



# PEFA ASSESSMENT OF GENDER RESPONSIVE PUBLIC FINANCIAL MANAGEMENT

## INDONESIA

---

Jakarta, June 2020



Foreign Affairs, Trade and  
Development Canada



European Union



Swiss Confederation



WORLD BANK GROUP

# CONTENTS

List of Abbreviations and Acronyms .....	4
Preface .....	5
Country Context .....	6
Indonesia’s Journey towards Gender Equality.....	8
Assessment of Gender Responsiveness of PFM Systems .....	10
Main Findings of the PEFA GRPFM Assessment.....	12
Detailed Findings of Gender Responsiveness of PFM .....	13
Conclusions and Way Forward for GRPFM in Indonesia .....	28
Annex 1. Comparison of Overall PEFA and PEFA GPFM Assessment .....	32
Annex 2: Role and Responsibilities of Three Key Drivers of Gender Responsive Budgeting.....	34
Annex 3. Data sources for the PEFA GRPFM Assessment.....	35
Annex 4. List of persons interviewed .....	36
Annex 5. Gender sensitive procurement.....	37
List of Figures	
Figure 1: Indonesia’s performance in Global Gender Gap Index, 2018.....	6
Figure 2: Gender Responsive Policy – The Stakeholders at National Level .....	9
Figure 3: PEFA GR PFM Tools/ Indicators .....	13
Figure 4: Indonesia GR PFM Assessment.....	14
List of Tables	
Table 1: Budget Allocation in Ministries with Service Delivery Programs with Sex-disaggregated Data.....	21
Table 2: Allocations tagged for gender in 2018 (in IDR Billion).....	23



REPUBLIC OF INDONESIA

PEFA Gender Responsive Public Financial  
Management Assessment 2020

---

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat

June 15, 2020

## List of Abbreviations and Acronyms

<b>AGA</b>	Autonomous government agencies
<b>AIPEG</b>	Australia Indonesia Partnership for Economic Governance
<b>ASN</b>	Annual Strategy Note
<b>Bappeda</b>	<i>Badan Perencanaan dan Pembangunan Daerah</i> (Local Planning and Development Agency)
<b>Bappenas</b>	<i>Badan Perencanaan Pembangunan Nasional</i> (National Planning and Development Agency)
<b>BCG</b>	Budgetary Central Government
<b>DG</b>	Directorate General
<b>DIPA</b>	Daftar Isian Penggunaan Anggaran (Budget Document)
<b>DPR</b>	Parliament
<b>GAP</b>	Gender Analysis Pathways
<b>GBS</b>	Gender budget statement
<b>GOI</b>	Government of Indonesia
<b>GRB</b>	Gender responsive budgeting
<b>GRPB</b>	Gender responsive planning and budgeting
<b>IG</b>	Inspectorate General
<b>K/Ls</b>	Line ministries
<b>KMK</b>	Decree of Minister of Finance
<b>KPA</b>	Key process area
<b>KPIP</b>	The Committee for Acceleration of Priority Infrastructure Delivery
<b>LKKL</b>	Ministry/institution financial report
<b>LKPP</b>	National public procurement agency
<b>LPSE</b>	<i>Layanan Pengadaan Secara Electronic</i> (Electronic procurement services)
<b>MOWECP</b>	Ministry of Women's Empowerment and Child Protection
<b>Musrenbang</b>	<i>Musyawarah Perencanaan Pembangunan</i> (Development and Planning Consultation)
<b>PEFA</b>	Public Expenditure Financial Accountability
<b>PUG</b>	<i>Pengarusutamaan Gender</i> (Gender Mainstreaming)
<b>PPRG</b>	<i>Perencanaan dan Penganggaran Responsif Gender</i> (Gender Responsive Planning and Budgeting)
<b>PPP</b>	Public-Private Partnership
<b>RPJMN</b>	National Medium-term Development Plan
<b>RKA/KL</b>	Line Ministry Annual Work Plan and Budget
<b>SAI</b>	Supreme Audit Institution or <i>Badan Pemeriksa Keuangan</i>
<b>Tupoksi</b>	<i>Tugas Pokok dan Fungsi</i> (main role and responsibilities)

## Preface

The Public Expenditure and Financial Accountability (PEFA) assessment of Gender Responsive Public Financial Management (PFM) Budgeting (GRPFM) was conducted by a World Bank team based in Indonesia during September-October 2019. The assessment team was led by Ms. Romawaty Sinaga (Public Sector Specialist) and included Ms. Maja Bosnic, PFM and Gender Responsive Budgeting (GRB) Expert; Mr. Arun Arya, Senior Public Sector Management Specialist; Mr. Hari Purnomo, Senior Public Sector Specialist; and, Cut Dian Agustina, Economist. Ms. Corry Huntangadi, Program Assistant, provided logistic support to the assessment team. The assessment was funded by the Indonesia Public Finance Management (PFM) multi-donor trust fund (MDTF), financed by the European Union, and governments of Canada and Switzerland, and managed by the World Bank.

