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REGIONAL NOTES

Gender Responsive Budgeting in METAC Countries

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This note summarizes the results of a workshop on gender responsive budgeting (GRB) in METAC countries.¹ Using the results from a standardized questionnaire developed by the IMF's Fiscal Affairs Department (distributed prior to the workshop), participants described the status of GRB in their countries and discussed achievements and implementation challenges. At the end of the workshop, participants identified a set of lessons from country experiences, and the next steps in supporting the development of gender-sensitive and inclusive budgets. These steps include emphasizing an incremental approach in building GRB capacity, improving data availability and analytical tools and knowledge, strengthening collaboration between government line ministries/agencies and with technical assistance providers.

GENDER RESPONSIVE BUDGETING: A TOOL TO DEVELOP INCLUSIVE POLICIES

What is GRB?

The Council of Europe defines gender budgeting as 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”*.² GRB aims to:

- contribute to more informed budgetary and fiscal decisions;
- promote accountability and transparency in fiscal planning concerning the intended and unintended impacts on gender equality;
- increase gender responsive participation in the budget process, for example by undertaking steps to involve women and men equally in budget preparation; and,
- promote gender equality and women's rights.

The IMF considers GRB as an approach that uses fiscal policy and public financial management (PFM) instruments to promote gender equality. Fiscal policy is the policy component, and PFM is the institutional component. This approach focuses on how expenditure policy and budgetary allocations, and tax policy, can be used to reduce gender inequality and promote gender equality. A narrower approach would be to integrate a gender dimension into public financial management practices.

The IMF Framework for GRB

In 2017, the IMF developed a framework for an integrated approach to GRB (Figure 1).³ The framework has been updated as it has been applied to more countries. It goes beyond gender allocations,⁴ but does not require a new approach to

budgeting. Rather, it calls for an explicit incorporation of gender issues through adaptation and reinforcement of existing institutions and tools. This implies that at all stages of the budget cycle—developing the fiscal framework, budget preparation, execution, accounting and reporting, and control and auditing—gender-specific analysis and instruments are integrated.

National and sectoral plans need to be part of the GRB process. They provide the strategic basis for budgeting and thus are an anchor for gender equality policies. The strategies have intended and unintended impacts on gender equality, which need to be carefully analyzed, in terms of their direct sectoral impact as well as indirect spillovers to other sectors and programs. The indirect implications of gender policies are one key reason why an integrative approach to GRB is necessary.

How Does GRB Affect Economic Growth?

The economic rationale for GRB derives from the influence of fiscal policy on economic output and its distribution across the population. Sound fiscal policy contributes to higher and more sustainable growth through multiple channels.⁵ For example, growth in the Middle East and North Africa (MENA) region has been below the World average (and below its own potential) since the global financial crisis, due, among others, to domestic structural weaknesses and volatile commodity prices. While fiscal policy can do little about the latter,⁶ it can address some of the structural issues, such as inefficient energy subsidies.

Fiscal policy can address some of the factors that discourage women from entering the labor force, or that contribute to the gender wage gap. Female participation in the labor force in MENA (about 28 percent) is among the lowest in the World.⁷ This

¹ Representatives from Afghanistan, Algeria, Egypt, Iraq, Morocco, Sudan, Tunisia, and West Bank and Gaza, participated in the workshop, which took place in Amman, Jordan, during February 12–14, 2019.

² Council of Europe (2017).

³ A detailed description is in IMF (2017).

⁴ Gender allocation is a budget dedicated to reducing gender inequalities. Examples include a program that aims to reduce violence against women, or a line item for reducing the gender pay gap.

⁵ For MENA, see Stotsky (2016), and Purfield and others (2018).

⁶ Diversification of the sources of economic growth has been advocated to mitigate the economic implications of volatile commodity prices in resource-rich countries.

