



## Helpdesk Research Report

# Incentives for gender responsive budgeting

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### Question

*Identify literature on effective incentives for gender responsive budgeting. Where possible, focus on non-cash-based rewards and sanctions, and identify material on potential wider impacts on women's empowerment.*

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## 1. Overview

There is no set body of literature on incentives for gender responsive budgeting (GRB). This helpdesk research report therefore looks at a cross-section of literature on gender responsive budgeting, gender empowerment, and public sector reform to identify those issues which may work best as effective incentives for GRB. These are mainly non-cash-based.

Research for this report finds that it is difficult to conclusively evaluate the impact of GRB on gender outcomes and in turn the impact of incentives on GRB and on women's empowerment more widely. This is both due to a limited evidence base about impact and to the complexity in assessing and interpreting impact (Combaz, 2013). Literature on GRB is primarily prescriptive and there are few documents that provide conclusive evidence on impact and effectiveness. Complexity in assessing and interpreting impact is, in part, because definitions of gender-responsive budgeting vary and the impact of gender-responsive budgeting is difficult to measure. Gender-responsive budgeting has been implemented in a very diverse and uneven fashion across time and place, under very different constraints and opportunities.

The most relevant area of literature relates to including GRB as part of processes to monitor performance. This can be through:

- **Performance-based indicators:** These can monitor and incentivise performance. These indicators can be in performance contracts or with sub-national funding decisions, for example. Incorporation of GRB into personal staff incentives remains one possibility though research for this report was unable to find instances of this.

Performance monitoring and performance-based indicators can be included in:

- **Public Financial Management reform:** GRB can be incorporated and presented as Public Financial Management (PFM) reform.
- **Performance assessment frameworks (PAFs):** PAFs for budget support contain indicators and targets, and disaggregating these by gender can ensure that the budget is in effect gender responsive. This approach can be supported with gender working groups.

Institutional structure can impact on incentives. In particular:

- **Organisational structure:** The positioning of the gender ministry in relation to the finance ministry in the budget process can affect underlying relationships and incentives as can a separate budget division within the gender ministry. These relationships can be informal or formal.
- **Legal structure:** There can be provisions with the constitution, budget legislation and international political commitments by the government which provide opportunities if not incentives for GRB.
- **Staff assignment:** Individual staff can be motivated to pursue gender responsive budgeting but staff who are too senior may be unable to dedicate the time required, whereas staff who are too junior may be unable to garner the necessary buy-in. The regular transferring of staff can prevent a sustainable effort for GRB.

Other potential incentives are:

- **International influence:** International obligations to advance gender equality and women's empowerment can provide incentives and political leverage to ensure GRB. There can be a form of personal incentives created through developing alliances and working in partnerships with different actors. Some donor officials favour a process of persuasion and socialisation as a form of pursuing gender reforms.
- **Female political representation:** High levels of female political representation through female parliamentarians and female decision makers can provide greater incentives for GRB.
- **Media and civil society:** These can help shape public opinion and incentivise politicians and the government to act on gender issues including GRB. Alliances and coalitions amongst civil society actors can increase this political leverage.
- **Taxation:** Taxation and revenue-raising policy can have gender-differentiated impacts which can be addressed through targeted changes in the tax system. However, tax reform may face political and economic constraints.

## 2. Performance monitoring

There is a significant amount of literature which advocates a focus on performance and performance-based indicators to incentivise GRB. For example, AfDB (2013) argues that GRB has strong links with performance budgeting. Both GRB and performance budgeting consider whom the money reaches and how it affects their well-being, both go beyond budget preparation and adoption to tracking expenditure and effective and equitable service delivery, and both span the entire policy cycle.

### Performance-based indicators

In a research report looking to enable GRB within performance-oriented budget frameworks, Sharpe (2003) argues that it is important to define the performance criteria and incentives and disincentives that will promote GRB goals. Performance oriented budgeting, for example, devolves the responsibility of producing and delivering government outputs to government agencies, who in turn are increasingly contracting out many services. This can involve **performance contracts**, such as those between Ministers and the heads of agencies, or between agencies and private providers. These play an important part in setting the rules for managing this devolved process and must contain incentives for GRB.