The result of this PEFA GRPFM Assessment will help the government prepare a comprehensive GRPFM Roadmap for Indonesia to help the country reduce its 'gender gaps' and foster gender equality through government's revenue and expenditure policies. Once the GRPFM roadmap is approved by the government, resources under PFM MDTF III will be used to support its implementation between July 2020-June 2024.

The assessment team would like to thank the government ministries and agencies for their excellent cooperation and support in conducting this assessment. The team is specifically thankful to the officials of the Directorate of Family, Gender, Child, Youth and Sport in Bappenas; Directorate of Budget System, under DG Budget, Fiscal Policy Agency, and Bureau of Planning and Finance in the Ministry of Finance; Secretariat of Gender Working Committee of Ministry of Public Works and Housing; Ministry of Women Empowerment and Child Protection, Embassy of Canada, The Indonesia-Australia Partnership Program in Economic Governance - Prospera; and Pattiro, an Indonesia-based NGO working on budget.

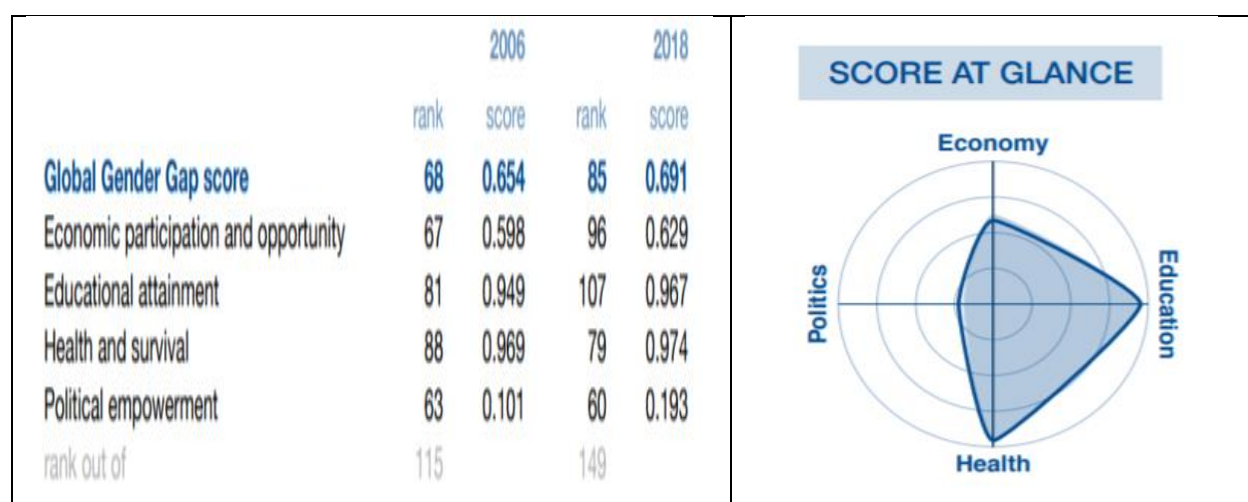
The data sources referred to in the assessment and the full list of interviewees are attached as Annex 3 and Annex 4 of this report respectively.

## Country Context

Indonesia is the world's largest archipelago and fourth most populous nation, tenth-largest economy in purchasing power parity terms. It is one of the most socially, economically and culturally diverse countries in the world. Among its 231 million inhabitants, 49.76% are women, which are in a highly disadvantaged position vis-à-vis men. Although many Indonesians have moderate ideas on gender equality and women's liberty, their view on patriarchy persists as well as significant percentages of early marriage, polygamy, forced divorce, illegal marriage, and female circumcision

The country is facing a gender gap challenges. It is ranked 85th out of 149 countries surveyed in the Global Gender Gap Index in 2018, and its overall global gender gap score has not significantly improved since 2006. The gender gap in political empowerment is most predominant with a score of only 0.193, followed by economic participation and opportunities with a score of 0.629. In the East Asia and Pacific region, Indonesia is ranked lower than Philippines (ranked 8<sup>th</sup>) and Lao PDR (ranked 6<sup>th</sup>)<sup>1</sup>.

