



**EC/UN Partnership on  
Gender Equality for  
Development and Peace**



# **Mapping Aid Effectiveness and Gender Equality in Asia Pacific**

## ***Regional Issues and Trends***

Lorraine Corner, Ph.D.

**FINAL REPORT**





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## *Regional Issues and Trends\**

Lorraine Corner, Ph.D.

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\* This report synthesizes findings and analyses trends from mapping studies in Indonesia, Nepal and Papua New Guinea.

UNIFEM is the women's fund at the United Nations. It provides financial and technical assistance to innovative programmes and strategies to foster women's empowerment and gender equality. Using a rights-based approach, UNIFEM focuses on strengthening women's economic security and rights; combating violence and HIV and AIDS among women and girls; promoting gender equality in governance in both conflict and non-conflict situations. It is the executing agency for the EC/UN Partnership at the country level.

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## PREFACE

Midway through the timeline for achieving the Millennium Development Goals (MDGs) by 2015, the Third High Level Forum on Aid Effectiveness in Accra, Ghana, in September 2008 represents the recognition that the measure of aid effectiveness will ultimately be its impact on development results, including the MDGs.

The hearings and consultations leading up to this forum have highlighted another important recognition: that gender equality and women's empowerment are central to reducing poverty and achieving sustainable development. Together, these recognitions will go beyond the Accra meeting to the High Level Event on the MDGs in New York on 25 September and the critical Second Global Conference on Financing for Development, to be held in Doha, Qatar, in November-December 2008.

We believe that making the links between gender equality and development effectiveness is therefore also a measure of aid effectiveness. Indeed it is out of this shared belief that the partnership between the European Union, the United Nations Development Fund for Women (UNIFEM) and the International Training Centre/International Labour Organization (ITC/ILO) was formed. In joining together to highlight the role of aid effectiveness in reducing poverty and inequality, we have promoted the use of the Paris Declaration principles to build alliances and open spaces for policy dialogue among governments, donor partners and civil society organizations, including gender-equality advocates in order to enhance inclusive development and increase the role of aid in this process.

In moving this agenda forward, it is essential to highlight on-the ground, good practice experiences in using the Paris Declaration principles to achieve development results. For this reason, the Partnership commissioned 12 in-depth country studies, representing all regions, mapping the experiences of gender equality and poverty reduction advocates, in government and non-government organizations in implementing the Paris Declaration. These have provided the basis for an analysis of regional issues and trends, and recommendations to advance progress.

The regional synthesis reports highlight and confirm the centrality of gender equality and women's empowerment to achieving the MDGs, including the overarching goal of reducing poverty and inequality and promoting full, productive and decent employment. For only when we achieve both of these goals will we be able to say we are making progress on development results.

We therefore call upon all major players, including governments, donor and UN partners, and civil society organizations to invest in practical actions at the country level. Most critically, these include: 1) supporting gender equality advocates, both inside and outside of governments, to actively engage in development planning and macroeconomic policy dialogue; 2) developing and using gender sensitive development indicators, 3) strengthening statistical offices to collect and use data disaggregated by sex, age and urban/rural location; and 4) establishing accountability mechanisms to monitor and track investments and results, including through institutionalizing the use of Gender-Responsive Budgeting.



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## EXECUTIVE SUMMARY

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The aid effectiveness agenda, as outlined in the 2005 Paris Declaration, is becoming increasingly relevant to many countries in the Asia Pacific region. Implementation of the Paris Declaration by countries in the region started under the initiative of the Asian Development Bank, which organized a regional conference and supported the preparation of technical papers from several countries, including Nepal and Indonesia. OECD Monitoring Surveys in 2006 and 2008 have revealed a number of obstacles to successfully implementing the Paris Declaration principles, including insufficient understanding, by all stakeholders, about how to apply the Paris Declaration principles; ongoing problems with the timeliness and predictability of aid flows; inadequate alignment of donor support to national development priorities, including poverty reduction and gender equality; and weak public finance management systems in many countries.

This report provides an overview of the issues and trends that emerged from mapping studies on aid effectiveness, gender equality and women's empowerment in Indonesia, Nepal and Papua New Guinea. The studies were carried out within the context of the EC/UN Partnership on Gender Equality for Development and Peace, a programme jointly supported and implemented by the European Commission (EC), the United Nations Development Fund for Women (UNIFEM), and the International Training Centre of the International Labour Organization (ITC/ILO).

The three countries receive different levels and patterns of official development assistance (ODA), which have influenced the development of mechanisms for the implementation of the Paris Declaration. The level of ODA received by Indonesia has been declining since the 1980s, constituting only 0.2 per cent of total government expenditure in 2006, while it remains quite high in both Nepal and Papua New Guinea.

The implementation of the Paris Declaration principles in the three countries pre-dates the signing of the declaration. All three countries have made ongoing efforts to strengthen public finance management systems and promote performance based management by linking development strategies to annual and multi-annual budget processes. Donor partners have committed to linking country programming and resources to results while aligning with country performance assessment frameworks. The extent to which such processes have enhanced the funding for and attainment of gender equality results was the subject of these studies. The findings revealed a mixed picture.

With regards to ownership, the mapping studies showed that while some progress has been achieved in relation to the integration of gender equality priorities in national development and poverty reduction strategies, there has been general evaporation of the gains when it comes to the integration of specific targets and indicators in the results and budgeting frameworks. This has been attributed to limited capacity of national women's machineries and gender equality advocates to engage in the highly technical macro-economic and budgeting processes. While there has been a notable opening of policy spaces for civil society and local community participation in national development planning processes, especially in Nepal and Indonesia, this needs to be accompanied by support to strengthening the capacities and empowering women's machineries and gender equality advocates to enable them to participate effectively.

Under the principle of alignment, donors are expected to align development assistance more closely to national development strategies, institutions and procedures. One of the key challenges identified in relation to the implementation of the alignment principle is that in cases where gender equality priorities are not adequately mainstreamed in national development plans and budgets, there is a risk

that gender equality will evaporate in policies supported through development assistance. The analysis of donor policies and programmes in the three countries reveal limited support for gender equality priorities despite strong national commitments in Indonesia and Nepal. Very few donor-supported projects integrate gender equality as their key priority. In addition the implementation of programme based approaches including Direct Budget Support and Sector Wide Approaches has often resulted in shrinking of spaces for innovative mechanisms for financing gender equality and women's empowerment. However efforts undertaken to strengthen public finance management systems provide an opportunity to introduce gender responsive budgeting and the experience from Nepal indicates the potential that gender responsive budgeting has on increasing resources for gender equality and women's empowerment.

A key finding was that harmonization in terms of common arrangements for funding, monitoring and reporting among donors remains very limited in all three countries. As a result there is a general lack of institutionalised donor and government coordination mechanisms in support for gender equality. This calls for innovative donor approaches to provide joint support for gender equality and women's empowerment. Donor alignment and harmonization is particularly crucial in supporting gender equality in peace-building funding mechanisms in countries like Nepal and Papua New Guinea.

The increased focus on managing for results and mutual accountability has not resulted in stronger monitoring mechanisms and tools for tracking results of development assistance on gender equality and women's empowerment. This is attributed to the fact that national development strategies, sector programmes, and other development programmes do not adequately integrate specific gender equality results, targets and indicators. As mentioned above the capacities of women's machineries is weak and they are not able to influence these policy documents. In addition while countries like Nepal have begun to set up a national database, Nepal-Info to provide easy access to outcome indicators, the lack of an efficient system for collection and use of sex disaggregated data hinders effective monitoring of achievement of gender equality results.

The key conclusion from these findings is that, improving aid effectiveness should mean improving the ownership of the development agenda by women's organizations, aligning resource allocations with gender equality priorities and enhancing accountability to gender equality commitments. To this effect the study recommends; i) adoption of gender-responsive budgeting as tool for increasing the overall efficiency of national budgets and the gender responsiveness of development expenditure ii) strengthening of women's participation in policy planning and budgeting to ensure integration of gender equality priorities in national development strategies and in their results frameworks iii) harmonization of donor and government support to gender equality and women's empowerment iv) pooling of gender expertise in programme based approaches with a view to maximizing impact across programmes and sectors v) development of a set of indicators that enables gender sensitive monitoring both of the Paris Declaration implementation and related policies and instruments.

# INTRODUCTION

## 1. Background

The Paris Declaration was signed in Paris on 2 March 2005 by Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions. Its objective is to increase the impact of aid on reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the Millennium Development Goals (MDGs) through a partnership between developing countries and donor partners.

The Paris Declaration is based upon five main principles, including:

1. Ownership: Developing countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions;
2. Alignment: Donor partners base their overall support on nationally owned development strategies, institutions and procedures;
3. Harmonization: Donor actions are more harmonized, transparent and collectively effective;
4. Managing for Results: Managing resources and improving decision-making for development impact and results;
5. Mutual Accountability: Governments and donor partners are accountable for development results.

Targets for achieving each principle were set for 2010, and a set of 12 indicators was developed to monitor progress under each of the targets. Paragraph 42 makes a passing reference to gender equality, where it notes that 'harmonization efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues.' None of the indicators, which are modelled on the World Bank's Country Policy and Institutional Assessment (CPIA) indicators, currently measure progress of the implementation of development partners' commitments to gender equality.

The Paris Declaration has significant implications for the achievement of gender equality and women's empowerment. It advocates transforming development assistance from small projects by many individual donors to joint programme-based approaches that combine several donors' funds to achieve a greater impact. Duplication of administration, monitoring and reporting would be reduced by directing funding through country budget and public financial management systems. This would also create space for government and donor partners to dialogue and build capacity of budgeting systems and procedures.

Larger, integrated programmatic approaches may be more efficient, but they may also reduce the flexibility that has enabled gender equality advocates and civil society groups, including those working on human rights, to obtain small amounts of funding that have been very strategic in the past in enabling funding for innovative projects and work in new areas. Many civil society groups, including women's groups, may not have the absorptive capacity to deal with large amounts of funding. In addition, because amounts were often small, individuals within a donor organization also had a greater degree of flexibility to support work in unconventional areas promoting new ideas such as violence against women, time-use studies, trafficking and migrant workers that are now regarded as mainstream.

It is within this context that the European Commission (EC), the United Nations Development Fund for Women (UNIFEM), and the International Training Centre of the International Labour Organization (ITC/ILO)

are partnering to implement the programme: EC/UN Partnership on Gender Equality for Development and Peace. The overall aim of the programme is “*to ensure that gender equality and women’s human rights are fully incorporated into national development processes and in those co-operation programmes which are supported by the European Commission (EC).*” The programme is being implemented in 12 countries; participating countries in Asia and the Pacific are Indonesia, Nepal and Papua-New Guinea.

This report provides a synopsis of the key findings and analysis from mapping studies undertaken in Indonesia, Nepal and Papua New Guinea. The studies sought to provide data on the extent to which national priorities for achieving gender equality and women’s empowerment are reflected in national development strategies, donor country specific strategies and programmes as well as the various modalities for development assistance, including sector-wide approaches, general budget support and multi-donor trust funds.

Specifically, the mapping studies provided:

- ✓ Evidence of the impact of the aid effectiveness agenda on support for gender equality and women's empowerment from donors and national governments;
- ✓ Examples of good practices for strengthening support for gender equality and women's empowerment through the implementation of the Paris Declaration principles;
- ✓ An information base for the development of indicators to enhance accountability and ensure that monitoring aid effectiveness through the Paris Declaration contributes to realization of gender equality commitments.