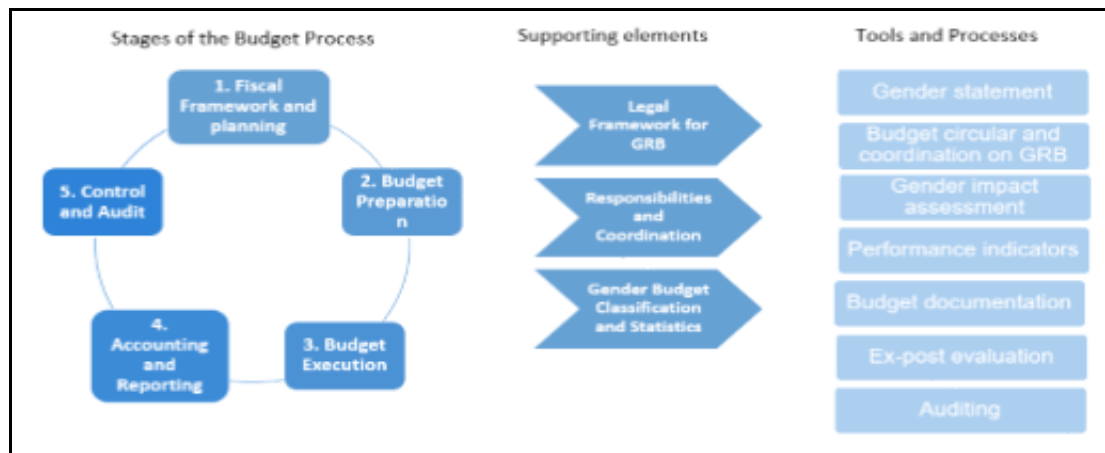
⁷ Reducing the labor participation gap between men and women could double growth in the MENA region within a single decade (<https://www.imf.org/en/News/Articles/2018/07/12/sp071218-promoting-inclusive-growth-agenda-in-the-arab-region>).

situation contributes to the over representation of women in the poorest groups of the population.⁸ Fiscal policy can address some of the factors that discourage women from entering the labor force, which include: (i) lack of mobility; (ii) unequal pay for equal work; (iii) insufficient access to quality education for girls; and (iv) lack of parental leave and child care.⁹

The macroeconomic benefits resulting from higher participation of women in the labor force, besides being important by itself, have been widely

documented.¹⁰ They include higher labor productivity, healthier children, and more responsive government. A higher participation increases household income, which in turn induces an increase in the demand for services, allowing labor to be reallocated to faster growing sectors.¹¹ Better opportunities for women can also contribute to broader economic development, for instance through higher levels of school enrollment for girls.

Figure 1. Integrative Toolkit for GRB



Source: IMF (2017).

TAKING STOCK

Overview of GRB Practices

Most METAC countries have started implementing some instruments of GRB, although none has developed a comprehensive framework. Gender budgeting statements,¹² presentation of fiscal data disaggregated by gender (e.g. beneficiaries of social assistance, education and health expenses), and the definition of performance indicators are the most frequent ones (Figure 2). Gender related provisions in the legal framework, ex-post impact assessments¹³ and gender-related audits are not that common in the region yet.

Countries have established agencies for coordinating GRB, but coordination remains challenging. The coordination function, when it exists, tends to be located within the Ministry of

Finance or the institution in charge of women's affairs. Tunisia and West Bank and Gaza have established a gender unit in the Ministry of Finance, whereas Jordan has not yet created a coordinating agency. In Algeria, the Ministry of National Solidarity is responsible for developing and implementing the national strategy for the protection and promotion of women and strengthening their participation in national development. In Iraq, the Department of Women Empowerment in the Secretariat General of the Council of Ministers coordinates the development of the gender section for the line ministries. The Egyptian National Council for Women, established in 2000, coordinates for gender equality.

Existing program-based budget (PBB) systems can be modified to incorporate GRB. PBB can be remodeled so that gender-related objectives,

⁸ OECD (2014).

⁹ Kolovich and others (2016).

¹⁰ World Bank (2011), Duflo (2012), Elborgh-Woytek and others (2013), and Stotsky (2016).

¹¹ Ostry and others (2018).