Sharpe (2003) also notes the need for incentives for action affecting the decision-making process of politicians and officials during the budget formulation and execution process. However, there is no specification of what this is.

In an assessment on Uganda's gender-responsive budget, AfDB (2013) note that Uganda's GRB initiative had positive gender impacts in terms of maternal health and employment. The authors note that one of the motivating factors is **the inclusion of gender in the incentive-based performance system**. In this case, performance in gender mainstreaming is assessed against a checklist of indicators that includes gender analysis, disaggregated data, gender-impact analysis and annual allocations for gender. Gender is allocated a maximum score of 10 out of 190 points. The assessment informs decisions regarding the level of **funding for local governments** over subsequent years. Budlender (expert comments) notes that this is not a **personal incentive to staff** but an incentive for districts who receive funds based on their score. Even then, gender impact consideration only counts for a small proportion of the score and 'informs' the decision rather than is a prerequisite.

In Mauritius some gender guidelines have been developed and trainings conducted for selected ministries, but not much progress has been made in terms of gender responsiveness (AfDB, 2013). The authors note that some of the technical incentives to apply GRB are still missing. In particular the introduction of programme based budgeting and a performance management system has met with institutional resistance within the public service. The dominant approach is still **input-based budgeting** which **prevents the use of performance-based incentives**.

### Public Financial Management (PFM)

There is some literature which argues for including GRB within PFM reform. For example, Quinn (expert comments) argues that one of the most effective ways to promote GRB and to incentivise public administrators is to **present GRB as PFM reform**. This approach would introduce incentives within the systems of financial management. Literature reviewed for this helpdesk research report does not seem to go into detailed analysis on how GRB will specifically be incentivised through PFM reform.

AfDB (2013) outlines **five steps of GRB** which are similar to the various stages of planning and budgeting of standard public finance management reforms:

1. **Gender context analysis:** Analysis of the situation of women and men, girls and boys in the relevant sector, such as education or roads, to identify gender gaps and inequalities.
2. **Policy analysis:** This is formulation or analysis of the sectoral policies, legislation, programmes and projects to examine whether the policy will address the gender gaps and inequalities identified in the situation analysis of step one.
3. **Resource assessment:** An assessment of budget allocations to determine whether adequate funds and other resources have been allocated to implement the gender-sensitive policy identified in step two.
4. **Monitoring:** This is monitoring implementation of the budget and related activities to determine whether expenditure matches the allocation and identify who the expenditure benefited, with appropriate disaggregation.
5. **Evaluation:** This is evaluating the impact of the expenditure and related activities to determine whether the activities have changed the negative aspects of the situation identified in step one. This can provide the rationale to amend policy, programmes, projects and related activities where necessary.

In terms of effectiveness, the success or failure of GRB depends on **enabling factors** independent of PFM integration, and their relevance in context, rather than on any specific tool (Combaz, 2014). Enabling factors can include sustained political support, sufficient capacities and conducive institutional arrangements, among local and international actors. The effectiveness of approaches and tools is highly context-specific with different approaches of PFM integration dependent on the country.

An OECD DAC issue brief argues that GRB is a form of financial management that seeks to ensure an efficient allocation of resources based on the needs identified and which can offer a 'win-win' situation by both strengthening gender equality and enhancing economic growth (OECD, 2010). In an analysis of the attempts to introduce GRB in the Philippines, OECD (2010) notes that after more than a decade, compliance with the gender budget policy remains low. The gender budget policy requires a minimum of 5 per cent of budgets to be allocated to activities supporting gender equality with these activities outlined in **a gender and development plan prepared by each national agency**. Between 2004 and 2008 only about 130 of the Philippines' nearly 400 national agencies submitted a gender and development plan. This situation partly results from **the absence of either incentives for compliance or penalties for non-compliance** with the policy.

## Performance assessment frameworks for budget support

There is an ongoing discussion in the gender mainstreaming literature about the comparative effectiveness of different types of incentives (Holvoet & Inberg, 2013). In particular between 'hard' incentives such as indicators and targets in Performance Assessment Frameworks (PAFs) in budget support, and 'soft' types of incentives of gender co-ordination networks/working groups.