## 2. Research Methods

The studies undertook primary and secondary data collection, and conducted interviews with government officials, donors, civil society organizations, women’s national machineries, academia, women’s organizations and networks. Relevant literature from government policy papers, national budget documents, OECD-DAC documents, the OECD-DAC 2006 monitoring reports, donor reports as well as existing research on gender and women’s rights was also reviewed.

One of the limitations of the studies was the absence of or inconsistencies in data from donors and partner countries. In many instances, relevant data was understood to be available but inaccessible because it had not been published. The absence of sex-disaggregated data and gender indicators in performance assessment frameworks; and the general lack of adequate tracking and monitoring of donor programmes, national development plans and new aid modalities also presented major challenges.

## SECTION 1: Implementation and Relevance of the Paris Declaration

### 1.1 Country Contexts and Development Challenges

This report covers three countries with very different economic and social characteristics (Table 1). Indonesia is the world's fourth most populous country, with approximately 234 million people in 2008. Nepal is relatively small least developed country with a population of almost 28 million; and Papua New Guinea is a Small Island Developing State with less than 5 million people. All are classified as having medium levels of human development with rankings of 107, 142 and 145, respectively. Sex differentials in education are relatively small for Indonesia, more marked for Papua New Guinea and greatest for Nepal. By global standards, the differences between female and male life expectancy are small in Nepal and Papua New Guinea, with female life expectancy less than one year longer than that for males, reflecting women's lower status compared to Indonesia, where the male deficit is four years.

**Table 1 Asia-Pacific Case Study Countries: Economic and Social Indicators**

Indicator	Indonesia		Nepal		Papua New Guinea	
	F	M	F	M	F	M
HDI	0.728		0.534		0.530	
HDI ranking	107		142		145	
GDP per capita (\$US PPP)	3,843		1,550		2,563	
Population (million 2006)	223.6		27.6		5.9	
Sex	F	M	F	M	F	M
Life expectancy at birth	70	66	63	62	57	56
Adult literacy	87	94	35	63	51	63
Youth literacy (15-25 years)	98	99	60	81	64	69
Net primary school enrolment	94	97	74	84	na	na
Female share of labour force	38		41		48	

*Source:* Compiled from mapping study reports from Indonesia, Nepal, Papua New Guinea ([www.gendermatters.eu](http://www.gendermatters.eu)).

Indonesia is a multi-ethnic country speaking more than 300 languages and is the world's largest Muslim country. Population growth is low at 1.2 per cent per year. After a period of rapid economic growth and modernization during the 1980s and 1990s, Indonesia experienced the full impact of the Asian Crisis in 1997-1998. The economy has now resumed relatively high rates of growth, registering 6.3 per cent per annum in the second quarter of 2006.<sup>1</sup> Current issues facing the country are high levels of poverty and unemployment as well as unequal distribution of growth among regions. The number of people living below the poverty line in 2006 was estimated to be 39.3 million or 17.8 per cent of the total population.

<sup>1</sup> World Bank, Indonesia Economic and Social Update, November 2007, p.1.

Nepal is classified as one of the least developed countries, and is emerging from conflict after a 12-year Maoist insurgency that ended in June 2006. The average growth rate of 4-5 per cent during the 1990s dropped to 2.9 per cent between 2002 and 2007 due to the stagnation of the agricultural sector, low levels of investment by the private and government sectors resulting from internal political unrest and falling exports. Despite the conflict situation, the incidence of poverty fell from 42 per cent to 31 per cent between 1996 and 2004, partly owing to a large growth in remittances from Nepalese working outside the country. However, both poverty and the improvement were unevenly spread across the country and among the multi-ethnic population. Subsistence agriculture remains the main source of livelihoods for a large part of the population, and many rural communities are extremely isolated.

Papua New Guinea is the largest Pacific island nation. Population is growing very rapidly at 3 per cent per year. The economy is highly dependent on agriculture and mining, which contribute to over 50 per cent of GDP. Since 2003, the economy has achieved positive growth and the government has recorded budget surpluses primarily due to rising commodity prices. As for Nepal, economic growth has not necessarily been translated into benefits for the majority of the population living below the poverty line; 85 per cent of the population is dependent on subsistence agriculture and the informal economy. The country has a major law and order problem and extremely high levels of violence against women, as well as a very high prevalence of HIV/AIDS affecting 2 per cent of the population.

## 1.2 Role of Development Assistance and Implementation of the Aid Effectiveness Agenda

The three countries have very different levels and patterns of official development assistance (ODA) (Table 2). Although Indonesia had a significant level of aid dependency during the 1980s and 1990s, the ratio of ODA to Gross Domestic Product (GDP) is less than one per cent and ODA provides less than one per cent of total development expenditure and of government expenditure in total.

By contrast, both Nepal and Papua New Guinea have relatively high levels of aid dependency. In Nepal, the ratio of ODA to GDP is approximately 3.5 per cent, which is only half the ratio for Papua New Guinea. However, ODA is almost half of total development expenditure in Nepal compared with just over one-third in Papua New Guinea. The share of ODA in total government expenditure is slightly higher in Nepal than Papua New Guinea, 20-25 per cent compared with less than 20 per cent.

**Table 2 Asia-Pacific Country Case Studies: Role of ODA (latest year available)**

Indicator	Indonesia	Nepal	Papua New Guinea
1. Net ODA ( 2006 US\$ million) <sup>2</sup>	2523	427	266
2. Net ODA (2006 US\$ million)	1405	514	279
3. Net ODA per capita ( 2006 US \$) <sup>3</sup>	0	16	46
4. Total ODA (Country Study)	3937	410	2,553
5. ODA/GDP (%)	0.9	3.5 – 3.6	7
6. ODA/total development expenditure (%)		49	35
7. ODA/government expenditure (%)	0.2	20-25	18

**Source:** Compiled from mapping study reports from Indonesia, Nepal and Papua New Guinea ([www.gendermatters.eu](http://www.gendermatters.eu)).

It is difficult to get an accurate picture of ODA, owing to varying figures from governments and donors, linked to different methods of calculating development assistance. Donor figures tend to be higher, which may be due to the inclusion of overhead and technical assistance costs incurred in partner countries which may not be visible to country governments. The same is true of donor funds for projects implemented through international or national NGOs or UN agencies. However, in some cases such funds may be double counted if they are reported by both donor and implementing partners.

The relative contribution of ODA to national budgets and government as well as development expenditure affects the relevance and implementation of the aid effectiveness agenda for developing countries. Aid dependency also affects the quality of partnership and negotiations between donors and developing countries. Policy conditionalities are often linked to high levels of aid dependency impacting on the country ownership of the national development agenda.<sup>4</sup>

Furthermore, the extent to which the three countries are actively engaged in implementing the Paris Declaration varies. Implementation activities in the Asia-Pacific region started under an initiative of the Asian Development Bank, which organized a regional conference and supported the preparation of a number of technical papers from different countries, including Indonesia and Nepal.<sup>5</sup> In both of these countries, several government initiatives were undertaken to promote aid effectiveness and alignment of donor assistance with national priorities prior to the signing of the Paris Declaration.

In Nepal, efforts to improve the quality, effectiveness and efficiency of foreign aid operations started already in 2002 with the drafting of the Foreign Aid Policy, which identified poverty reduction as the overarching goal of development and the main guiding principle of foreign assistance. This strategic Government document sought to promote a more equal partnership between Nepal and donor institutions. At the 2004 Nepal Development Forum, Government and donor partners endorsed a three-tiered aid harmonization framework including: overall alignment of aid with national strategy and

<sup>2</sup> World Bank <http://siteresources.worldbank.org/DATASTATISTICS/Resources/table6-11.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> However, ODA may also be a misleading indicator of donor influence on national policy development, which could also be linked to political and historic reasons.

<sup>5</sup> 2006 Asian Regional Forum on Aid Effectiveness: Implementation, monitoring and evaluation. September. An Indonesian case study 'Are donor harmonization initiatives a good investment in improved aid effectiveness? Thematic case study no. 3 was presented by the Decentralization Support Facility.

priorities; harmonization at the level of sectoral programmes; financial harmonization, including a shift towards more programmatic support. So far, the Government of Nepal (GoN) and donors have not established a joint mechanism to monitor the implementation of Paris Declaration at country level.

Despite the fact that the level of ODA to Indonesia is declining and the amount of grants it has acquired is consistently small, the Government continues to put in place measures to improve aid effectiveness and management. In 2006, the Government issued a regulation designed to ensure that all loans and grants are aligned with national development priorities. The multi-donor Decentralization Support Facility (DSF), set up in 2005, promotes coordination and harmonization of existing support and facilitates collaboration among donors, government and civil society.<sup>6</sup> UNAIDS supported the development of a Country Harmonization and Alignment Tool for assessing adherence to commitments to harmonize and align the AIDS response in Indonesia.<sup>7</sup> As in Nepal, there is no mechanism designed specifically to monitor the implementation of Paris Declaration. By contrast, Papua New Guinea has been more active in implementing the Paris Declaration (see Box 1).

### **Box 1: Promoting Democratic Ownership: Aid Effectiveness in Papua New Guinea**

Supply-driven aid, lack of consistency between country priorities and donor strategies, lack of buy-in by donors into the country systems and processes have been identified as key challenges to aid effectiveness and development results. Government and donor partners in PNG produced a localized version of the Paris Declaration, the Kavieng Declaration, which was agreed in February 2008 and later re-named the PNG Commitment on Aid Effectiveness and formally signed by the Government in July 2008. The Declaration seeks to give meaning to the principles of the Paris Declaration within the PNG national development context and sets monitorable targets and actions to improve aid effectiveness for the period 2007-2012 and beyond. The long term objective is to make foreign aid more effective in reducing poverty and inequality, including the operationalization of an aid co-ordination strategy and the completion of sector investment plans in 2008, and increased channelling of aid flows through government procurement systems by 2012.

<sup>6</sup> Decentralization Support Facility Indonesia, 'Aid Effectiveness Case Study,' August 2006

<sup>7</sup> Desmond Whynes and and Firman Lubis, 'Country Harmonisation and Alignment Tool (CHAT). Assessing adherence to commitments to harmonize and align the AIDS response'. CRD/GIN 'Three Ones' Team, 10 May 2007.

## SECTION 2: Implementating the Paris Declaration. Implications for Gender Equality and Women’s Empowerment

The interpretation of the Paris Declaration principles from a gender perspective bring into the centre of policy discussions donor and developing countries’ responsibilities and policy initiatives to advance national gender agendas and priorities.

As the Paris Declaration indicates in its first paragraph, aid effectiveness is an intermediate variable that contributes to the achievement of final development outcomes, which are largely measured through the Millennium Development Goals (MDGs). Given the significance of gender equality in achieving development results, including the Millennium Development Goals it is surprising that gender equality has received so little attention in the context of the aid effectiveness agenda. One major reason for inadequate aid effectiveness in the past has been the failure of aid-supported programmes and projects to address differences in the situations, needs and priorities of women and men and girls and boys.

Therefore the analysis of aid effectiveness needs to be situated within the broader context of development financing: in order to make aid more accountable with respect to gender policy implementation. An assessment of gender equality in the aid effectiveness needs to take account of the macro-economic policy framework and the changing nature of aid, including the increased sharing of development financing in support of economic and trade liberalization in developing countries.