¹² A gender budget statement is an accountability document produced by a government agency to show what its programs and budgets have achieved in gender equality. It can be tabled in the legislature with the annual budget (as a

document or annex), or as an internal document for budget preparation.

¹³ Gender impact assessments are ex-ante or ex-post evaluations of the impact of fiscal (and other) policies on individuals, by gender. For example, a gender impact assessment for education policy would evaluate whether boys or girls are the beneficiaries of public spending on education, for various grades and spending types. Austria, Canada, France, Spain, and the United Kingdom undertake systematic gender impact assessments.

activities and performance indicators are integrated. Jordan and Tunisia have well established PBB systems which can be adapted for GRB implementation. Tunisia plans such an approach with pilots in six ministries (education, health, agriculture, and women).

While approaches can differ across countries, integration of GRB into existing budget practices,

rather than developing parallel systems, is key. GRB is most successful when choosing an analytical and pragmatic approach to make gender equality an integral part of the budget process. Countries with longer experience in GRB, such as Morocco (Box 1), emphasize that they strongly benefitted from pragmatic approaches.

Figure 2. Status of GRB tools and instruments in selected METAC countries

	AFG	DZA	EGY	IRQ	LBN	MAR	WBG	TUN
Gender Budgeting Framework				✓				✓
Gender provisions in public finance and budget laws			✓					
Gender Budgeting Statement				✓		✓		✓
Gender Impact Assessments	✓	✓						
Budget circular and statements includes instructions related to gender budgeting								
Performance indicators related to gender equality goals						✓	✓	
Fiscal data disaggregated by gender	✓		✓			✓		
Budget classification according to gender perspective	✓		✓					
Ex-post gender impact assessments of budget expenditures				✓				
Audit of the budget covers gender aspects	✓							

Source: Country questionnaires, and authors.

AFG: Afghanistan; DZA: Algeria; EGY: Egypt; IRQ: Iraq; LBN: Lebanon; MAR: Morocco; WBG: West Bank and Gaza; TUN: Tunisia.

Note: Iraq and Tunisia's answers to the "gender budgeting framework" question may be overstated, since they appear to be inconsistent with the other answers. This is likely due to different interpretations of GB framework across countries.

Box 1. GRB in Morocco and Tunisia

Morocco¹⁴

Morocco's gender budgeting initiatives started in 2002 when the Ministry of Finance and Privatization conducted preliminary research on "*methodological feasibility of budgetary accounts for gender and childhood in Morocco*". The initiatives have been characterized by incremental improvements.

A Gender Report was published in 2006 with key priorities and targets for ministries. Some ministries report sectoral- and gender-disaggregated data. Morocco also assessed women and girls' needs in education, health, the judicial system, infrastructure, and employment, and sought to develop fiscal and other policies to ensure their equal access to education and health care, while expanding women's labor market opportunities.

Over the last 15 years, Morocco has passed several legislations to strengthen gender equality (e.g. banning discrimination in hiring, introducing maternity leave, introducing penalties for sexual harassment). The organic budget law and other laws require gender equality be considered when defining performance objectives, results, and indicators in all line budgets, and makes the gender report compulsory.

The budget of each ministry/agency must be accompanied by specific objectives and quantitative indicators (e.g. percentage of women who had at least one medical visit during pregnancy, school drop out for girls). As a result, 22 percent of the objectives and 19 percent of the indicators were related to gender.

Tunisia¹⁵

GRB is an integral part of the Tunisian PFM system and its implementation is ongoing. It includes the following components:

- Before the GRB initiative, a national gender equality strategy was adopted.
- The Budget Law incorporates the principle of gender equality, which is integrated in program-based budgeting.
- The GRB initiative was launched with the Development Plan 2016-2020 and included gender equality goals.
- A national plan for gender mainstreaming was prepared and approved by cabinet in June 2018.
- Tunisia plans to publish gender budget statement in 2020 and to pilot GRB in program-based budgeting.

¹⁴ Kolovich and others (2016).

