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# GRPFM–6

## Tracking Budget Expenditure for Gender Equality

### Guiding question

Does the government have the capacity to track gender equality–related expenditure?

### Description

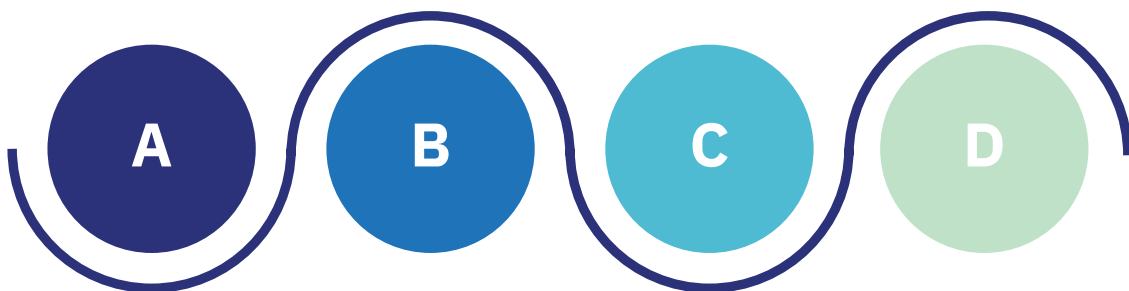
This indicator measures the government’s capacity to track expenditure for gender equality throughout the budget formulation, execution, and reporting processes. There is one dimension for this indicator.

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### Dimension and scoring

#### GRPFM–6.1 Tracking budget expenditure for gender equality

##### Minimum requirements for scores



Expenditure is tracked against budget allocations that are specifically classified in the government’s chart of accounts as being associated with targeted gender outcomes.

Expenditure is tracked during budget execution against specific budget line items or program appropriations which the budget or planning process associated with targeted gender outcomes.

Relevant budget line item or program expenditure is mapped ex post to specific gender outcomes.

Performance is less than required for a C score.

### Related PEFA indicators or dimensions

PI–4 Budget classification

### Coverage

Budgetary central government

### Time period

Last completed fiscal year

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## Measurement guidance

Gender responsive public financial management is built on the premise that public spending can be used as an instrument for achieving gender equality. To have significant impacts on men and boys, women and girls, and different subgroups of these categories, public spending must be budgeted and disbursed for activities that help to achieve these desired impacts.

**It is therefore important that resources planned to promote gender equality are actually disbursed, that there is a way to track those resources, and that no major adjustments are made to allocations that are not authorized by the legislature.**

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The capacity to track expenditure in line with the budget proposal is important from the governance and accountability perspective, as it gives the assurance that resources are being used for the purposes intended. From a GRPFM perspective, this means that resources spent reached the targeted genders or subgroups of men and women and provided them with meaningful benefits.

In order to understand the impacts of public spending on gender equality, tracking of expenditure should focus not only on budget policies that are explicitly labeled as such (examples include expenditure allocated to the national gender machinery, such as the Ministry of Gender, or expenditure allocated to addressing gender-based violence) but also on policies that are provided to the general public but target a specific gender (for example, a project focusing on decentralization and local governance that has a specific objective to strengthen women's participation in decision making at the local level).

**Therefore, budget expenditure targeting gender equality can be grouped in the following ways:<sup>18</sup>**

- 1 Specific gender-related equal opportunity programs (public expenditure focusing on paid maternal leave, subsidized child care to allow women to work, a program designed principally to prevent or respond to gender-based violence, a program to educate and mobilize men and boys to become advocates against gender-based violence in their community, a program to improve girls' access to and performance in education, with the main objective of empowering women and girls and reducing inequalities between boys and girls, men and women)

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<sup>18</sup> The categorization has been adopted based on Birchall and Fontana (2015); OECD (2016); Sharp (2003).

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- 2 General public services targeted specifically at or used mostly by a specific gender (programs to support high-technology start-ups with specific initiatives to support women tech entrepreneurs, an investment project to construct a new metro line that seeks to improve women’s use of the transport system by providing secure street lightning around stations)
  - 3 General public services that operate without a specific focus on gender or gender equality (a program to support local farmers’ access to microcredit to purchase agricultural inputs such as pesticides or fertilizers that does not address gender biases in access to and over agricultural inputs, a program targeting youth unemployment that does not address marginalization of migrant boys).

**The first two categories of budget expenditure targeting gender equality are in principle easier to track than the last one, which requires more knowledge of the programs themselves as well as their outputs, outcomes, and impacts and more knowledge about gender equality and policies that can support its achievement.**

Countries with a robust budget classification system can capitalize on such a system to track budget expenditure throughout the budget’s formulation, execution, and reporting cycle. Embedding the classification in the government’s chart of accounts (the accounting classification) ensures that every transaction can be not only presented in the annual budget proposals but also reported in accordance with any of the classifications used (administrative, economic, functional, program) in the government’s in-year budget reports and annual financial reports. If this embedding is done at the budget line item or program code level, those budget line items or program codes could be “tagged” to give an overall understanding of expenditure targeting gender equality. All tagged items should be monitored by the Ministry of Finance to ensure that monitoring of such expenditure is part of the budget process and not a separate institutional mechanism. Score B in the calibration for this indicator presented above assumes that “tagging” is done ex ante, while for score C this is done ex post.