### 2.1 Ownership

Under the principle of ownership, developing countries exercise leadership over their development strategies and co-ordinate development actions supported by various donors. In each of the three countries, development strategies and programmes are organized around a national planning process. The extent to which the national development plans integrate gender equality should reflect international commitments in the Beijing Platform of Action (BPfA), and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Security Council Resolution 1325 and the MDGs. Application of the ownership principle, which calls for effective participation by all citizens, including men and women, therefore raises important questions concerning national ownership of the gender equality agenda.

#### Key Findings

- i) Some progress in integration of gender equality and women’s empowerment priorities in National Development/Poverty Reduction Strategies

The studies revealed that in Indonesia and Nepal, specific policy instruments have been put in place to give effect to the gender content of national plans providing the opportunity for donors’ alignment with national commitments in this area, while such progress has not been realized in Papua New Guinea. Indonesia’s national development planning system comprises long-term (2005-2025), medium term (2004-2009) and annual national development plans reflecting

development priorities of central and regional governments with participation of local communities. The country has instituted a national development planning system that establishes clear linkages among planning, budgeting, implementation and supervision of development plan. The country's Poverty Reduction Strategy is required to fit within the national long-term and medium-term planning frameworks, led by the Government although with greater involvement of donor agencies, for which poverty reduction is a priority focus.

In 2000 the Government introduced a Presidential Instruction directing all departments and agencies to mainstream gender throughout their programmes as a priority development strategy to enhance the status of women and achieve gender equality. All agencies at national and regional levels are to create internal mechanisms or work units and responsible parties to implement such mainstreaming, while the State Minister for Women's Empowerment provides technical support on mainstreaming at national and regional levels and reports to the President on the results achieved.

As a result of this presidential decree, the five-year medium term development plan (2004 - 2009) includes a chapter on non-discrimination which mentions gender-based discrimination, as well as a chapter on women's empowerment. Gender and the roles of women and men are also discussed under sector priorities. Similarly, the chapters on Diagnosis of Poverty, Review of Poverty Reduction Strategies, and Strategies and Policies for Poverty Reduction in the PRSP each include a section on gender equality and gender justice. The PRSP also uses sex-disaggregated data, which led to discussions on gender equality in education, health, employment, land ownership/title, conflict situations and leadership positions. It recommends that the capacity of data collecting agencies be enhanced to routinely provide indicators, variables and data disaggregated by sex.

A National Plan of Action for Gender Mainstreaming is being finalized under the coordination of the Coordinating Ministry for People's Welfare. The State Ministry for Women's Empowerment's five-year Strategic Plan 2005-2009 sets out five overall targets and 68 operational targets in 23 areas. The former integrate gender equality into laws, regulations, policies, programmes and activities, raising the Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM), reducing violence against women, increasing child protection and strengthening the capacity of gender and child mainstreaming institutions and networks. The areas include education, health, the economy, law, environment and culture and protection of women workers.

In Nepal, the Poverty Reduction Strategy Paper (PRSP) was an integral element of the Tenth National Development Plan 2002-2007. This extended the focus on gender equality in the previous plan to include public administration, in addition to agriculture, education, health and local development. The PRSP identified gender equality as one of the main strategies for reducing poverty and required sex-disaggregated data for the first time as part of the regular management information system. This general approach has been preserved in the current Three Year Interim Plan 2007-2010.

The Government of Nepal has led national development planning processes with a strong focus on poverty reduction over the last decade, achieving significant gains despite the conflict and the focus of major donors on structural adjustment policies until early in the new millennium. However, women are largely viewed within the context of other forms of exclusion thus obscuring the role of gender as a discriminatory factor across both excluded and non-excluded socio-political groups and the potential of women as actors in the development process.<sup>8</sup> Considerable achievements have been noted in terms of mainstreaming gender equality in policies, strategies and programmes like PRSP and the Local Self-Government Act.

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<sup>8</sup> Nepal Country Mapping Study, p.14.

The Government also undertook institutional building initiatives such as the Gender Management System, which introduced system-wide institutional changes including: strengthening existing gender equality institutions, appointing gender focal points in key ministries and departments, appointing women members in the National Planning Commission and other constitutional bodies. Nevertheless, several implementation challenges remain, including weak capacity of the national women's machinery and women's groups to play a central role in their monitoring and implementation.

Papua New Guinea does not have a general policy on gender equality, although the Medium Term Development Strategy (MTDS) 2005-2011 provides a framework for such a policy to be developed. The MTDS - a five year rolling plan - is an overarching development strategy that provides the guiding framework for prioritizing government expenditure, as expressed in the annual budget. The MTDS development strategy is export-driven growth led by the private sector; rural development and poverty reduction through good governance and sustainable development. Social development, halting the spread of HIV/AIDS, reducing the rate of population growth and controlling urbanization are major concerns. Within the social sector, gender inequality and lack of women's empowerment were explicitly recognized as major constraints that must be addressed if the other goals are to be achieved.

- ii) Participation of Gender Equality Advocates in National development Planning constrained by lack of technical capacities and consistency

Under the principle of ownership, developing countries also commit to taking the lead in encouraging the participation of civil society and the private sector in developing activities. In Indonesia, the Law on National Development also seeks to optimize community participation in the development process. A new mechanism known as Development Planning Deliberations has been developed in Indonesia to facilitate community participation in planning from village to national level. However, there are few explicit efforts to promote women's participation in the deliberations, which therefore remain very limited. Equally limited is the role of the national women's machinery in these processes.

In Nepal, in contrast to previous planning processes, the Tenth Plan and the Interim Plan were produced through extensive bottom-up consultation with civil society across the country over an extended period. For the Tenth Plan, women participated both in mixed group consultations and in two special consultations focused specifically on women. The process for the Interim Plan was more technical but included a specific technical committee on gender equality, and gender equality was considered as a cross-cutting issue in all the other technical committees. In the general consultations with civil society, women made up approximately 10 per cent of participants. Virtually all of the technical committees included specific recommendations on promoting gender equality and women's empowerment and most of these were incorporated in the Interim Plan. Donors were active in supporting these consultative processes, including those targeting women and gender equality.

In Papua New Guinea, the new MTDS Performance Management Framework Pocketbook produced by the Department of National Planning and Development together with donor partners, summarizes the country's economic and social development. It focuses on the MTDS's seven expenditure priorities and other reform agendas considered crucial to development including public sector reform and, gender equality. Its purpose is to assist decision-makers involved in formulating the national budget to enhance the quality of the budget and its responsiveness to the country's priority needs.<sup>9</sup>

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<sup>9</sup> *Medium Term Development Strategy Performance Management Framework Pocketbook*, n.d., p. 22.

The Pocketbook includes three specific gender equality indicators: percentage of female university graduates; ratio of female to male new appointments as department heads, and percentage of households in the capital reporting sexual assault. A number of other indicators are also relevant to women's status, opportunities and well-being. In this sense, the Performance Management Framework provides a window of opportunity to promote programming for gender equality.

The MTDS is described as the product of extensive consultation. Country-wide consultative forums were held with representatives from all levels of government, the private sector, religious and community based organizations, as well as with the Consultative Implementation and Monitoring Council and international development partners. However, there is little opportunity for women or communities to participate in these processes. The national women's machinery in Papua New Guinea is relatively weak and has limited capacity to engage in macro-economic and budgeting processes.

## 2.2 Alignment

Under the principle of alignment, ODA is expected to be aligned with national development strategies, institutions and procedures. The implementation of the alignment principle places increased emphasis on the strengthening of Public Finance Management systems in developing countries. All three countries covered in this report have initiated policy processes and measures to strengthen performance based budgeting with emphasis on outcomes and results. Under the Paris Declaration, donors commit to using country systems and procedures to the maximum extent possible.

Most of the bilateral donors are also not yet aligned with national development institutions and procedures. In Nepal and Papua New Guinea, donors remain reluctant to use national procedures due to concerns about transparency and accountability. By contrast, the Government of Indonesia has taken a strong stand on the use of national procedures and mechanisms. Acceptance of foreign loans and/or grants must be based on five-year Foreign Loan Needs Plans endorsed by the President. Proposals for financing by foreign loans or grants must be submitted to the planning minister along with detailed terms of reference. Negotiations with donor partners require meeting several criteria including the availability of monitoring and evaluation indicators. This creates an opportunity for including gender-based indicators in both baseline data and performance indicators.

In Papua New Guinea the PNG Commitment on Aid Effectiveness sets clear national targets and indicators for increasing donor use of national procurement and financial management systems, as well as providing development assistance for strengthening national systems. However, although MTDS 2005-2010 establishes a framework for a new national policy on gender equality to be developed in the near future, the PNG Commitment does not include a reference to gender equality.

One of the key challenges identified by gender equality advocates is that in cases where gender equality priorities are not adequately mainstreamed in the national development plans and budgets, there is a risk that gender equality and women's empowerment will evaporate as specific targets and objectives in policies and programmes supported through development assistance. As seen in the previous section, the degree of commitment to gender equality and women's empowerment varies among the three countries. The commitment to gender mainstreaming in Nepal is strong and long-standing and the need to strengthen gender responsive policies and programmes is urgent given the low status of women. In Indonesia, where the status of women is generally higher than in either of the other two countries, government commitment to gender equality is strong on paper and also has a long history. However, effective implementation remains a challenge, particularly in the context of the recent move toward

decentralization. The commitment to gender equality and women's empowerment in Papua New Guinea, where the status of women is low, is relatively recent and not yet supported by significant policy development. Although the approach to gender equality varies by country, all include gender equality as a significant long-term objective in their national development strategies.

## Key Findings

- i) Donor support for gender equality and women's empowerment priorities is mixed.

The major donors in the three countries have clear gender equality policies. Nevertheless, the extent to which donor support for the implementation of national plans and policies includes specific funding for gender equality varies considerably, both by donor and by country. For example, the attention given to gender equality by development partners in Papua New Guinea is increasing. AusAID, the major development partner, now has a full-time gender adviser and the Asian Development Bank is also recruiting a gender adviser for a three-year term. The Bank Country Assistance Plan states that gender issues and 'the need to redress the appalling status of women' are a central focus of operations and that gender issues are addressed throughout the Bank's portfolio. However, the plan and implementation present different pictures: the local office described the Bank's gender equality work in Papua New Guinea as 'gradually increasing' and gender issues are 'usually taken into account.'

On the other hand, in Indonesia, very few donor-supported projects integrate gender equality as their key component. These are typically financed by UN agencies such as UNIFEM, UNICEF and UNFPA. Donor agencies either mainstream gender into their core programmes/projects or encourage the implementation of gender equality sub-projects. CIDA, for example, is financing projects on gender responsive budgeting and on women and regional autonomy, through the Governance Reform Support-II (GPR-II) Project. Most donors maintained that their gender equality objectives are mainstreamed in to their core programmes but were unable to cite the exact funding invested towards achieving them. In Nepal, larger donors, including the World Bank, ADB, GTZ, DFID and DANIDA implement gender-responsive programmes to address national development priorities and objectives in this area.