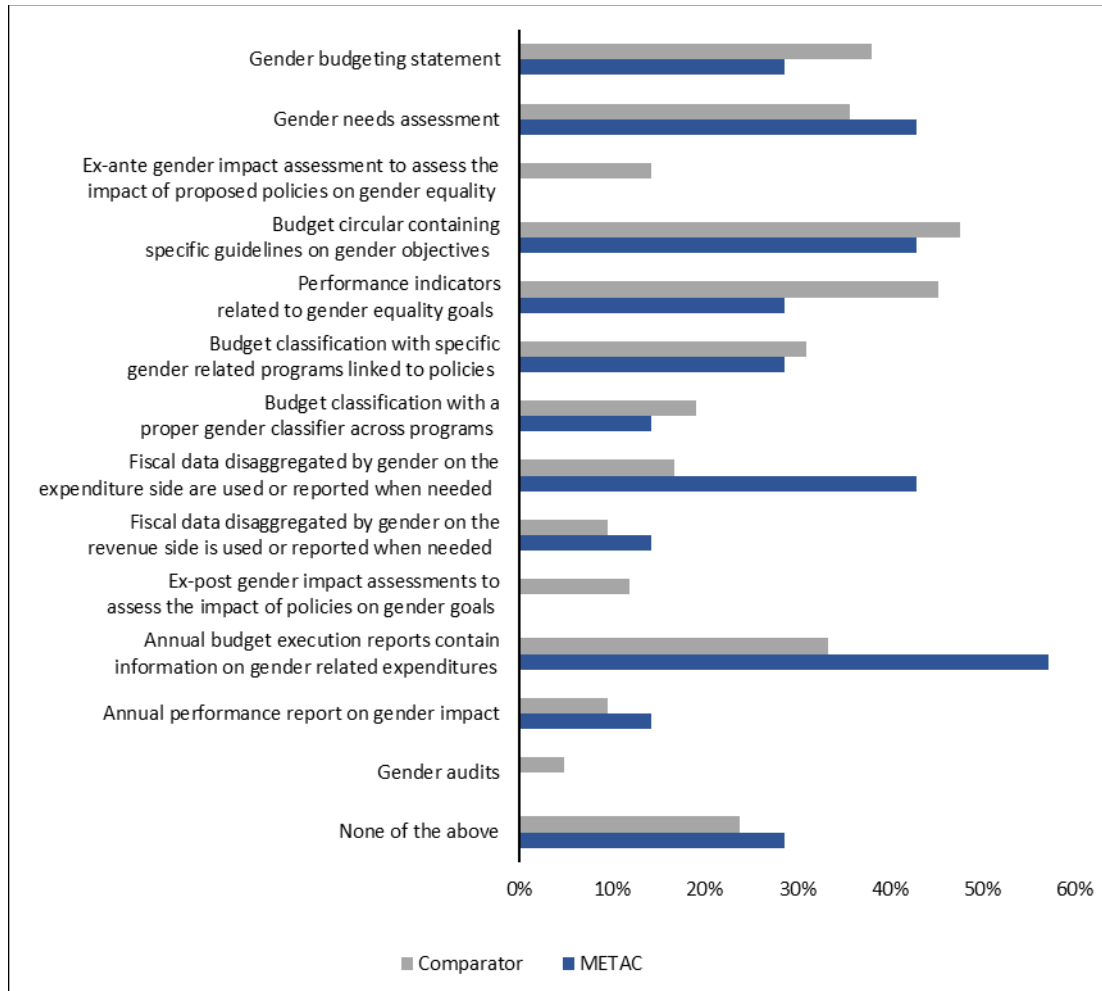
¹⁵ Presentation of Tunisian authorities at the workshop.

Comparison of METAC Countries with International Trends

The overall development of GRB in METAC countries is similar to other regions, but the available instruments highlights some differences in practice. Disaggregated fiscal data and gender-related information are widely used in the region

even though countries consider data availability and quality as a key obstacle to developing effective GRB (Figure 3). However, gender audits and impact assessments are not used at all. Some countries prepare gender budgeting statements, but the regional average is lower than in the rest of the world.

Figure 3. Diffusion of GRB Tools and Instruments: METAC Countries and World



Sources: IMF Fiscal Affairs Department, METAC country questionnaire, and authors.