Figure 1: Indonesia's performance in Global Gender Gap Index, 2018



The Gender Gap in Indonesia remains large despite its strong legal and regulatory framework that broadly supports gender equality. The Constitution protects equal rights for both men and women in various areas of economy, society, law and politics. The Marriage Law of 1974 defines equal marriageable age for both men and women. The Labour Law No.13/2003 provides rights for both maternal and paternal leaves. Law No. 32/2004 on Decentralization makes women empowerment as one of obligatory functions of subnational governments. Law No. 23/2004 on Elimination of Domestic Violence provides definition, protection and punishment for domestic violence. Law No. 39/2004 on Protection of International Migrant Workers provides equal protection to both men and women. Law No. 12/2006 provides civil rights for children in case of marriage of international migrant workers. Law No. 10/2008 stipulates minimum 30 % of woman representation in parliament.

The World Bank's Human Capital Index (2018) ranked Indonesia as the 85<sup>th</sup> of 157 countries. The 0.53 score suggests that Indonesian worker of the next generation will only be 53% as productive as she or he

<sup>1</sup> The Global Gender Gap Report 2018, World Economic Forum

could be under the benchmark of complete education and full health<sup>2</sup>. This quality is certainly far below its neighbors such as Singapore, Malaysia, Thailand and Philippine. Indonesia is only slightly better compared to smaller less-developed countries such as Cambodia, Laos or East Timor<sup>3</sup>.

Similarly, as per government statistics published in 2018, the Human Development Index<sup>4</sup> for women is 68.83 in comparison to 75.43 for men, which means that women live in worse health, education and standard of living conditions.

Although Indonesia has significantly invested in human capital (particularly education and health) over the past few years, it is not yet following the typical transition pathways that translate into improved gender equality. Men and women do engage with and experience public services differently. Theoretically, improvements in human capital lead to improved female labor force participation and productivity. In 2019, Indonesia's female labor force participation (FLFP) was only around 52% (relatively constant in the past two decades) while male labor force participation (MLFP) is at 82%<sup>5</sup>. This means that only half of the female working-age population participating in the labor market and have income. Open unemployment for women is 6.7 % compared with 5.7 % for men.

The stagnant low female labor force participation is due to several factors. First, *social norms*, which imply that breadwinning responsibility lies on men and that women's primary role is taking care of the household and children. Women is perceived to have only supplementary income generating role mainly in family business and in taking care of household which are unpaid works. Second, lack of flexible work arrangement and limited childcare options for women who work hinder women to participate in the labor force. Thirdly, *limited access to finance*. The gender gap in access to credit is a recognized phenomenon,<sup>6</sup> and Indonesia is not an exception. While women own more than half of MSMEs, only 13 percent of women-owned firms have accessed a loan from formal financial institutions, compared to 56 percent for their male counterparts.<sup>7</sup> Third, *access to resources, networks and markets*. In addition to the challenge of accessing credit, globally<sup>8</sup> there is evidence that most of the non-financial barriers affecting women-owned SMEs occur at the startup stage of the business life cycle, when limited awareness/knowledge and social networks can impact women's ability to seek services that can realize the growth potential of their enterprises.

The ratio of women holding manager's position is only 29 % in comparison to 71 % for men and women's representation in parliament is only 17.3 % in comparison to 82.8 % for men. According to a report by the Central Statistics Agency, over 33 % of women, aged 15 to 64 years old, had experienced physical and/or

---

<sup>2</sup> A girl born in Indonesia today will be 55 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Similarly, a boy born in Indonesia today will be 53 percent as productive when he grows up as he could be if he enjoyed complete education and full health.

<sup>3</sup> The World Bank Human Capital Index Project (2018)

<sup>4</sup> The **Human Development Index (HDI)** is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. The social and economic dimensions of a country are based on the health of people, their level of education attainment and their standard of living.

<sup>5</sup> Gender Equality for Growth: the World Bank Country Gender Assessment (forthcoming, 2020)

<sup>6</sup> IFC (2014) "Women-owned SMEs: a business opportunity for financial institutions - a market and credit gap assessment and IFC's portfolio gender baseline"

<sup>7</sup> Tambunan, T. (2019). Recent evidence of the development of micro, small and medium enterprises in Indonesia. *Journal of Global Entrepreneurship Research*, 9(1), 18.

<sup>8</sup> Access to Trade and Growth of Women's SMEs in APEC Developing Economies." The Asia Foundation, Jakarta

sexual violence in their lifetime<sup>9</sup>. Average time spent by women in school is 7.7 years in comparison to 8.6 years for men. Although the overall illiteracy rate has declined annually, the literacy rate among females (89.6%) is lower than that for males (95.6%).