While the European Commission (EC) is a relatively small donor in Nepal and Indonesia, it is the second largest donor in Papua New Guinea. Considering the challenges faced by civil society organizations in securing funding through the new aid modalities, the EC in Nepal has provided targeted funding to NGOs and women targeted programmes as demonstrated in Box 2 below:

## **Box 2: Targeted Project Funding for NGOs and Women's Organizations: The EC in Nepal**

In Nepal, the EC contributes only 0.2 per cent of the government budget. It is involved in the education SWAp and its major funding is for environment. The total EC funds allocated to International NGOs (INGOs), UN agencies and NGOs for 2002-2012 was approximately 21 million. Only 3.7 per cent of this was allocated specifically for women-targeted programmes and 1.7 per cent to women's NGOs. This is only 9 per cent of the total EC funds. A larger share is channelled through UN agencies, particularly UNFPA and World Food Programme, which have effective gender mainstreaming in their programmes. Support to women's active participation in the peace and democratization processes through civil society and government is also listed under EC support to strengthening the peace process and democratic institutions.

- ii) Spaces for innovative financing for gender equality and women's empowerment are shrinking in implementation of programme-based approaches.

The term 'new aid modalities' is associated with programme-based arrangements for aid delivery such as sector-wide approaches (SWAps), direct budget support, general budget support and basket funding that facilitate scaling up development efforts. Although the term does not appear in the Paris Declaration document, these 'new aid modalities' are often directly linked to the Paris Declaration principles, because they tend to be more consistent than project aid with these principles. By placing control over funding more directly in the hands of the Government, they promote national ownership and facilitate harmonization and co-ordination among donors. Reducing the number of individual projects overall or in specific sectors reduces the reporting burden on governments and inefficient and duplication among donors. Thus programme-based modalities have become closely associated with the Paris Declaration.

Direct budget support involves joint donor/government mechanisms to channel development assistance directly to the government budget using national allocation, procurement and accounting systems, to supplement public expenditure on nationally agreed priorities. It includes the pooling of funds to support sector or programme approaches such as SWAps and is also an important avenue for dialogue between donors and government on development policies, public expenditure mechanisms and procedures, and public spending choices.

General Budget Support (GBS) is donor funding that is not earmarked to specific projects or expenditure items. It is also disbursed through the national financial management system, usually accompanied by conditions and procedures for dialogue with donor/s, technical assistance and capacity building. Poverty Reduction Budget Support is a special category of GBS used by donors such as DfID to channel aid funding specifically to government poverty reduction programmes.<sup>10</sup>

SWAps use national planning and implementation procedures and mechanisms to channel donor funding for a sector through the relevant ministry, which should also take the lead in decision-making based on a comprehensive planning document. SWAps imply donor coordination through a common code of conduct, usually laid out in a memorandum of understanding and regular donor participation in a board or similar institutional body for dialogue with the sector ministry. Fully developed SWAps also adopt longer-term planning perspectives through basket

<sup>10</sup> DfID, *Poverty Reduction Budget Support*, DfID policy paper, May 2004.

funding, which incorporates donors' financial contributions in Medium Term Expenditure Frameworks based on sector policy documents.

Integrated programme-based approaches, including GBS and SWApS may be more efficient, but they may also reduce the flexibility of project based funding that has enabled women's and civil society groups to obtain funding for innovative projects. At the same time, negotiations between donors and developing countries on programme-based approaches have often curtailed political spaces for gender equality advocates and civil society to participate in development planning processes. In addition, these approaches have not fully integrated gender equality indicators into these monitoring and evaluation frameworks.

## Budget support

In Papua New Guinea, direct budget support is not new but was the main modality adopted by the major donor, Australia, from 1975 until the late 1990s, when it was largely replaced by bilateral and much smaller multilateral project aid. Direct budget support to Papua New Guinea was discontinued by Australia for much the same reason that it has not been adopted by most bilateral donors in the other countries: namely concerns about lack of procedures, lack of transparency, lack of accountability and the possibility of corruption. In Nepal only the World Bank among the larger donors has provided direct budget support, although none was planned for the financial year 2007/8. China and India had also both provided some direct budget support in the past. Virtually all funding in Indonesia is project-based.

## Sector-Wide Approaches (SWApS)

SWApS are new to Indonesia, which is currently developing a Sector Wide Approach Programme for education. The government favours the approach as a mechanism for coordinating and maximizing the effectiveness of donor assistance to the sector. Donors see the SWAp as a way of supporting more effective achievement of sector objectives, more efficient disbursement within a framework that promotes transparency, accountability and better financial management.

The European Commission (EC) Delegation is the lead donor in the preparation of the SWAp for education sector. The programme targets governance and management capacity at district level with emphasis on public financial management and management information systems. Gender equality is not identified as a target except in reference to the objective of contributing to achievement of MDG and EFA Goals. However, a review by the EC Delegation in Indonesia on the EC's Development Cooperation Program in Indonesia emphasizes that gender equality will be mainstreamed in the planning of the programme. It also noted the need for a reliable proportion of the State Budget allocated to the education system, again without any reference to funding for gender equality.

A Sector-Wide Approach is also being developed for the health sector. This SWAp will cover the two eastern island provinces of East Nusa Tenggara and West Nusa Tenggara with support from local government, the Asian Development Bank, GTZ Germany, KfW Germany, France, AusAid, and others. Technical assistance, advisory services and equipment for basic care and infrastructure are planned to be provided under this SWAp.

The adoption of sector-wide approaches in Papua New Guinea pre-dates the Paris Declaration. The Sector-Wide Approach (SWAp) in Health in Papua New Guinea was one of the first to be developed in the Pacific. The SWAp modality was then also adopted for programming to address HIV/AIDS and more recently in the law and justice sector, where it is viewed as relatively successful. However, despite the large volume of assistance provided, recent results in both the health and HIV/AIDS SWApS have been disappointing. The EC and other donors are currently supporting an Education SWAp which is still in its early stages.

### **Box 3: The Education for All SWAp in Nepal: Addressing Gender Inequalities in Education**

The education SWAp in Nepal emerged around 2002 from a long history of multi-donor funded activities organized around the Education for All-EFA programme. However, it only partially follows a full SWAp model. Only the World Bank and the Asian Development Bank provide their contributions to the SWAp directly to the government budget. USAID provides funding to the education sector but not through the education budget, while other donors continue to support specific project initiatives.

The specific targets of the Nepal Education for All SWAp are to increase the net primary enrolment rate to 96 per cent; increase learning achievement scores in grade five from 40 to 60 per cent; reduce gender and social gaps; and increase literacy females and males aged 6 years and older from 54 to 73 per cent and of the 15+ age group from 48 to 76 per cent by 2015. Gender issues will be mainstreamed to achieve these goals through improved service delivery, a school-based focus, social inclusion including provision of substantial scholarships for girls and minorities, provision of female teachers, and improved governance and livelihoods.

The Education for All SWAp in Nepal includes a specific allocation for gender equality at the district level only. The allocation represented just over 5 per cent of the total primary budget for 2005/6 and 4 per cent for 2006/7. A different approach was adopted in the Secondary Education Support Project (SESP). Budget allocations were identified by component and the project document did not include any specifically gender-related components. However, some activities within other programme components targeted gender issues through interventions targeted at girls, children from disadvantaged groups and ethnic minorities with special learning needs and disabilities and training of women teachers and teachers from disadvantaged groups.

- iii) Gender-Responsive Budgeting can ensure financial allocations to gender equality and women's empowerment and promote results based budgeting

Efforts to strengthen national financial management systems provide an opportunity to introduce gender-responsive budgeting and improve monitoring and tracking of expenditures related to gender equality and women's empowerment.

For example, Indonesia's new Public Expenditure Management System was constructed using the Law on National Development Planning as one of its foundations. Nevertheless no comprehensive tracking system to monitor expenditures on women's empowerment and gender equality programmes and projects, particularly on inputs mainstreamed into sector programmes is currently in place. Expenditure data on Ministries/Agencies' women's empowerment specific projects and on gender mainstreaming capacity building activities can be collected, albeit manually.

In 2002 a Parliamentary review revealed that only 0.02 per cent of the national budget was allocated for women's empowerment activities, the smallest amount among Asia Pacific countries. The Parliament recommended that the President increase the allocation in stages to at least 5 per cent. The Ministry of Home Affairs then issued a Ministerial Decree on guidelines for mainstreaming gender that required financing for mainstreaming to be provided by both the central budget and regional budgets. In particular, the decree required regional budgets to allocate at least five per cent of their budgets for mainstreaming. However, the decree had to be revised due to new decentralization laws and the 5 per cent became a point of intense debate during the process. It was eventually withdrawn under new directives on gender mainstreaming

in the regions issued in February 2008. Finance for gender mainstreaming is now to be provided by regional budgets, although funds may also be provided from the State Budget and other sources.

In Papua New Guinea, there has been no move towards gender budgeting at the national level. However, the 2008 National Capital Development Council budget for Port Moresby for the first time included allocations to reduce violence and increase public security that are of particular potential benefit to women.

Nepal has a specific monitoring mechanism for tracking resource allocation in support of gender-sensitive programmes and initiatives in the form of a gender-responsive budgeting system. The introduction of Gender-Responsive Budgeting took place in the context of Government initiatives to strengthen the Public Finance Management system and mainstream gender in national development policies. A key element of the budget reform was the inclusion of a Medium Term Expenditure Framework, a rolling resource allocation system linking the budget to policy objectives.

The first step was the appointment of a gender budget expert in the Ministry of Finance in May 2005. Three months later, a Gender Responsive Budget Committee was established as a permanent body within the Ministry of Finance. This Committee is mandated to review and monitor budget allocations and public expenditure from a gender perspective and to assess the impact of development policies on women and men. It also builds capacity for Gender Responsive Budgeting among gender focal points and planning divisions of the sectoral ministries through the dissemination of policy guidelines.

The Ministry of Finance formally introduced the Gender Budgeting system in the current financial year (FY 2007/08). Sector Ministries were required to report on the gender responsiveness of their programmes and activities on the basis of five key indicators developed by the Gender Responsive Budget Committee. Programmes were then rated in three categories on gender equality: directly supportive, indirectly supportive or neutral. The gender budget analysis looks at distribution of sector specific expenditure by gender responsiveness and domestic and external sources of funding.

For FY 2007/08, an estimated 11, 33 and 55 per cent of the total budget will be spent on programmes directly supportive, indirectly supportive and neutral on gender equality, respectively. About 24 per cent of spending for social services (education, health, local development, drinking water, etc.) is classified as directly supporting gender equality, and 55 per cent as indirectly benefiting women. However, only 10 per cent of spending for economic services (agriculture, communications, forestry, land reform, transportation, industry) is classified as directly supporting gender equality. The analysis identified significant gaps in the areas of land reform, forestry and communications, with at least 90 per cent of expenditure seen as gender neutral.

The adoption of Gender-Responsive Budgeting has led to stronger capacity of key government institutions on gender responsive policy planning and budgeting; increased gender sensitivity of sector policies, programmes and budgets; greater institutional accountability for implementing gender mainstreaming; strengthened management for results through the integration of gender responsive indicators in public expenditure monitoring. Gender-sensitive sector programmes have also provided the basis for donors to align resource and programmatic support with national commitments to gender equality. For example, the Education for All-SWAp (2004-2009) which was described above benefited a lot from the system and therefore includes a separate expenditure heading for the elimination of gender disparities in basic education which can contribute to the realization of national targets in this area.