Note: METAC sample number=8. Figures indicate the percentage of countries that answered the questions positively.

CHALLENGES FOR GRB IN METAC COUNTRIES

Weak Fiscal Institutions

METAC countries face important obstacles in designing and implementing GRB. They include fragmentation of GRB initiatives, lack of monitoring mechanisms, lack of effective execution of gender programs, and insufficient data (Figure 4). More than half of the countries estimate that they do not

have enough information to assess the impact of GRB (Figure 5).

An integrated GRB approach requires a sound PFM system. Weaknesses in the PFM system influence the readiness for GRB by limiting the potential benefits from its implementation—hence, leading to waste of public resources. Developing a comprehensive plan to implement GRB requires a thorough understanding of a country's PFM practices,¹⁶ and identification of specific reforms to

¹⁶ A Public Expenditure and Financial Accountability (PEFA) Assessment could be very useful.

link overall improvements of the PFM system with gender-responsive elements.

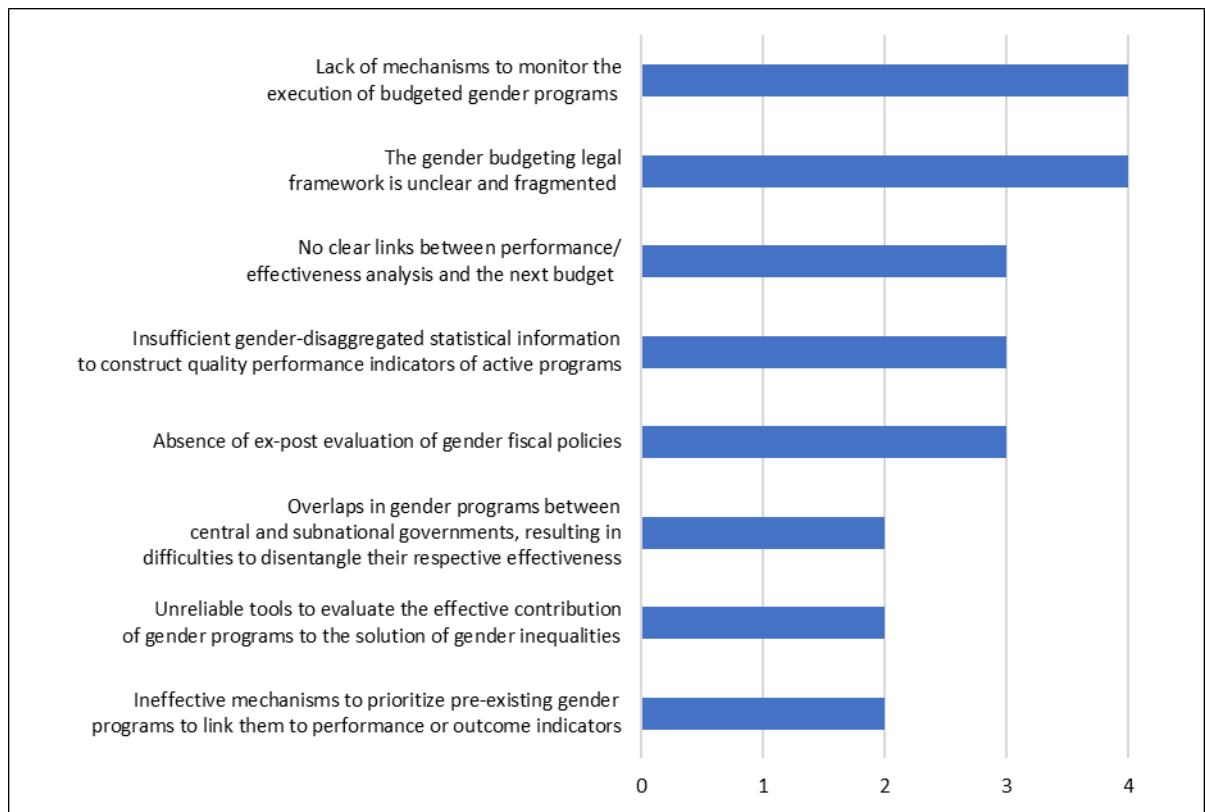
Several countries regard a lack of political support as a key obstacle to successful implementation of GRB. Policymakers are often not aware of the benefits of GRB and do not link it with growth potential. Ministers and members of parliament need to be convinced of the benefits of GRB through opinion influencers (e.g., civil society organizations); dedicated information sessions on GRB and its implications could help narrow this gap. There is a consensus among countries that participated in the METAC workshop that support and cooperation in implementation must be mobilized at the level of all stakeholders: Council of Ministers, Prime Minister’s Office, auditors, ministry of finance, parliament, and NGOs. Tunisia, for example, tried to mobilize political support by using a focus group approach to