While Indonesia's maternal mortality rate (MMR) has decreased significantly over the past two decades, the rate at present remains high, standing at 126 per 100,000 live births (World Development Indicators (WDI) 2015). This is significantly higher than the Millennium Development Goal (MDG) target of 102 per 100,000 live births and the average rate recorded by developing countries in the EAP (63) and by upper middle-income countries in general (55) (WDI 2015). In part, the high MMR can be attributed to the low quality of and level of access to basic and comprehensive obstetric care.<sup>10</sup> While the participation of women in wage employment has increased (51.89%) along with their wage levels, the average wage of women is only 78% of the wage of men.

## Indonesia's Journey towards Gender Equality

**Indonesia has long established a separate ministry to deal with gender issues.** The government had established the State Ministry for Women's Empowerment already in 1978, which is now called the Ministry of Women's Empowerment and Child Protection (MOWECP) or Kementerian Pemberdayaan Perempuan dan Perlindungan Anak (Kemenpppa and National Commission for Women's Rights (Komnas Perempuan)<sup>11</sup>.

**The core mandate of MOWECP is to perform the state role and function in areas of women empowerment and child protection.** Among its four-core mandate (*tupoksi*), this ministry is responsible to (i) formulate and stipulate policies in the field of women's empowerment and child protection; and (ii) lead the role of coordination and synchronization of policies in the field of women's empowerment and child protection as now appear in RPJMN for 2014-2019. Komnas Perempuan has a mandate to create conducive conditions for the elimination of all forms of violence against women and enforcement of women's human rights in Indonesia.

---

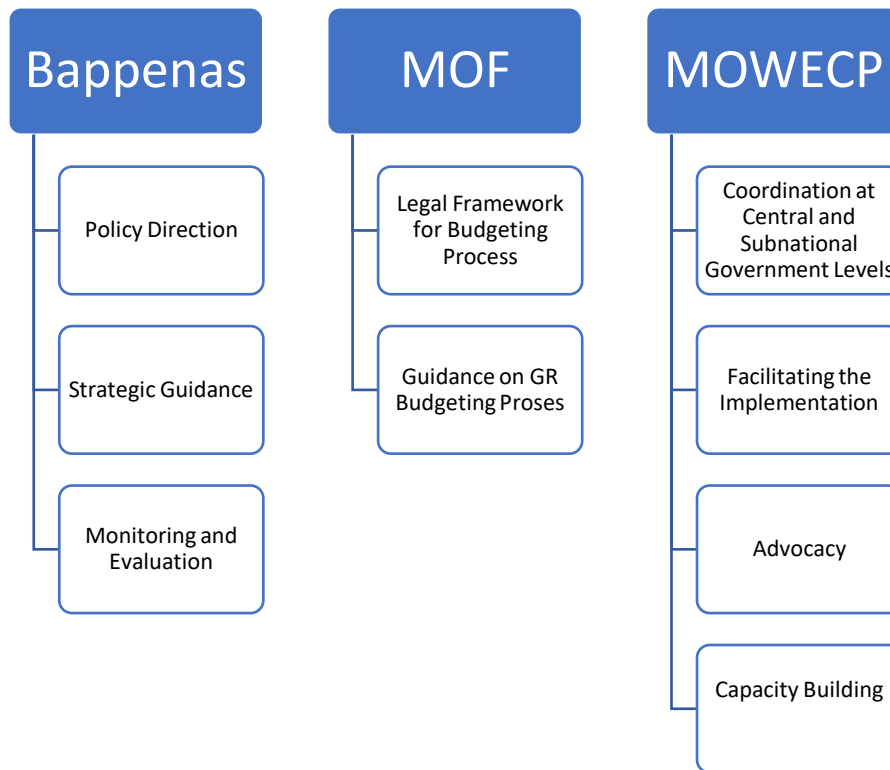
<sup>9</sup> The nationwide survey, Indonesia Women's Empowerment and Child Protection Ministry, carried out by the Central Statistics Agency, with assistance from UNFPA, 2019

<sup>10</sup> The WB Indonesia, Country Gender Action Plan, 2017-2020

<sup>11</sup> *Laporan Independen Lembaga Nasional Hak Asasi Manusia tentang 25 Tahun Pelaksanaan Kesepakatan Global Beijing Platform for Action (BPfA+25) Di Indonesia disampaikan kepada Commission on the Status of Women (CSW)*, Sept 2019, available in [https://www.komnasperempuan.go.id/file/Laporan%20Independen%20Komnas%20Perempuan%20BPfA+25%20\(1\).pdf](https://www.komnasperempuan.go.id/file/Laporan%20Independen%20Komnas%20Perempuan%20BPfA+25%20(1).pdf)