Gender-Responsive Budgeting is a new initiative in Nepal and as such requires further refinement. Its expansion to cover macro-economic policies, revenue mobilization measures and local authority budgets is a key challenge. Its success depends largely on its ability to analyse the

policy implications of budget allocations and lead to initiatives to address resource gaps in financing gender equality. An additional challenge lies in the lack of a strong mechanism to monitor the results and impact of Government spending. Lack of sex-disaggregated data hinders gender responsive monitoring of sector plans and programmes. Moreover, gender equality advocates' limited expertise in budget issues and processes reduce their ability to participate in relevant policy discussions (see Annex 1).

While the system has no impact on resource allocation for gender equality in the short term, the system does create visibility for gender in one of the most important economic management tools in the country. An approach to increasing resource allocations for gender equality is to use the system as the basis for lobbying and advocacy by women and gender advocates for increased resources. This requires broad understanding of the gender-responsive budget system among stakeholders, civil society, INGOs and beneficiaries, particularly women, to enable them to use the output of the gender-responsive budgeting system. Data from the system can provide the evidence for people, particularly women, to use in questioning whether commitments to women are being met and sufficient resources allocated for gender-related activities. Both donors and government can then be made more accountable for matching their rhetoric with the financial and human resources needed to actually reduce gender disparities and social exclusion and empower women, particularly those in socially excluded groups.

In the longer term the system could be strengthened to focus more on process-oriented gender indicators that assess the extent of gender mainstreaming such as the proportion of programme activities that has been subject to gender analysis, whether gender capacity has been built among programme and budget staff and whether sex-disaggregated data are available, disseminated to the public and being analysed to improve programme effectiveness. Gender mainstreaming indicators would be particularly useful in the non-social sectors- such as transport and infrastructure- where the proportion of the budget that can be classified as gender responsive is relatively small.

## 2.3 Harmonization

Under the Paris Declaration, donors commit to implementing common arrangements at country level for planning, to joint financial arrangements and joint monitoring, evaluation and reporting to government on donor activities and aid flows. They also commit to reduce duplication and the number of separate field and assessment missions. In all three countries, national development strategies provide a vehicle for harmonization, involving cooperation among donors as well as between donors and government. Nevertheless, harmonization in terms of common arrangements for funding, monitoring or reporting among donors remains limited.

### Key Findings:

- i) Donor joint assessments and joint reviews create opportunities for coordinated donor support to gender equality and women's empowerment

Joint Assistance Strategies (JAS) have been more popular in Africa than in Asia, although the Asian Development Bank, the Japan Bank for International Cooperation, the World Bank and UNDP combined to support a government-led joint assessment of needs in post-tsunami Sri Lanka in 2005.<sup>11</sup> The Asian Development Bank's country strategy and programme for Bangladesh

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<sup>11</sup> Asian Development Bank, 'Technical Assistance to the Democratic Socialist Republic of Sri Lanka for Sri Lanka Post-Tsunami Needs Assessment and Preparation for Emergency Assistance Implementation Strategies (Financed by the Poverty Reduction Cooperation Fund)', 2005. TAR: SRI 39082

2006-2010 was the first example of such joint programme development in South Asia, involving the Bank, the Department for International Development (DfID) of the United Kingdom, Japan, and the World Bank, which together provided about 80 per cent of all development assistance to the country in 2006. There were no examples of JAS in the three Asia-Pacific country studies covered in this report.

An increasing number of donors currently prepare major reviews of gender equality and the status of women in the countries in which they operate to provide a firmer foundation for programming on gender equality and women's empowerment. While the increased attention to studies and reviews of gender equality is both welcome and long overdue, a multiplicity of separate studies by individual donors may not be an efficient use of resources. Given the limited supply of gender experts among both donors and government and at the national and international levels, this duplication of effort is inefficient and tends to reduce the quality and impact of individual studies.

There were no examples of joint assistance strategies among major donors in any of the three case study countries. However, in Indonesia a joint Government-donor mission on gender equality represents an effort to reduce duplication in field and assessment missions. The joint mission was a first step toward the development of a National Community Empowerment Programme to implement a new government policy to reduce poverty from 18 to 8 per cent and halve unemployment by 2009. The new community-based programme was seen by donors and government as a unique opportunity to address some of the major constraints to women's empowerment and, through this, to increase the effectiveness of poverty reduction efforts. The main objective was to examine the experiences of two previous poverty programmes, the Kecamatan Development Programme and the Urban Poverty Programme, and review how gender had been addressed, and identify what had and had not worked in these and other community level development projects.

The joint mission involved the World Bank, the Asian Development Bank, AusAID and DFID and several government agencies including the State Ministry for Women's Empowerment, as well as significant inputs from civil society and women's groups. A unique aspect of the review was the opportunity if provided to exchange views between agencies and between projects. The study provides an example of inter-agency work on gender equality that makes efficient use of limited gender resources, it involves close collaboration with government and civil society and maximizes impact through a clear focus on providing input to the development of a major new government poverty programme.

- ii) General lack of institutionalized donor harmonization and coordination mechanisms calls for innovative donor approaches to jointly support gender equality and women's empowerment.

In general there are very weak donor coordination and harmonization mechanisms in all the three countries. For example in Indonesia, ad hoc co-ordination meetings are periodically held to discuss specific issues such as decentralization, education, governance, the environment and other topics of mutual interest. There is at present no donor coordination mechanism established for women's empowerment and gender equality. Within the UN system, the UN Theme Group on Gender Equality, Girls and Women's Human Rights was revitalized and endorsed by the UNCT in early 2008. The theme group led by UNIFEM and UNFPA serves as a platform for concerted efforts on advancing the gender equality in Indonesia, with a focus on developing gender mainstreaming tools, implementing CEDAW and combating gender based violence. However, the Decentralization Support Facility (DSF) is often cited as an innovative multi-donor coordination mechanism which has had some positive results on financing gender equality and women's empowerment in decentralized programmes (see Box 3 below).

The Nepal Development Forum is a periodic meeting of the gender theme group and donors for evaluation of progress and mid-term planning of development assistance. The Forum does not have a formal institutional mechanism for participation of gender equality advocates inside or outside the Government, and discussions regarding donor co-ordination are focused more on the management and co-ordination sides of foreign assistance rather than distributional equity and gender equality. Two groups related to gender equality- the group of the gender focal points from UN agencies, and the Peace Support Working Group on Security Council Resolution 1325, comprising UN agencies, donors and international as well as local NGOs- meet as and when required for discussing related issues.

#### **“ Box 4: Innovative Donor Coordination Mechanism: The Decentralization Support Facility (DSF) in Indonesia**

Set up in 2005 the Facility is mainly funded by DfID through a Trust Fund administered by the World Bank. The purpose of DSF is to promote better co-ordination and harmonization of existing support and to support the design and implementation of decentralization programmes through a mixture of research analysis, technical assistance and pilot initiatives. One of the Fund's achievements in putting into operation Government and multi-donor collaboration in promoting gender equality was the production of a study on gender equality in community driven projects. This was a collaborative exercise carried among the Government, the World Bank, AUSAID, ADB and DFID to look at how gender and women's issues had been addressed in community driven development projects and outline policy implications for the Government's large-scale poverty reduction programme. Other gender equality interventions include the production of the Indonesia Country Gender Assessment led by the State Ministry of Women's Empowerment and ADB with the participation of the Asia Foundation, the World Bank and CIDA-Canada.

## **2.4 Managing for Results**

Under managing for results, partner countries commit to strengthen linkages between development strategies and annual and multi-annual budget processes, establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies. Donors commit to linking country programming and resources to results and aligning with country performance assessment frameworks, relying as much as possible on partner countries' results-oriented reporting and monitoring frameworks. The MDGs provide a results-oriented framework for reporting and monitoring on overall development effectiveness, but donors and governments alike need more specific intermediate indicators related to specific interventions.

Most major donors have been taking monitoring for results increasingly seriously. The Asian Development Bank now has a specific department for results-based monitoring, while the World Bank builds a monitoring strategy into its Country Assistance Strategy, with a matrix of indicators that conforms to the government's planning framework. For example, the Papua New Guinea Mapping Study reported that the Bank's monitoring strategy conforms to the Performance Management Framework of the Medium Term Development Strategy. The Bank also assesses national performance on the basis of its CPIA indicators, which seem to have provided the model for the development of the twelve indicators attached to the Paris Declaration. However, although gender equality is included in the CPIA indicators, there is no reference to gender in the Paris Declaration indicators.

Both sets of indicators focus on the existence of systems for planning, procurement, financial management, results-oriented frameworks etc. The CPIA and Paris Declaration indicators are actually process-oriented rather than results-oriented and the link between the process and development results is not always obvious or easy to establish. The Paris indicators tend to rest on a number of assumptions related to the declaration as a whole but not clearly specified in the definition of the indicators themselves. For example, the percentage of donors using country public financial management systems is assumed to reflect donor confidence that country public financial management systems are sound.

## Key Findings:

- i) Progress in strengthening performance based management - BUT limited integration of gender equality results, targets and indicators.

Partner countries are also focusing on monitoring for results. In Indonesia, performance based management was introduced in 1999 and linked to financial reporting in 2006. The Government of Indonesia issued a 2006 regulation on supervision and evaluation of the implementation of development plans that calls for performance indicators covering inputs, outputs and indicators of results. The Minister for Planning provides quarterly performance reports on the implementation of donor-funded activities. Indonesia's move towards performance-based budgeting is expected to facilitate improved results based management and monitoring for results.

In Nepal, government monitoring of development programmes is sector oriented and gender is not consistently integrated in the system. The Central Bureau of Statistics has developed a national database Nepal-Info to provide easy access to outcome indicators, including gender indicators. This system is used by the United Nations but other donors have their own monitoring systems and indicators. Several information management systems are funded by different donors. Four focus on expenditure monitoring and management within the Ministry of Finance; others cover education, health, project information and poverty monitoring and analysis. Gender is not monitored in an integrated manner except in the poverty monitoring system.

Monitoring of development programmes in Papua New Guinea has been carried out largely by donors because of the high degree of aid dependency. Weak monitoring capacity in government in general and particularly of gender issues remains a significant challenge for results-based monitoring.

- ii) Weak capacity of National Women's Machineries hinders progress in attaining gender equality and women's empowerment development results.

A common finding in all three countries, is the limited capacity of the Ministries responsible for women to systematically engage and ensure the integration of gender equality results in the results frameworks and the performance based management systems. This has huge implications on the extent to which development assistance will contribute to reducing poverty, particularly among disadvantaged groups.

For example, in Indonesia, the State Ministry for Women's Empowerment includes a Monitoring and Evaluation Unit tasked with evaluating implementation of gender mainstreaming and activities reports and performance accountability reports from the sectors. Presidential instruction 2000 directed the State Minister for Women's Empowerment to provide technical support on gender mainstreaming to all levels of government and report to the President on the results. However, the Ministry's capacity to undertake such a broad task is very limited. An evaluation of implementation of gender mainstreaming in nine sectors was conducted by the State Ministry for National Development Planning/BAPPENAS and the State Ministry for Women's Empowerment. The sectors covered were employment, education, law, agriculture, cooperatives

and small and medium scale enterprises, health, family planning, social welfare, and the environment in three provinces. The evaluation identified major obstacles to gender mainstreaming in all phases of development planning, implementation, monitoring and evaluation.

