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Subject: UNIFEM Conference “Promoting Gender Equality in New Aid Partnerships” (9-11 November 2005, Brussels)

Plenary 3, 11 November 2005, 9.00–10.30
**Gender Equality in Sector Wide Support and Budget Support:
speaking points for intervention by Bernard Petit, Director DEV/B**

Background

The Declaration by the Council and the Commission on the European Community's Development Policy, adopted by the Development Council on 10 November 2000, states that gender equality is a cross-cutting issue.

The Regulation of the European Parliament and of the Council on promoting gender equality in development co-operation approved in April 2004 reinforces the objective to support the mainstreaming of gender in all areas of development co-operation, combined with specific measures in favour of women, with the goal to promote gender equality as an important contribution to poverty reduction.

Increased recourse to sectoral support and to direct budgetary support (where the conditions so allow) is a prime element of the reform of external aid, adopted by the European Community in its Development Policy of November 2000 to ensure more effective and efficient cooperation. Budget support is also increasingly used as financing modality for support to sector programmes.

Speaking points

Introduction – The importance of gender equality:

- Today, gender inequality remains one of the main obstacles to development. The findings of both macro- and microeconomic analysis of the link between growth and gender inequality show that large gender disparities in basic human rights, access to resources, economic opportunity and political voice is directly and indirectly limiting development. Taking the necessary actions to redress gender inequalities is therefore essential to promote higher growth rates and make a substantial contribution to poverty reduction in developing countries.
- The present conference reflects the growing attention devoted by donors and partner countries to this fundamental problematic. It is a unique opportunity to further our understanding of the issues at stake and the way to address them. It is also a chance to exchange views and learn from one another with a view to further strengthen our respective actions.
- In order to contribute to this joint learning process, I would like to introduce you to the way the EC integrates gender equality into its actions with a view to promote more effective use of resources to achieve both gender equality and human development. I would also like to pinpoint what are, in my view, the main challenges still facing us on the way to promoting gender equality in budget support.

The EC's contribution to promoting gender equality through budget support:

- As you may all know, the EC is a strong supporter of budget support, whether general or sectoral, as an important and increasing means to channel development aid where circumstances allow. The use of budget support is dependent on certain essential conditions, concerning mainly a sound macro-economic and budgetary environment, the existence of sector policies aimed at reducing poverty, and sufficient government capacity. It is the instrument most favourable to genuine country ownership.

[Optional elaboration: The EC recognises that ownership is crucial for the profound reforms that are necessary to deliver sustainable services to poor citizens. Reforms are slow and gradual processes that require a long term support. The EC has adopted an innovative approach to budget support: it conditions the disbursement of funds to the achievement of agreed outcomes. By not linking disbursement of funds to measures or specific reforms the EC leaves the to partner countries full responsibility to determine its policies. It is the instrument the most favourable to genuine country ownership.]

- The integration of gender equality in EC budget support programmes offers an opportunity to deal with gender inequalities in three different ways which I would like to describe. This is mainly based on the EC's experience with general budget support in African, Caribbean and Pacific countries:

- **The first way to ensure a contribution of budget support to gender equality is to link disbursements of funds to gender disaggregated outcome indicators:**
 - Part of the EC’s general budget support (on average about 30% of total funds) is linked to performance in social sectors. Performance in social sectors is measured against outcome indicators which in most cases include gender disaggregated indicators. These indicators allow the EC to promote gender equality through a result-based evaluation. This is necessary for assuring that the objectives are indeed achieved, while at the same time ensuring accountability of both the EC and the partner government.
 - Although the list of indicators depends on country specificities, the most commonly used are the following:
 - The gross or net enrolment rate of girls in primary education;
 - The primary completion rate for girls;
 - The drop-out rate for girls;
 - Antenatal care coverage;
 - The rate of assisted birth delivery.
 - These indicators are crucial as they capture to which extent women have access to and actually use key health and education services. Once indicators have been chosen, the partner government decides on targets. The amount of funds disbursed will then depend on the extent to which these targets are achieved. This gives partner governments an incentive to allocate sufficient resources and to take appropriate measures for the achievement of these targets. This is a long process but encouraging results are now starting to emerge. Some countries, as Uganda, have abolished school fees and this measure had a visible positive impact on enrolment of girls, especially in rural areas. Others have increased investment in school water and sanitation services.
 - Some of the major challenges here are:
 - The selection of indicators currently only reflects gender equality concerns in the social sectors. Other gender-sensitive indicators should be developed in other critical areas such as civil rights, representation and participation of women in decision making and programme development.
 - The collection of reliable sex disaggregated data is difficult in many developing countries. Therefore, developing the capacities of our partners to increase the validity and credibility of data is one of our main focuses.
- **The second way to ensure a contribution of budget support to gender equality is to promote domestic accountability:**
 - The Poverty Reduction Strategy Paper approach, with its six principles of national ownership, focus on results, comprehensiveness, prioritisation, long-term vision and partnership-orientation increasingly forms the starting point of budget support. Similarly, it is increasingly becoming the common framework within which all stakeholders supporting poverty reduction in a given country are working.

- Poverty Reduction Strategy Papers provide a unique opportunity to analyse the status of women and to define country-wide gender sensitive policies. It is the appropriate framework for partner governments to formulate policies and programmes that promote gender equality.
- Through its dialogue with partner governments, the EC encourages the inclusion of the gender dimension in national Poverty Reduction Strategies. Progress on the implementation of these gender-sensitive strategies is thus captured in Annual Progress Reports. Furthermore, these Annual Progress Reports are increasingly shared with national stakeholders such as the media, civil society organisations and parliaments. This leads to improved transparency and opens up opportunities for advocacy and contributions of non-state actors in the policy debate. At the end of the day, this gives a boost to accountability and increases gender sensitive strategies.
- Some of the major challenges here are:
 - Accountability of partner governments in the budget process towards the national parliaments and stakeholders is not always sufficiently developed.
 - Poverty Reduction Strategy Papers offer great potential for the advancement of gender equality. However, according to a recent World Bank review, they still do not yet adequately take gender equality and the empowerment of women into account.
- **The third way to ensure a contribution of budget support to gender equality is to promote reforms of public finance management:**
 - An increasing number of countries are moving towards a system of budgeting by objectives. Linking resources to objectives provides a better opportunity for gender equality to be included.
 - A major challenge here is that these are ambitious reforms that require time to be implemented, especially in countries where budgetary systems are weak.

Conclusion:

- Integrating gender equality in budget support is a complex process. It is political and technical and takes time to bear fruits. Thus, it may not be spectacular. Still, it is our conviction that it is the right way to proceed, as it:
 - First, allows to work throughout the policy process, from policy formulation to implementation and evaluation, including gender equality;
 - Second, it encourages ownership by all stakeholders in society, including women, when consultation and representation are a genuine part of the process.
- I hope the present conference will offer additional perspectives on this, and on others.

I thank you for your attention.

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