understand the reactions that can be expected from various stakeholders.

Developing analytical capacity is at the core of GRB. Understanding gender gaps, and how different measures impact gender equality require in-depth understanding of underlying structures and mechanisms. Countries often lack this understanding when starting GRB. Since GRB is analytical in nature, this aspect should be strengthened in capacity building alongside with the technical knowledge in PFM.

Line ministries must be included into capacity building activities. They are responsible for designing and implementing pending programs and are gatekeepers for incorporating gender-oriented goals into their programs and policies. Morocco has applied a “train-the-trainers” approach to broadly disseminate the required capacities.

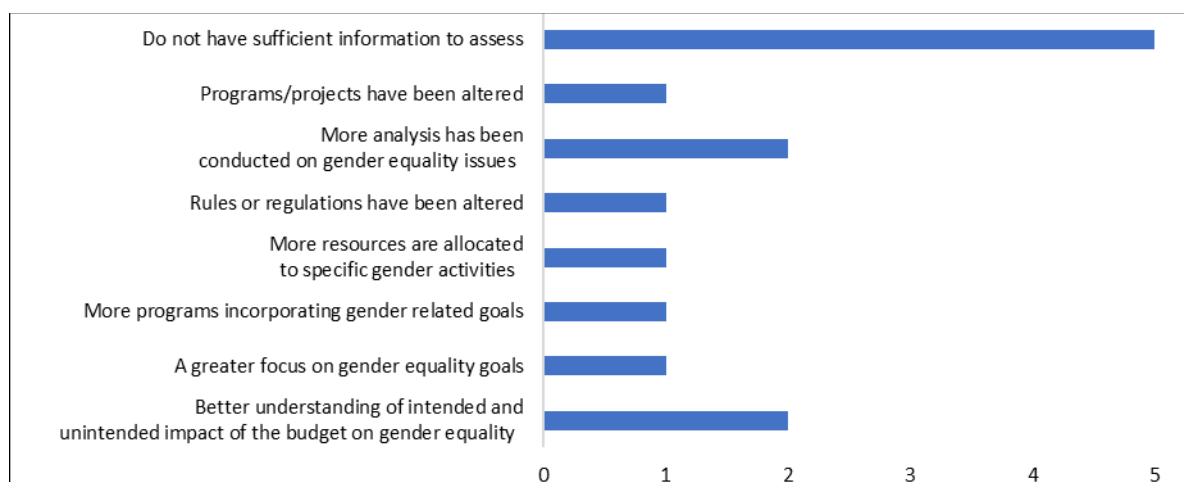
Figure 4: Obstacles to GRB



Source: Country questionnaires, and authors.

Note: METAC sample number=8. Figures indicate the number of countries that answered the questions positively.

Figure 5: Impact of GRB



Source: Country questionnaires, and authors.

Note: METAC sample number=8. Figures indicate the number of countries that answered the questions positively.

Data Quality and Availability

Limited quality and availability of disaggregated gender information affect the ability of several METAC countries to undertake analysis and develop gender policies. These limitations are a major challenge to undertake various analyses related to gender, including: discrimination, gender-based violence, reconciliation of professional and private life, women’s economic empowerment, and representation in the public service.¹⁷

Data limitations should not prevent countries from acting on GRB. Statistics are crucial inputs for analysis, but their development has a cost, and takes time. A pragmatic three-step approach could be used: (i) identify and analyse available data gaps; (ii) based on a strategic approach, identify crucial information needed to pursue a gender strategy; and (iii) integrate into the GRB strategy a data collection strategy aiming at closing certain data gaps.