## 2.5 Mutual Accountability

Under the principle of Mutual Accountability, both donors and partner countries are accountable for development results, representing a shift in the balance between donors and countries receiving development assistance. Mechanisms for transparency and mutual accountability now need to be developed to give concrete expression to the principle. Partner countries commit to strengthen the role of parliaments in national development strategies and/or budgets, and strengthen participatory processes to increase transparency and accountability at the national level. Donors commit to provide timely, transparent and comprehensive information on aid flows and to jointly assess mutual progress on implementing agreed commitments on aid effectiveness.

### Key Findings:

- i) Issues of transparency, good governance and conditionalities jeopardize the realization of mutual accountability

There is currently a lack of transparency by many donors as to the amount of aid disbursed to partner countries mainly due to technical reasons. Donors impose numerous requirements on countries that are designed to hold them accountable for the efficient and effective use of the assistance they provide. However, mutual accountability also requires mechanisms that enable partner countries to hold donors accountable. This is particularly difficult in countries that are heavily aid dependent, such as Nepal and Papua New Guinea, both because of the imbalance in the relationship and also because national accountability mechanisms tend to be weak and are less likely to be regarded as acceptable by donors.

Indonesia, where ODA is a very small share of the government budget, seems to be making greater progress in achieving a more equal relationship with donors. In 2007, the President decided that the country no longer required an intermediary to negotiate its development assistance and disbanded the previous donor coordination mechanism, the Consultative Group for Indonesia established. As noted above, the country has also established procedures for the acceptance of development assistance and imposed conditions on donors regarding the type of assistance that is accepted and the processes to be observed, including monitoring and reporting. Although not specifically focused on accountability, these mechanisms increase the accountability of donors in a more equal development partnership. However, gender is not yet integrated into these processes on the part of either Indonesia or donors.

- ii) Lack of indicators and monitoring mechanisms to track the impact of new aid modalities on gender equality and women's empowerment.

None of the three Asia-Pacific countries studied have developed specific mechanisms for monitoring the impact of the new aid modalities on gender equality. In all three countries, women's groups and the national machinery on gender equality are not very active in monitoring the implementation of the Declaration. In fact, there was very little recognition or understanding of the new aid modalities among women's groups or the national women's machineries. Equally, both groups had limited information about the Paris Declaration or the aid effectiveness debate.

## **SECTION 3: Implementation of UN SCR 1325. Translating the Paris Declaration Principles to Post-Conflict Reconstruction**

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In all three countries, there seems to have been very little activity under UNSCR 1325 directly related to promoting or supporting women's participation in peace negotiations or the key post-conflict processes.

### **Key Findings:**

#### **3.1 Lack of Harmonized Efforts to Implement UN SCR 1325 in Indonesia**

Implementation of SCR 1325 in Indonesia has so far centred on workshops and seminars with little or no impact on women's participation in actual peace or conflict processes. In February 2007 a workshop on capacity building for NGOs in post conflict areas reintroduced 1325 to the State Ministry for Women's Empowerment as well as to NGOs through training on advocacy and the role of media. One outcome was an Anti-Gender-Based Violence Coalition coordinated by the NGO Yayasan Jurnal Perempuan to raise awareness of UNSCR 1325 and increase women's participation in peace building in post conflict areas as well as to address gender-based violence in conflict-affected areas. However such initiatives have not yet received concerted donor support.

The Government's plans to implement UNSCR 1325 in 2008 include a needs assessment in post conflict areas of Central Sulawesi, Maluku and Papua, dissemination of information on UNSCR in post conflict areas, and design of a UNSCR 1325 implementation strategy as well as coordination mechanism. Training and development of standard procedures in post conflict management are also considered. A lead agency for the implementation of UNSCR 1325 is to be designated - probably the State Ministry for Women's Empowerment or the Coordinating Ministry for Politics, Law and Security.

From the donor partners' side, UNFPA is the international lead agency, supported by the Asian Development Bank, CIDA-Canada, UNDP and UNIFEM. However, with the exception of UNFPA and UNIFEM, the agencies support gender mainstreaming activities without explicitly referring to UNSCR 1325. The UNDP Peace through Development Project conducts women's leadership programmes, organizes women's forums and encourages women's participation in local level planning processes. The Ministry of Home Affairs also supports women and girls in post-conflict areas. Guidelines are being developed for women's empowerment in post di-aster, conflict and border areas.

## 3.2 Improved Women's Participation and Ownership of the Peace-building Agenda in Nepal and Papua New Guinea

The Peace process in Nepal started in 2005 but women were not included in the peace negotiations from either side. In the beginning the Peace Monitoring Committee had only two women representatives, despite the Parliamentary Declaration to have at least 33 per cent women in all government and semi-government bodies. Following advocacy by women activists and sister organizations of the political parties, five women were included among the 16 members. Consequently, the Interim Constitution included most of the issues raised by women.

The presence of women on two special Parliamentary committees on the peace process appears to have made a difference. Seven women sit on the 28 member Peace Agreement Implementation Monitoring Special Committee, two of them participated in an eight-member field visit to the districts to report to the Parliament. As a result of their participation the report covered the situation of three women Maoist prisoners and 270 women Maoist combatants in the camps. In addition, five of the 29-member Conflict Victim Resettlement and Relief Mobilization Monitoring Special Committee are women.

The Ministry of Peace and Reconstruction is undertaking capacity building initiatives to increase women's participation in governance, peace and security activities for the implementation of UNSCR 1325. The Ministry is also preparing an Action Plan for conflict-affected children and children associated with armed groups and the Armed Forces in collaboration with the Ministry of Women, Children and Social Welfare.

Some NGOs, international INGOs and UN agencies have also been more active in involving women in building peace from below. However, although several women's NGOs work on human rights, only five or six specifically focused on peace and almost none of these were aware of UNSCR 1325. UNIFEM is actively promoting the resolution through translation into Nepali, training for high level decision makers and media campaigns on the resolution. A Peace Support Working Group on Security Council Resolution 1325 made up of UN agencies, donors and international NGOs meets regularly but is primarily a discussion group, sharing information and undertaking advocacy.

In Papua New Guinea, the conflict in the eastern province of Bougainville pre-dates UNSCR 1325. It is particularly interesting because it occurred in a mostly matrilineal society where women own land and men are married into the women's clan. As a result, women were principals in the matter because land ownership, was the cause of the conflict. Notwithstanding women's right to own land, they had no say in any of the decisions because demands for compensation and the ensuing conflict were all led by men.

However, women later became a part of the peace process in their own right as cultural matriarchs, as male leaders have acknowledged. The four-nation Peace Monitoring Group on Bougainville, led by Australia, specifically engaged women in and encouraged their support for the peace process, an approach that continued under the civilian Bougainville Transition Team. In May 2003 the Leitana Nehan Women's Development Agency brought women from all over Bougainville together to discuss such issues as weapons disposal and post-conflict law and order and to develop strategies to promote women's participation in decision making at all levels.<sup>12</sup>

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<sup>12</sup> Statement by H.E. Mr. John Dauth LVO, Ambassador and Permanent Representative of Australia to the United Nations, Resolution 1325: 'Women, Peace and Security' 29 October 2003.

Despite these efforts, women's role in decision making in the peace has not been maintained. Women are under-represented in post-conflict political bodies. Only six of 106 members of the appointed Bougainville People's Congress were women. Only four women are members of the Bougainville Interim Provincial Government and only two women were part of the 52-member delegation at the September 2001 talks on autonomy, referendum and arms disposal.<sup>13</sup>

### **3.3 Lack of donor alignment in support of gender equality and women's empowerment in peace-building funding mechanisms in Nepal**

The Nepal Peace Trust Fund established in 2006 by the Government aims at mobilizing donor funding to consolidate the peace process. At the request of the Ministry of Finance and supporting donors, UNDP deployed experts to guide the design, set up and management of the Fund and to train Government officials. The operational arrangement for the Fund follows the pooled funding modality in support of the following areas: rehabilitation of displaced people, accomplishment of the Constituent Assembly Election, reconstruction of physical infrastructure and rehabilitation of Maoist combatants. The Ministry of Women has not been included in the Fund's Operational Committee either at ministerial or secretary level. Furthermore, the Peace Fund Operation Rules does not provide for the inclusion of any gender issues in the activities supported through the Fund. As a result, the budget has not included any separate allocations for gender equality and women's empowerment.

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<sup>13</sup> Sister Lorraine Garasu, 'The role of women in promoting peace and reconciliation,'2002.  
<http://www.c-r.org/our-work/accord/png-bougainville/women-peace-reconciliation.php>

## SECTION 4: Key Messages Emerging from the Findings

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### 4.1 Gender-responsive performance-oriented budgeting can make a significant contribution to the aid effectiveness agenda and promote gender-responsive programme implementation

In terms of aid management and delivery, it appears that the Paris Declaration has so far served primarily to reinforce existing trends, rather than generate new ones. There is also little evidence that either of the predominant programme-oriented modalities has had a negative impact on the availability of funding for gender equality. While in cases where national commitment is significantly weaker than donor commitment, programme-based funding could have this result, the greater threat comes from the scale of programme-based support, as funding needs for women's empowerment are seen too small to fit into a programme approach. The more important issue for gender equality funding in Asia Pacific is not threats to existing funding, but how to increase it. Improving aid effectiveness in terms of ownership and alignment should mean increasing resources for gender equality to reflect the priority given to these goals in national development plans.

The Paris Declaration offers new opportunities to promote gender-responsive rights-based budgeting as a tool for increasing the overall efficiency and effectiveness of national budgets. Tighter linking of both government and donor expenditures to national policy objectives and plans, combined with gender budgeting, should increase the gender-responsiveness of development expenditures in general and help to ensure that national commitments to women's empowerment are matched by appropriate financial and resource allocations. Early work on gender budgeting in Nepal indicates the potential for the effectiveness of allocations to increase resources and impact for women and gender in the longer term. In addition, the implementation of gender-specific interventions in fragile states should be supported through the establishment of specific financing mechanisms, including basket funding.

### 4.2 Women's participation in policy planning and budgeting needs to be strengthened to ensure translation of gender equality priorities into PRSP and NDS results frameworks

The principle of national ownership has promoted broader participation, including by women's groups, in policy and planning processes. The challenge is to ensure that they are both empowered and well informed so that their participation leads to concrete changes and more gender-responsive decision making. New spaces for dialogues between donors and women's organizations are needed to facilitate the inclusion of gender equality considerations into donor practices and to ensure a more coordinated approach to gender equality in development assistance, including programme-based approaches.

### 4.3 Donors and governments need to harmonize support to gender equality and women's empowerment by pooling gender capacity in programme-based modalities

One of the biggest obstacles to effective gender mainstreaming in all three countries is the lack of technical capacity on gender-sensitive methodologies and tools. Sectoral agencies in Nepal and in Indonesia, for example are required to mainstream gender in their programmes, and in many cases have designated gender focal points, but these frequently lack technical expertise. The capacity gap in Papua New Guinea is even more glaring. The shift from projects to larger scale programmes provides an opportunity to pool available gender expertise, particularly among donors. Most of the donor focal points for gender often also have responsibilities for other sectors, such as education or health, and many have no technical background in gender. Although some donor-supported projects include full-time gender experts, their roles are usually confined to the specific project and they have no mandate to provide broader support to the agency, much less across agencies. Collaboration among agencies and donors and pooling of gender expertise would improve its effectiveness across sectors and programmes.