In a quantitative analysis on 17 Sub-Saharan African countries, Holvoet & Inberg (2013) find that the integration of **sex-disaggregated indicators and targets in the performance assessment frameworks** of budget support in education has contributed to high performance in increasing female enrolment. The authors argue that in countries with a supportive context (free education in combination with a relatively

low gender discrimination and/or highly aid dependency), **the presence of a gender working groups** has been sufficient. However, in countries with a less supportive context the inclusion of sex-disaggregated PAF indicators has been necessary. The presence of a gender working group may well have been a factor in the inclusion of sex disaggregated indicators in the PAF. In seven out of nine countries where there was a positive improvement in female enrolment, both sex-disaggregated indicators in the PAF and a gender working group were present.

### 3. Institutional structure

Another set of incentives can be grouped around institutional structures. These can be the layout of the organisation, the assignment of roles in the organisation, or the legal structure in which they operate in.

#### Organisational structure

Some literature highlights how changes in governmental institutional structures can alter incentives. GTZ (2009) identifies two critical factors: the **positioning of the gender ministry** in relation to the finance ministry in the budget process; and the existence of **a separate budget division within the gender ministry**. The budget division of the gender ministry acts as the interface between its own and the finance ministry. The authors argue that without such an interface, planning of the necessary funds could, under certain circumstances be taken over by the finance ministry, which is generally less interested in implementing single policies such as gender empowerment. The influence of the budget division is affected by **informal as well as formal relationships**. This can be the informal relationships of the budget division and gender ministry with the finance ministry, parliament or the supreme audit institution (GTZ, 2009). Formal relationships can relate to the legal structure of the budget process (see below).

#### Legal structure

Formal relationships can relate in particular to the budget process provisions of **the constitution** and **budget legislation**, as well as **international political commitments** by the government (GTZ, 2009). The legal structure set up can in principal allow GRB, but incentives can be insufficient for GRB to take place.

In Uganda, local governments are granted budgetary power in the Local Governments Act of the Republic of Uganda. The act allows them to allocate public resources based on local priorities, including the needs of women compared with men. In a study on the responsiveness of local government budgeting to the health needs of women as compared to men, Buyana (2009) found that the priorities of the district health sector do not reflect the broad community-wide understanding and gendered nature of health needs. The author concludes that local governments in Uganda need to move towards a holistic definition of health needs that encompasses not only common disease infections, but also the socio-economic constraints that impact on the well-being of women and men. The author argues for a two-fold gendered framework that combines both disease-based health needs and socio-economic needs of women as compared to men.

#### Staff assignment

Incentives may only be effective if the officials charged with implementing gender budgeting are not what Mishra and Sinha (2012) terms as 'too high up or too low down'. 'Too high' would be where the prime responsibility for the gender agenda is with senior officials who because of **their seniority** are **unable to**

**dedicate the time required** for pushing the gender agenda. On the other hand, in countries where a relatively junior official is responsible for this, they are 'too low down'. Their **low placement** within the hierarchy means they are **unable to garner the buy-in required** from higher officials to push the gender agenda within sectoral ministries.

Another issue can be where an individual is appointed as gender focal points in ministries or departments (Mishra and Sinha, 2012). Though there may be significant individual drive to implement gender policy, which is an advantage, when the individual focal point is **transferred or shifted**, the work has to be initiated all over again. Gender mainstreaming groups across ministries is ideal though these can be difficult to create and maintain.

## 4. Other potential incentives

There are a number of issues which some argue can act as incentives. This section groups these quite diverse factors into themes.

### International influence

Quinn (expert comments) argues that one of the most effective ways to promote GRB and to incentivise public administrators are **international obligations** to advance gender equality and women's empowerment. This is codified in the Beijing Platform for Action, the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and other relevant human rights instruments.

In an evaluation of UNIFEM's work on Gender-Responsive Budgeting, Johnson et al. (2009) argues that **developing alliances and working in partnerships** with donors can play an important role in increasing political leverage and encouraging government compliance (Johnson et al., 2009). Partnerships with national women's organisations, other gender advocates, planning and finance functions and sector ministries were essential components of the strategies that contributed to achieving results. The evaluation concludes that lack of effective partnerships with other development actors, in particular donors, supporting public sector and public finance management reform, meant that UNIFEM was less effective in leveraging complementary support to enhance its efforts.