Figure 2: Gender Responsive Policy – The Stakeholders at National Level



It is important to note that the Government of Indonesia started to work on a Bill on Gender Equality to promote: 1) affirmative actions in education, economic, politics and labor; 2) monitoring the implementation of gender equality; and, 3) policy implementation and report on gender equality.<sup>12</sup> This Bill is among the government strategies to address the gender gap. It has undergone several changes since then but there has been a delay in its passage mainly because it is related with other existing laws such as civil law, manpower law and marriage laws, which are also being revised and the finalization of gender equality law is subject to adoption of the proposed revisions in those laws<sup>13</sup>.

**Government of Indonesia’s strategy of enhancing gender equality rests upon gender mainstreaming in national development.** In 2000, the President issued its instruction (Inpres No. 9 / 2000) on Gender Mainstreaming in National Development. Accordingly, since 2000, the Government of Indonesia has continuously promoted gender mainstreaming in Public Finance Management System (PFM) - from planning to budgeting to execution to accounting to reporting to evaluation.

**A National Strategy to Accelerate Gender Mainstreaming through Gender Responsive Planning and Budgeting (GRP) was launched in 2012.** The Strategy was jointly issued by four

<sup>12</sup> Country gender profile: Indonesia, Final report, JICA, 2011

<sup>13</sup> In late 2019, the government finalized and submitted the draft to the parliament. It is already included in the 2019-2024 National Legislation Program. In the meantime, the government will continue to finalize and issue the presidential regulation on the implementation of Gender Responsive Budgeting.

ministries which are recognized as the four drivers of gender mainstreaming: Ministry of Finance (MOF), the Ministry of Women Empowerment and Child Protection (MOWECP), Ministry of Home Affairs (MOHA), and the Ministry of National Development (Bappenas). These ministries have been actively facilitating the implementation of GRPB in both central and local governments in accordance with their mandate, role and responsibility (*tupoksi*). The *tupoksi* of each driver is further detailed in Annex 3.

**The institutionalization of GRPB in Indonesia was started with the issuance of Ministerial Decree of the Minister of National Development Planning<sup>14</sup> in 2009 and the Minister of Finance Regulation regarding the procedure of Annual Work Plans and budget submission for the ministries and government agencies in 2009<sup>15</sup>.** It was stipulated in these regulations that the designated ministries and government agencies must implement GRPB by conducting gender analysis of their work plan and budget, and subsequently provide a Gender Budget Statement (GBS). These decrees were updated every year. In the center of the National Strategy for GRPB is the requirement for the ministries and agencies to do a gender gap analysis and tag the allocation of funds in their work plan and budget that would address those gaps and contribute to gender equality. Government ministries and agencies are required to produce a Gender Budget Statement (GBS), specifying specific activities and measures to address gender gaps defined in their analysis.

**In addition to the legislative and institutional framework described above, the work towards gender equality in Indonesia is supported by development partners and donor organizations.** UN Women, the World Bank, and other development partners such as governments of Norwegian and Canada have all provided support to Indonesian government and non-governmental sector in addressing persistent gender gaps.

## Assessment of Gender Responsiveness of PFM Systems

**While the government has promoted gender mainstreaming in PFM since 2000, there has been no formal assessment to evaluate its actual implementation.** An assessment of gender responsiveness of public financial management (PFM) systems in Indonesia, as written in this report, has been done for the first time by the World Bank team using the PEFA supplementary framework for assessing gender responsive public financial management (GRPFM) – the *PEFA GRPFM framework*. It is a set of supplementary questions that builds on the Public Expenditure and Financial Accountability (PEFA) framework to collect information on the degree to which a country's PFM system is gender responsive. The supplementary GRPFM questions are aligned with the existing PEFA framework<sup>16</sup> for assessing the performance of PFM systems in regard to their being gender responsive. The purpose of this PEFA GRB assessment is to provide a benchmark of performance of PFM systems of the central government,

---

<sup>14</sup> Ministerial Decree of the Minister of National Development Planning (Kep. 30 / M.PPN/ HK/03/2009)

<sup>15</sup> Minister of Finance Regulation No. 119/PMK.02/2009 (Rencana Anggaran Kementerian / Lembaga – RKA K/L) (<https://jdih.kemenkeu.go.id/fullText/2009/119~PMK.02~2009Per.htm>)

