sup>19</sup> For more information on the study, please refer to: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/05/12/pp041917gender-budgeting-in-g7-countries>

## BUDGET EXECUTION, MONITORING, AND CONTROL

- Do budget execution reports issued by the government or its annual financial statements include information on gender-related expenditures or tax policies?
- Has the legislature/parliament conducted any hearings, or published any reports in the last three years that discuss the impact of the budget or tax policy decisions on gender equality?
- Has the national audit office published any reports in the last three years that analyze the ex post impact of budget or tax policy decisions on gender equality?

## OTHER

- Please indicate any existing gender budgeting policies or practices of the central government or sub-national governments that are not mentioned in the above questionnaire.
- Please list any relevant documents or websites where the information requested above is available.



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