Transparency, Participation and Accountability

GRB analysis can be used as a key input for greater fiscal transparency and participation in the budget process. It provides evidence on existing gender gaps, which then feeds into future budgets. It creates the space for civil society at large to comment on budgets and fiscal policies, and for women to have a greater participation in the budget process. During budget execution, transparency allows for tracking progress on key gender objectives, such as gender-based spending allocations.

METAC countries include gender-related information in their fiscal reporting. Morocco publishes a citizen’s budget with information about social policy measures and their impact on women. It includes gender-related figures on beneficiaries and performance indicators. Egypt has improved its fiscal transparency index and introduced participation mechanisms which can be utilized for GRB.

Reporting on GRB can hold the government accountable for its achievements in gender equality. Complementing GRB activities in planning and budget preparation with reporting and monitoring closes the accountability cycle. In Afghanistan, GRB made visible that a significant number of girls have returned to school, that maternal mortality rates were reduced by nearly 80 percent, and that female entrepreneurship was introduced.

Gender reporting requires analysis for the causes of gender gaps. The increase in female labour market participation can result from different factors such as removal of legal barriers, cultural family attitudes, attitudes by employers, or educational background. For evaluating government programs, linking performance with government activities and the budget is crucial but complex. To simplify, the evaluation framework could have two stages: (i) analysis of gender gaps and their development, and (ii) impact on economic growth and its sustainability.

¹⁷ OECD (2014).

LESSONS LEARNED AND NEXT STEPS

Country-specific approaches are the best way forward to further develop GRB in METAC countries—there is no one-size-fits-all approach. Countries face different problems, stemming in part from different PFM systems and institutions, which in turn calls for a variety of approaches. Learning from other countries is important, but lessons must be translated and adapted to the domestic context.

There is a need to plan for the long term and to be realistic about what countries can achieve given domestic constraints. As noted earlier, GRB is not only a technical issue; it implies fundamental changes to budget making and PFM systems, some of which are cultural in nature. Countries should therefore plan their initiatives in a long-term context and build on achievements with ongoing reforms and improvements. Mobilizing domestic resources for investing in GRB is also necessary, as fiscal space has been quite constrained in several countries.

GRB can be expanded to a wider concept of budgeting for other target groups of the population. While GRB supports women's role in society and deserves a special attention given gender gaps, other vulnerable groups in the population deserve equal treatment and opportunities, which budget policy can contribute to. A more granular approach to budget making could be taken in the long term, targeting for instance girls and boys who are not of working age, children, and displaced individuals. Morocco is an example of such an incremental approach. Starting in 2005 with gender and performance indicators

analysis, it incorporated from 2011 a new analytical framework with a perspective on human rights.

Based on the results of the survey discussed at the workshop, the following activities were identified as priority actions in which the IMF, including through METAC, and other technical assistance providers, can assist in building GRB frameworks:

- Capacity building should be provided for different target groups including the ministries of finance, line ministries and the ministries/agencies in charge of gender equality. Training should focus on building analytical capacity as well as on technical skills for GRB and should be practical and hands-on in nature.
- Targeted technical assistance could be provided for developing a GRB strategy and approach or for specific implementation activities, such as the incorporation of GRB into the program-based budgeting approach.
- A short and simple manual on how to design and implement GRB could be useful—which could be based on existing literature.
- To strengthen political support, the IMF can use its various fora for interacting with national governments (e.g. Annual and Spring Meetings), to sensitize them about the benefits of GRB, particularly its economic impacts.¹⁸
- Collaboration with development partners, such as UN Women and UNICEF, should continue.

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¹⁸ The IMF held a regional (MENA) workshop on inclusive growth in 2018 in Morocco, which covered gender issues.