<sup>16</sup> The PEFA framework assesses the status of a country's public financial management. It measures the extent to which PFM systems, processes, and institutions contribute to the achievement of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. PEFA identifies seven key pillar of PFM performance (i. Budget reliability; ii. Transparency of public finances; iii. Management of assets and liabilities; iv. Policy-based fiscal strategy and budgeting; v. Predictability and control in budget execution; vi. Accounting and reporting; and vii) External scrutiny and audit) spread throughout the budget cycle.

highlighting where progress has been made, and identify opportunities to make country PFM systems and its institutions<sup>17</sup> more gender responsive. The purpose of the assessment is not to determine the impact of PFM in closing gender gaps but instead to determine to what extent are PFM systems, processes, and institutions responsive to different needs of recipients of public services disaggregated by gender. A field mission was launched in September 2019, which was followed up by consultation meetings with government agencies and desk review of documents. This assessment does not cover the implementation of GRB by the sub-national governments.

**The PEFA GRPFM framework is shaped by the recognition that closing gender gaps requires PFM institutions, systems, and processes that are cognizant of gender needs, and impacts on gender, throughout the budget cycle:** from planning and design of budgetary policies that promote gender equality; to the allocation of resources to implement them; to tracking resources to ensure that adequate resources are allocated and policies are implemented as intended; to monitoring and evaluation of the efficiency and effectiveness of policies including their impacts on gender and gender equality.

**The PEFA GRB Framework also acknowledges that the good PFM system is not the only instrument that contributes to closing gender gaps, but that only in synergy with other instruments it can contribute to this goal.** This process clearly recognizes that the effective application of GR PFM shall depend on skills and capacities of all institutions involved, not just the ministry of finance. Implementation of effective GR PFM indeed requires engagement of other agencies including but not limited to planning ministries, sectoral ministries (at least those with mandate to delivery basic service delivery), evaluation and audit institutions as well as judiciary body.<sup>18</sup>

**Gender responsive PFM system ensures that gender equality becomes an integral part of fiscal and budgetary decision making.** It entails that PFM can contribute to closing gender gaps that exist in development outcomes as well as in economic, social, and political participation opportunities. The application and tools for GRB vary and depend on the approach the country decides to take.

**The PEFA GR PFM Assessment in Indonesia is the fourth pilot of the PEFA GR PFM Framework, after Antigua and Barbuda, St Lucia, and Ukraine.** It is important to note that the purpose of PEFA GR PFM assessment is to provide a snapshot and not a detailed report on gender responsive budgeting in Indonesia, nor assessment of its contribution to gender equality outcomes. Therefore, this report provides a brief overview of the existence and characteristics of GRB institutions, systems, and processes, and highlights the opportunities to make the PFM more gender responsive. This assessment provides a baseline for future evaluations and a basis for dialogue on improving the implementation of GRB and other work towards more gender equal budget and other practices in Indonesia.

---

<sup>17</sup> The machinery includes the institutions outside ministries responsible for gender responsive budgeting and other institutions and instruments that enable effective monitoring and evaluation as well as reporting

<sup>18</sup> *Laporan pengkajian hukum tentang optional protocol cedaw terhadap hukum nasional yang berdampak pada pemberdayaan perempuan* (2007), available in [https://www.bphn.go.id/data/documents/optional\\_protocol\\_cedaw\\_terhadap\\_hukum\\_nasional\\_yang\\_berdampak\\_pada\\_pemberdayaan\\_perempuan.pdf](https://www.bphn.go.id/data/documents/optional_protocol_cedaw_terhadap_hukum_nasional_yang_berdampak_pada_pemberdayaan_perempuan.pdf), page 13

## Main Findings of the PEFA GRPFM Assessment

**The assessment demonstrated that Indonesia has a solid regulatory framework for GRB, as well as established institutional mechanisms.** The solid framework has been established, underpinning the implementation of GRB and requirement for all ministries to select their outputs relevant for gender equality, tag them and analyze them from gender perspective, and develop a gender responsive budget statement – a commitment document outlining measures to be implemented to close existing gender gaps. However, to date, GRB efforts have made limited impacts on making gender responsive budget allocations, and in closing gender gaps. As reported by the Komnas Perempuan, Indonesia continues to face gender challenges and gaps<sup>19</sup>.