Some argue that the most effective incentives are **persuasion and socialisation**. Weaver (2008, cited in Pollack and Hafner-Burton, 2010) has documented a belief among many World Bank officials that the exclusive use of hard incentives (e.g. indicators in the performance assessment frameworks for budget support) is likely to result in superficial compliance. Instead a sustained process of persuasion and socialisation is more likely to lead to internalization and long-term compliance. EU Commission officials interviewed by Pollack and Hafner-Burton (2010) expressed a preference for the long-term process of training, awareness-raising, and socialisation, believing it yields more consistent implementation even though, as they often emphasised, it takes time.

### Female political representation

Budlender (2005) argues that **high levels of female political representation** provide an environment conducive to GRBs, particularly where women's groups have been active and mobilised during a recent political transition. The author notes, however, that GRBs resulting directly from increased participation of

women in parliament have occurred only where leaders of government were openly supportive of GRB initiatives. Furthermore, engagement of women parliamentarians with GRBs can be constrained by their incapacity to change budget proposals tabled by the bureaucracy and the timing of budget debate.

In a study on gender-sensitive and child-sensitive budgeting in Zimbabwe, Muchabaiwa (2010) recommends lobbying for **an increase in the number of women in decision-making positions and in parliament** as a strategy to push through issues relating to women. However, the author also notes that parliamentarians in some countries may have a limited role in terms of effective oversight of budget and wider policy.

In an assessment on Uganda's gender-responsive budget, AfDB (2013) note that Uganda's GRB initiative was started by **a caucus of female parliamentarians** led by the NGO Forum for Women in Democracy. This initiative had some positive gender impacts. Uganda increased budget allocations for maternal health – which led to a 4 per cent increase in deliveries in health units between 2004 and 2006 – and resulted in reduced maternal mortality. There are more women represented in employment and tendering for contracts in labour-intensive road building and maintenance.

## Media and civil society

Media and civil society can provide pressure on politicians and the government and in some way provide an extension of political incentives. The media can also play a critical role in effecting budget changes by **shaping public opinion**. Muchabaiwa (2010, p. 133) recommends that GRB advocates should develop media strategies that enhance outreach to policy makers, citizens and other stakeholders to raise awareness and aid accountability.

There is a broad acknowledgement that the **involvement of civil society has underscored the successes of some GRB initiatives** (Hafbauer Balmori, 2003, p. 47). Forging alliances and coalitions amongst civil society actors can increase political leverage for a gender budget initiative.

## Taxation

As with public expenditure, taxation and revenue-raising policy is an important part of GRB as it can have gender-differentiated impacts. Grown and Valodia (2010) argues that there are grounds for specific and targeted usage of the tax system to improve gender equality outcomes. One such example is the zero-rating of VAT on children's clothing which has shown to benefit women. Increasing taxes on fuel for private transport can impact more on men as in many countries they tend to be the main users. On the other hand, zero-rating of VAT on household fuel such as paraffin would disproportionately benefit women who are the main consumers. Implementing gender-responsive tax reforms may be difficult because of **political and economic constraints** and in particular as tax policy is usually designed with the key objective of maximising revenue collection (Grown and Valodia, 2010).

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## Key websites

- BRIDGE - Cutting Edge Packs - Gender and Budgets: <http://www.bridge.ids.ac.uk/go/bridge-publications/cutting-edge-packs/gender-and-budgets/>
- GSDRC - Gateway guide - Public financial management and accountability: <http://www.gsdr.org/go/gateway-guides/public-financial-management-and-accountability>
- International Budget Partnership - Gender budgets: [http://internationalbudget.org/ibp\\_publication\\_categories/gender-budgets/](http://internationalbudget.org/ibp_publication_categories/gender-budgets/)
- OECD - Development effectiveness, gender equality and women's empowerment: <http://www.oecd.org/dac/gender-development/developmenteffectivenessgenderequalityandwomensempowerment.htm>
- University of South Australia - Gender-responsive budgeting in the Asia-Pacific region: <http://www.unisa.edu.au/genderbudgets>
- UN Women - Gender-responsive budgeting: <http://www.gender-budgets.org/>

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