### 4.4 Monitoring the impact of the aid effectiveness agenda on gender equality requires a set of gender-sensitive indicators tailored to the cultural and institutional context of each country

The Paris Declaration does not specifically require gender-responsive monitoring and reporting of aid effectiveness. The current process-oriented indicators provide a weak foundation for monitoring and reporting development results, including gender equality. However, the concept of aid effectiveness logically demands that its impact on all major population sub-groups, including women be monitored and reported. Donor gender equality policies and international commitments to the MDGs and under CEDAW and other international human rights conventions also require gender-responsive rights-based indicators. The challenge is to develop appropriate gender-responsive indicators of aid effectiveness and to integrate their use in monitoring and reporting procedures (see Box 5 below).

#### **“ Box 5: Understanding and designing indicators for monitoring gender equality and women's empowerment in Implementation of the Paris Declaration.**

The Paris Declaration Indicators, like the World Bank CPIA indicators, focus on systems to improve the efficient management of aid. In most cases, it is easier to establish the link between the indicators and aid efficiency than to link the indicators to aid effectiveness, which implies development effectiveness or impact.

Indicators can be classified in a variety of ways. The most common classification identifies input indicators, output indicators and outcome indicators. **Input indicators** are fairly straightforward and measure the amount of various kinds of resources – funds, staff and trainers, materials – that go into producing an output, which is usually a process such as a meeting or workshop, or a construction such as a road, water supply or an electricity grid. **Output indicators** show whether the process or construction has been completed but do

not necessarily show whether it has contributed to desired outcome. Although a water supply facility may be in place and clear water may flow, it will not help improve health unless people are using it to get clean water. An **outcome indicator** would therefore focus on users or uses – the number of households using the water supply or the kinds of uses to which it is put. For example, a water supply that was intended to give women convenient access to clean drinking water for their families but which is actually monopolized by the village headman to supply his stock is probably not contributing to the desired outcome of better health and nutrition in the community.

Typically, a set of indicators would be needed to show whether higher-level objectives or outcomes in terms of development, including gender equality, are being achieved. Some of the indicators may focus on inputs and outputs, which are means towards some end, but the most important ones should relate more directly to an outcome. For example, funding for gender equality is a means toward achieving equality between women and men and the amount of funding for gender-related programmes is an input indicator. Whether it contributes to the achievement of gender equality depends on how it is used. Increased budget allocations for gender-related programmes that are disbursed through non-transparent, non-accountable mechanisms to gender-blind departments implementing gender-blind programmes are unlikely to improve gender equality. Increased financial allocations may be a necessary but not a sufficient condition. They also need to be accompanied by appropriate human resources (gender-sensitive staff, gender experts, technical experts able and willing to implement gender-responsive programmes) and utilized through programmes that have been designed to take account of gender differences between females and males and which reach the key target groups.

Thus, monitoring the gender impact of the aid effectiveness agenda and the new aid modalities requires a well-designed set of input, output and outcome indicators. The gender-responsive budgeting indicators developed by the Gender-Responsive Budgeting Committee in Nepal are an attempt to capture several dimensions of gender-responsive outcomes thought to contribute to gender equality: whether it involved capacity building for women (an indicator of empowerment); whether women were involved in decision making about how the expenditure was used (an indicator of empowerment and also of the probability that the activity meets their real needs); the share of benefits women receive (does it contribute to equality by redressing an existing gender gap); whether the expenditure creates income-earning opportunities for women; and whether it saves their time.

Designing such a set of indicators is not a simple or straightforward task and should involve a team and a careful mapping of the processes involved. It should also be linked to the specific cultural and institutional context, since gender equality is by definition cultural and gender mainstreaming, gender budgeting, gender auditing and the variety of other tools that might be used to achieve gender equality will vary significantly depending on the institutional frameworks within which they are to be implemented. While a broad set of minimum indicators for mainstreaming gender in, say, the national planning process could be defined, the details would be very different in the three countries covered in this study.

## CONCLUSION AND NEXT STEPS

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The aid effectiveness debate emerged from the failure of ODA to deliver on core development goals, particularly poverty reduction, and donor concern that aid effectiveness has suffered from poor economic governance standards by governments and poor coordination among donors. Solutions were seen to lie in more transparent and accountable budget and fiscal management and procurement procedures and closer alignment of plans with actual budget expenditures on the part of governments. On the part of donors, the solutions are seen in terms of coordination, a move from project-oriented modes of aid delivery to larger scale multi-donor programme approaches and, as country standards for budget and financial systems improve, to the use of national financial management, monitoring and reporting systems to reduce duplication and the administrative and reporting burden.

### Next steps

Gender equality advocates in all three countries potentially have access to mechanisms intended to strengthen integration of gender equality in aid effectiveness initiatives. National monitoring systems for the MDGs and country CEDAW reports should be used to monitor progress in implementing national commitments to gender equality. In Papua New Guinea, advocacy to put gender equality into the PNG Commitment on Aid Effectiveness should be an urgent priority. Further, Government and donors should strengthen the policy framework for implementing gender equality commitments in the Medium Term Development Strategy. In Nepal, ongoing work by the Gender Responsive Budgeting Committee in the Ministry of Finance should be further strengthened. Government and donors should also support strengthening capacities of the national women's machinery, parliamentarians and civil society and community-based organizations to influence and monitor budget allocations to advance gender equality.

In the case of Indonesia, work on gender equality and women's empowerment could further be promoted through the following policy mechanisms and commitments: the new results-based management and performance-based budgeting system, which offers opportunities for establishing expenditure tracking mechanisms not only for gender equality but for equity for other segments of society; the institutional framework for gender mainstreaming at national and regional level; the decentralization and regional autonomy agenda; the commitments to gender equality and women's empowerment in the long-term and medium-term development plans; the development planning deliberation (Musrenbang) system established in 2005 to facilitate community participation in development planning processes.





## ANNEX 1

# Best Practices for Advancing Gender Equality in the New Aid Architecture in Nepal

## A. Gender-Responsive Budgeting in Nepal

Resource allocations to promote gender equality and women's empowerment are monitored in Nepal by an inter-departmental Gender-Responsive Budget Committee chaired by the Budget Secretary within the Ministry of Finance. Gender Budgeting was introduced from fiscal year 2007/8.

Gender budgeting in Nepal takes place within the framework of overall reform of the budget system. It developed from long-standing collaboration between UNIFEM, women's groups and gender experts and the women's ministry on one hand, and the Planning Commission, sector ministries and the Ministry of Finance on the other. Mainstreaming gender in and bringing women's voices to national development policy and planning processes had revealed a gap between commitments and their concrete realization due to gender-blind budgeting processes. A gender budgeting audit in education, health and agriculture at central level and in three districts at the district and village levels was carried out in 2002.<sup>14</sup> An inter-agency Gender-Responsive Budget Committee was formed within the Ministry of Finance and a follow-up study on how to make the annual national budget gender-responsive commissioned in 2006. Guidelines were prepared by the National Planning Commission in consultation with the Ministry (Ministry of Finance 2007).<sup>15</sup> The system comprises a scoring system that classifies expenditures in all sectors in terms of indicators that measure their impact on women and administrative arrangements for classification at the local level where funds are actually spent and information on impact is most readily available.

### 1. Gender-responsive budgeting indicators and scoring system

The Ministry of Finance and the Committee, with UNIFEM technical assistance, developed a system and designed a process for measuring the gender responsiveness of all expenditure items in the annual budget. Three categories are used: directly gender-responsive; indirectly gender-responsive; and gender neutral. Indicators of the various aspects of programme impact on women are allocated 20 points each (Table 3).

<sup>14</sup> Dr Meena Acharya (2003), *Gender Budget Audit in Nepal*, UNIFEM, Kathmandu. The study built on earlier gender assessments in the health, education and agriculture sectors carried out by the UNDP Mainstreaming Gender Equity Programme and involved technical support from gender budgeting expert Ms Debbie Budlender.

<sup>15</sup> Ministry of Finance (2007), Report on an Engendering Framework for Programme and Budget Guidelines and National Economic Survey of the Government of Nepal, Gender-Responsive Budget Committee, Budget and Programme Division, Ministry of Finance (with support from UNIFEM).

**Table 3 Nepal: Gender-Responsive Budgeting: Indicators and Scoring System**

No	Indicator	Score
1.	Capacity building of women	20
2.	Participation of women in planning and implementation	20
3.	Share of women in benefits	20
4.	Increase in employment and income generation of women	20
5.	Reduction in women's work load and quality of their time use	20
	Total	100

For example, programmes involving capacity-building specifically for women receive 20 points on the capacity-building indicator. If women also participate directly in planning and implementation, the programme would receive an additional 20 points. Programmes scoring a total of 50 points or more on the five indicators are classified as directly gender-responsive; those scoring 20-50 as indirectly gender-responsive; and those scoring less than 20 are classified as gender neutral. Indicator 1 is intended to capture whether processes are in place to empower women. Indicator 2 captures women's participation in decision making. Indicators 3, 4 and 5 are designed to capture three important aspects of women's participation as beneficiaries. Indicators 4 and 5 also recognize the roles of programmes that increase women's access to employment and economic opportunity, and of infrastructure programmes such as water supply or electrification that reduce women's domestic work load and free up their time.

**Table 4 Gender-Responsive Budget Classification in Nepal, Financial Year 2007/08**

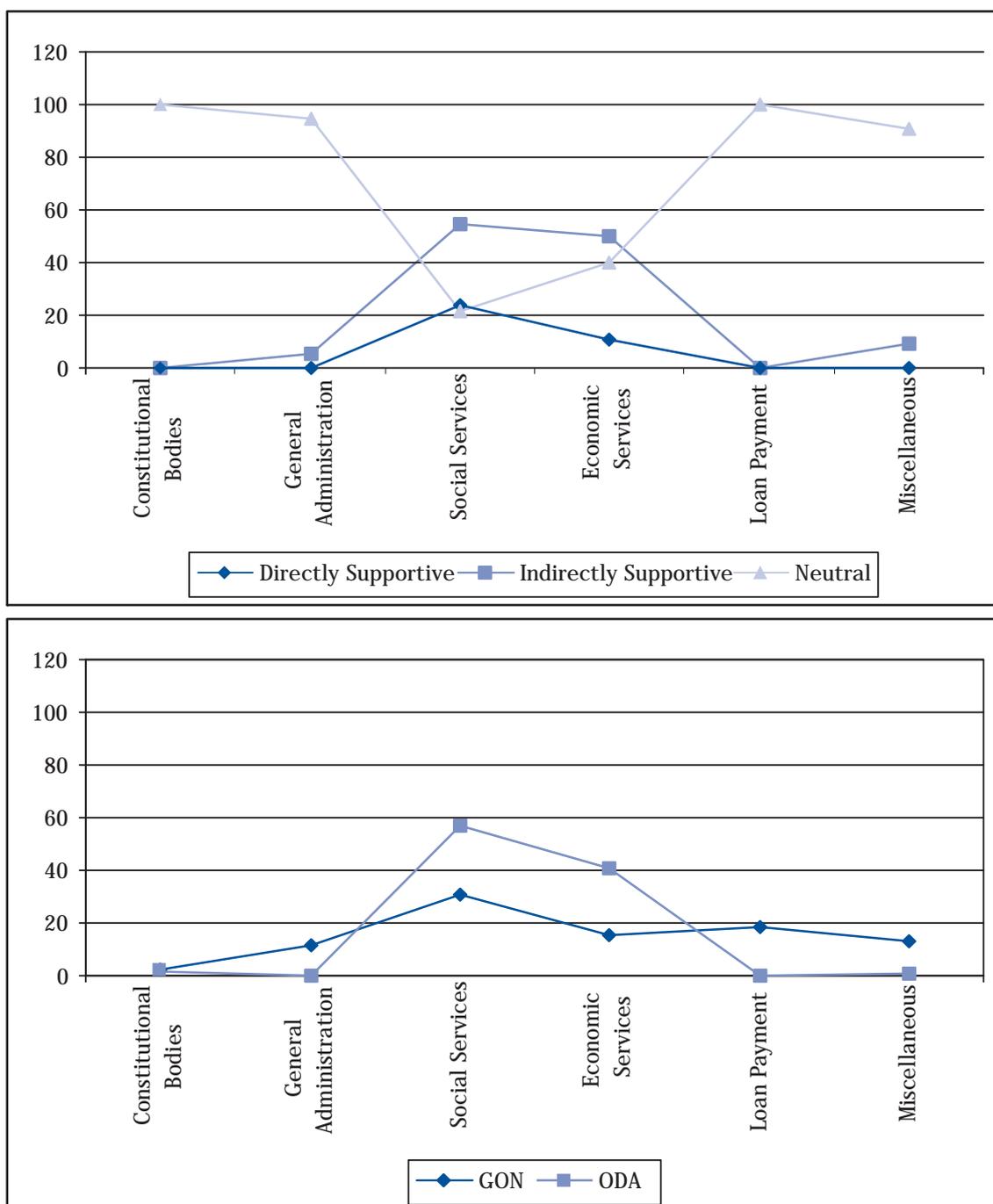
Sector	Directly gender-responsive	Indirectly gender-responsive	Gender neutral
Total budget expenditures	11	33	55
Social sector	24	55	21
Education	2	89	9
Health	62	14	24
Economic sector	10	50	40
Agriculture	6	50	44
Transportation	4	75	21
Electricity	14	78	8