**The assessment found that Indonesia uses several tools to integrate gender consideration in the budget process: gender responsive budget circular and budget documentation, Gender Budget Statements, and tracking of budget expenditure for gender equality.** However, despite having gender responsive budget circulars and documentation in place, there are no clear top-down directions from either the Ministry Finance or the MOWECP on how to design programs and activities that could lead to gender equality. There are no sufficient capacities and understanding of gender analysis of outputs within the line ministries. In addition, Indonesia has not yet established a system for evaluating the quality of gender analysis on which GRB Statements are being developed. There is also a lack of monitoring system to check the consistency of plan and realization of gender-related outputs and outcomes at different line ministries and agencies. The Planning and Budgeting Bureaus under each line ministry are tasked to review the budgets prepared by spending units, but they are not ensuring that each spending unit has tagged its outputs to gender and how the tagged outputs would contribute to gender equality. Therefore, despite being able to tag outputs that could contribute to closing gender gaps, there is no system established to ensure that adequate number of quality outputs have been planned and tagged to significantly contribute to closing gender gaps.

**Capacities of all institutions engaged in GRPFM work need to be strengthened - from key driver institutions that need improved capacities to lead and monitor the GRPFM work, to all ministries and agencies to carry out gender analyses of their programs and activities in budget and monitor their impact on gender equality.** There is also a need to collect more sex disaggregated information and use it as a basis to inform budget decisions and for spending units to prepare and execute budget. The assessment found that while several sectoral ministries like Education and Health report the performance of their service delivery by sex disaggregated information; however, neither their performance reports nor their annual financial reports show them. In addition, there is a need for clear guidance on the objectives of GRB work in ministries. Acute capacity limitation exists also with all the four key driver ministries to fully implement the GRB. In the interview process in the assessment, it has been often highlighted that setting clear objectives of GRB tagging would improve the results of the GRB work. There is no system of incentive/disincentive for tagging/ not tagging outputs to gender equality or improving the number and quality of outputs from gender perspective.

**The PEFA GRPFM Assessment also showed that there is a room for further improvement to ensure that gender considerations are being addressed in different PFM processes,** such as public investment management and public procurement management that are currently gender-blind and can benefit from including consideration of gender implications in the implementing regulations and

---

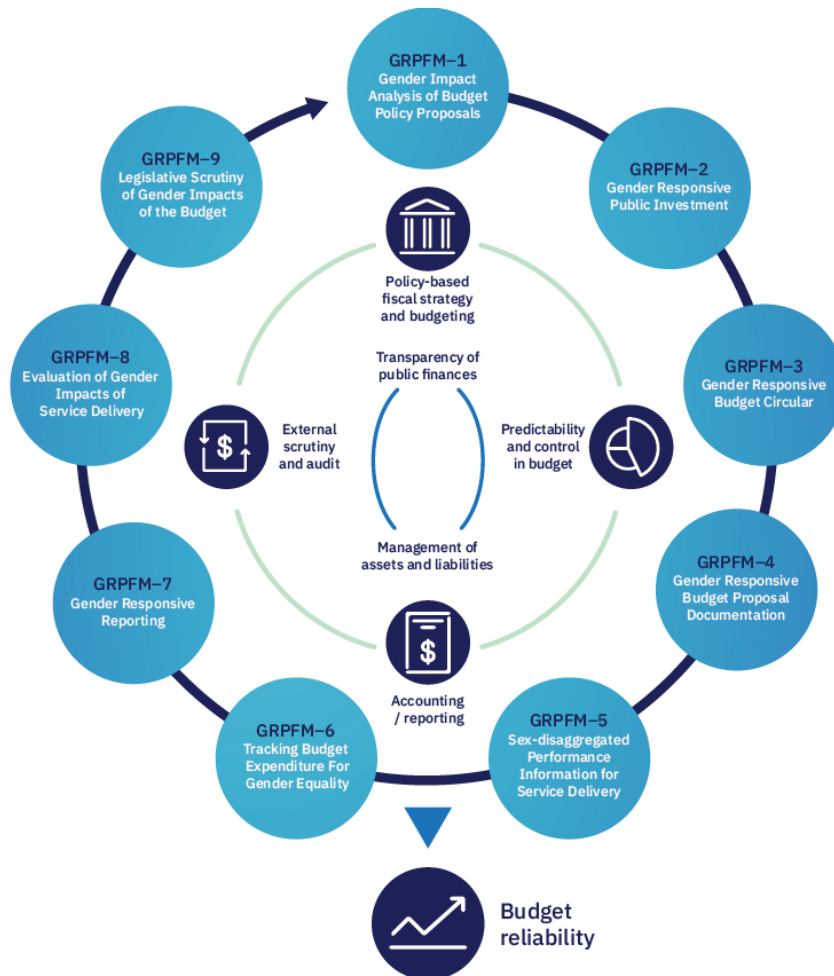
<sup>19</sup> “Laporan Independen”

documentation. In addition, legislative processes related to budget oversight rarely include discussions on gender implications of budget execution and audit reports.