**Countries can also identify and track their resources as part of an ex post exercise led by the Ministry of Finance or budgetary units. The following case study of Italy is one such example.**

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### Box 3.7 Tracking gender equality expenditure in Italy

In Italy, the Ministry of Finance requests that budgetary units classify each budget subchapter (Italy has a program-based budget with actions, chapters, and subchapters) according to the following categories:

- Expenditures “aimed at reducing gender inequalities” that relate to measures directly attributable to, or aimed at, reducing gender inequalities or promoting equal opportunities (women's entrepreneurship funds, female employment incentives, life-work balance measures)
- Sensitive” expenditures that relate to measures having a different impact on men and women (expenditure on school education)
- “Neutral” expenditures that have no effect on gender (interest and debt repayments, acquisitions of financial assets, depreciation, royalties and utilities, funds to be distributed that have no clear gender purpose).

The reclassification is carried out by each budgetary unit because they have hands-on knowledge of the activities carried out. If the expenditures made on a specific subchapter are of mixed categories, the Ministry of Finance asks which percentage of the expenditure underlying each subchapter can be considered neutral, gender sensitive, or aimed at reducing gender inequalities. The expenditure for permanent staff (salaries) is not included in this exercise.

More precisely, the Ministry of Finance makes two requests of budget units:

- Asks them to examine their budget and classify all of their spending by identifying whether the aim of that expenditure is to reduce a well-known gender gap (for example, because the enabling law for that expenditure says so). This, of course, ends up in a small portion of the total. For all other expenditure items, the Ministry of Finance proceeds roughly as follows: if the budget item concerns an expenditure to provide direct services to individuals, this should be considered “gender sensitive” unless the contrary can be proved; if the budget item concerns intermediate consumption for the ordinary functioning of the department, the department has to indicate whether it was used to support initiatives to reduce gender disparity (including, for example, missions to conferences on this subject, training seminars for staff on this issue, kindergarten for staff children). The idea is to break up the budget into different pieces and to have the departments answer real questions about the purpose of their expenditure. An abundance of information is attached to each line item in the Italian budget, including various levels of functional classification, various levels of economic classification, connection of each budget item to enabling law, and access to database of all payments made.
- Asks them, by means of a lengthy questionnaire, to explain which initiatives or projects carried out during the year were aimed at reducing gender gaps, to describe them, and to provide, where possible, information on the rationale and beneficiaries and evidence on the impact.

The Ministry of Finance compares findings from these two activities and proposes additional analysis that might clarify the gender impacts of expenditure proposals.

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**Source:** Ministry of Finance of Italy

### Box 3.8 Tagging gender equality expenditure in Indonesia

Since 2010, the budget circular in Indonesia requires each echelon 1 (the highest unit within the ministry/state agency organization) to formulate and present the gender budget statement. All budget documentation needs to be accompanied by both budget tagging and gender budget statement. The gender budget statement needs to include a summary of the current situation from gender perspective, budgets measured, outputs to be produced, and outcomes achieved. The table below presents allocations tagged for gender in fiscal year 2018 (in IDR billion).

Line Ministry	Ministry Indicative Ceiling	GRPFM Allocation	GRPFM Ratio (%)
010 Ministry of Home Affairs (MOHA)	3,116,30	34,59	1,11
015 Ministry of Finance (MOF)	45,682,20	9,78	0,02
020 Ministry of Energy and Natural Resources	64,971,00	8,69	0,01
022 Ministry of Transportation	48,187,60	16,556,81	34,36
024 Ministry of Health	60,091,30	201,97	0,34
029 Ministry of Forestry and Environment	8,025,60	34,31	0,43
033 Ministry of Public Works and Housing	106,411,20	117,22	0,11
044 Ministry of Cooperatives and SME	944,60	2,70	0,29
059 Ministry of Communication and Information	4,922,90	1,33	0,03
063 State Agency on Food and Medicines Oversight (BPOM)	2,173,70	55,17	2,54
068 State Agency on Family Planning (BKKBN)	5,544,80	1,309,54	23,62
103 State Agency on Disaster Management (BNPB)	749,40	38,52	5,14
104 State Agency on Placement and Protection of Indonesian Migrant Workers (BNP2TKI)	396,20	0,24	0,06
<b>TOTAL</b>	<b>351,217</b>	<b>18,371</b>	<b>5,23</b>

Indonesia tracks gender responsive budget allocations to understand if budget allocations match budget outturns. This means that outputs that are considered as gender responsive, are marked (tracked) in the accounting system and are available and registered within the annual programs and in budget documentation. Therefore, these two budget documents contain details of expenditure measures aiming to improve gender equality.

The tagging system, however, has its deficiencies. For example, tagged amount is often higher than actual expenditure for gender equality which can distort calculations of total amount designated to gender equality. This is because the tagging is done at the output level while gender consideration – as an input or activity or sub-component – is at a lower level. Hence exact cost plans and later actual expenditures are in many cases less than the amount of tagged budget allocations.