*Source:* Nepal Country Mapping Study: Table 3.9a.

Separate figures are not available for donor-funded programmes, which are concentrated in the social sectors on education, health and local development, and in the economic sector on transportation, electricity and agriculture. Education and health accounted for 31 percent and the social sector for about 57 percent of total donor funding. Only 7 percent of economic budget allocations were directed

to agriculture and 24 percent for transportation and electricity<sup>16</sup> Thus, the overall share of donor funding that would be classified as directly or indirectly gender-responsive would probably be larger than the share for government. However, as discussed below, the accuracy of the classification system may not be as accurate as the figures imply.

**Chart 1 Gender-responsive budget analysis Nepal 2007/08**



<sup>16</sup> Nepal Country Mapping Study: Table 3.9a.

## 2. Administrative arrangements

Gender-responsive budget forms are to be distributed to all line ministries and forwarded to local level government bodies prior to preparation of the sector and the national budget. These local bodies then assess and score programme impact on women and classify their programmes or activities into one of three categories developed by the Gender-Responsive Budget Committee. Ministry of Finance tabulates the responses and presents a sector gender-responsive budget analysis in the annual national budget. Each programme is to be scored according to instructions developed by the Gender-Responsive Budget Committee.

Currently the system is only in the initial stages and is still experiencing "teething problems". Although the 2007/8 national budget uses the gender-responsive budget classification, the scoring system described above was actually not used. Programmes primarily targeting women were classified as directly gender-responsive, those considered to benefit both men and women were classified as indirectly gender-responsive and those where beneficiaries could not be readily identified were classified as gender neutral. Classification was carried out at ministry level for some sectors (agriculture) and in the Ministry of Finance itself for others (education) rather than at the local level as intended. One reason for this approach was that detailed guidelines on the scoring system have not yet been issued by Ministry of Finance.

## 3. Gender-responsive budgeting in Nepal: potential areas for development

An important motivation for gender-responsive budgeting in Nepal is to create greater transparency and facilitate the accountability of both government and donors to women for implementation of their gender equality and women's empowerment commitments. The gender-responsive budgeting system will reward, through public recognition, departments and agencies that have adopted gender-responsive policies and programmes. Indirectly, this also applies pressure on other departments to do so. As the media, the public, donors and others compare successive budgets, pressure is also applied indirectly on all departments to improve their gender-budgeting performance over time.

The current scoring system is appropriate for an administration that is only beginning to understand and adopt gender mainstreaming and women's empowerment strategies. However, it will need to evolve over time as gender awareness increases and the use of gender analysis becomes more widespread.

### a. Measuring gender-responsiveness of development programmes

The current five-point scale developed by the Gender-Responsive Budget Committee is absolute rather than relative. Programmes score either zero or 20 points so that the extent of participation and the size of the impact is not measured. A programme creating a few employment opportunities for women would gain the same number of points as one creating thousands. However, more relative scales could be introduced as the system develops and budget officials become more familiar with the principles. For example, the points awarded for women's participation as beneficiaries could be graduated according to the proportion of women among beneficiaries. Programmes that benefit only women might receive the full 20 points while those where women are more than 50 percent of beneficiaries gain 15 points; those where women are 25-50 percent receive 10 points, etc. Such a scale would reflect an affirmative action approach and be appropriate where women are seriously disadvantaged compared with men. Alternatively, the full 20 points might be awarded to programmes where women are at least half of the

beneficiaries, with appropriate scaling for lower levels of participation among women. This scale would reflect a gender equality perspective and be more appropriate when or where women's relative disadvantage is less.

## **b. Moving toward a focus on gender analysis**

The current scoring system focuses on women rather than gender equality and on output and outcome indicators. Only the first indicator on capacity building for women could be seen as process-oriented. However, it does not relate to gender and could be applied to completely gender-blind programmes that provide traditional kinds of training to women that does not really address their needs or take account of their gendered situation. For example, programmes providing training in stereotyped "feminine" skills only during working hours when most women are already busy and without provision for child care would currently score 20 points on indicator 1.

In the initial stages of gender-responsive budgeting, the emphasis on women is probably necessary because of the lack of gender awareness and capacity among budget and programme officers. Importantly, the system developed in Nepal does facilitate classification of non-social expenditures in economic programmes that generate employment or infrastructure programmes that provide employment and/or save women's time. This is an important improvement on many of the early approaches to gender budgeting.

However, in the longer term the system could be strengthened to focus more on process-oriented gender indicators that assess the extent of gender mainstreaming. The main issue in assessing the gender-responsiveness of budgets is not how much resources have been allocated to women but whether a gender perspective, gender issues and women's concerns have been integrated into the way in which programmes are designed and implemented. This could be captured more directly through more process-oriented gender indicators such as the proportion of programme activities that has been subject to gender analysis, whether gender capacity has been built among programme and budget staff, and whether sex-disaggregated data are available, disseminated to the public and being analyzed to improve programme effectiveness.

Gender mainstreaming indicators would be particularly useful in the non-social sectors where the proportion of the budget that can be classified as gender-responsive in terms of women's participation is relatively small. Currently, most of the transport sector budget has been classified as indirectly gender-responsive, apparently on the assumption that women and men make equal use of transport. In Nepal, men are likely to benefit more and directly from expenditure on roads and transport because they would be the main users of both. Women are likely to benefit less and indirectly. For example, the benefit to women may arise because children can be taken to health clinics or farm produce can be sent to market, although they themselves are only infrequent users. However, if gender analysis has not been carried out and if women's and men's access and usage patterns are not monitored separately the benefits to women are likely to be much less than for men and the potential benefits. In the absence of gender analysis and appropriate supplementary programmes, some women may actually suffer from improvements in transportation. For example, vulnerable women in previously isolated areas may be at increased risk of gender-based violence, HIV/AIDS and sexually transmitted diseases, as well as of being trafficked, as a result of their increased exposure to drivers and other men from outside the local community or of the labour migration of their husbands.

Achievement of real and equal benefits for women will require substantive changes at the programme and project levels in design, management, implementation and monitoring and evaluation. The current gender-responsive budgeting system is a first step but a stronger focus on gender indicators will be needed to bring about these changes.

### **c. Moving to more gender-sensitive outcome indicators**

As noted, the current outcome indicators measure only whether women are among project beneficiaries, participate in decision making or obtain employment and whether their time is saved. The indicators do not examine the quality of participation or benefit obtained. In time, these indicators might be refined to measure, for example, not just the number of jobs created for women but whether they are casual or permanent, in traditional or non-traditional, poorly paid or well-paid positions etc. Indicators of participation in decision making might include a measure of the level of women's participation and whether their participation resulted in significant changes in the decisions made. Since women are no more homogeneous than men, such indicators should also be disaggregated by both sex and other dimensions of social exclusion (caste, ethnicity and region) in order to identify which women are benefiting from a specific outcome.

## **4. Increasing resource allocations for gender equality**

The current gender-responsive budgeting system has been criticized because it only classifies existing expenditures and most of the programmes classified as gender-responsive are implemented through gender-blind processes and small allocations for gender-related components. The system does not seek to change resource allocations or directly increase the resources available for gender mainstreaming or for women beneficiaries.

While the system has no impact on resource allocation for gender in the short term, the Budget Secretary who chairs the Committee has a longer-term perspective. He points out that the system does create visibility for gender equality in one of the most important economic management tools in the country. He expects that, over time, pressure from women's groups and other advocates, who may include donors, will persuade policy makers and those responsible for preparing sector and the national budgets to increase allocations that will be classified as directly gender-responsive. Peer pressure from colleagues and also Ministers wanting to improve their own visibility on women's issues is also expected to contribute to gradual increases in directly gender-responsive allocations.

Another approach to increasing resource allocations for gender equality and women's empowerment is to use the system as the basis for lobbying and advocacy by women and gender advocates for increased resources. This requires broad understanding of the gender-responsive budget system among stakeholders, civil society, INGOs and beneficiaries, particularly women, to enable them to use the output of the gender-responsive budgeting system. Data from the system can provide the evidence for people, particularly women, to use in questioning whether commitments to women are being met and sufficient resources allocated for gender-related activities. Both donors and government can then be made more accountable for matching their rhetoric with the financial and human resources needed to actually reduce gender disparities and social exclusion and empower women, particularly those in socially excluded groups.

## ACRONYMS

ADB	Asian Development Bank
BPFA	Beijing Platform for Action
BS	Budget Support
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CIDA	Canadian International Development Agency
CPIA	Country Policy and Institutional Assessment
DANIDA	Danish International Development Agency
DFID	Department for International Development, UK
DSF	Decentralization Support Facility, Indonesia
EC	European Commission
GBS	General Budget Support
GDP	Gross Domestic Product
GMS	Gender Management System
GNP	Gross National Product
GPRS	Ghana Poverty Reduction Strategy
GPR-II	Governance Reform Support - II
GRB	Gender-Responsive Budgeting
GTZ	German Technical Cooperation
INGOs	International Non-Governmental Organizations
ITC/ILO	International Training Centre of the International Labour Organization
JAS	Joint Assistance Strategies
MDGs	Millennium Development Goals
MTDS	Medium Term Development Strategy
NGOs	Non-Governmental Organizations
OECD-DAC	Organisation for Economic Co-operation and Development /Development Assistance Committee
ODA	Official Development Assistance
PRSP	Poverty Reduction Strategy Paper
SWAps	Sector-Wide Approaches
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UN SCR 1325	United Nations Security Council Resolution 1325
USAID	United States Agency for International Development



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