## Detailed Findings of Gender Responsiveness of PFM

The PEFA GRPFM uses the following 9 public financial management institutions, processes, and systems – PFM tools/ indicators – across the budget cycle that governments can use to promote gender equality and women’s empowerment as impact of its programs and services for men and women.

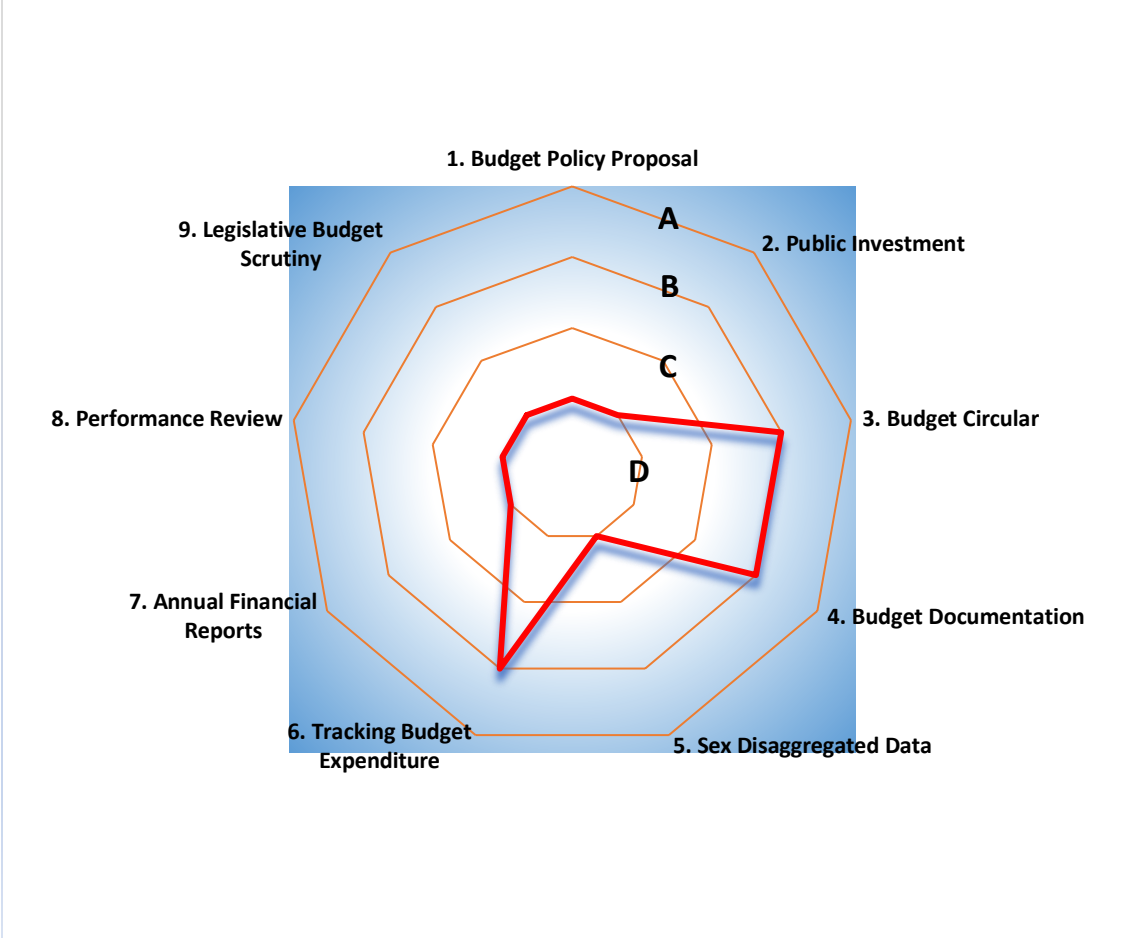
Figure 3: PEFA GR PFM Tools/ Indicators



The PEFA GRPFM Framework is based on a set of supplementary questions built in the PEFA framework. The questions mapped to selected PEFA indicators are assessed on a four-point ordinal scale from D to A, in line with the PEFA framework. To justify a score, every aspect specified in the scoring requirements must be fulfilled. A score ‘D’ means that gender considerations are not included in the relevant PFM institution, processes, or system; or performance is less than required for a ‘C’ score. A score of ‘C’ means that initial efforts have taken place to mainstream gender equality analysis in the relevant PFM

institution, process, or system. A score 'B' means that gender equality analysis is partially mainstreamed in the relevant PFM institution, processes, or system. A score 'A' means that gender equality analysis is mainstreamed in the relevant PFM institution, processes, or system. The summary of the assessment result for Indonesia GR PFM is presented in below graph.

Figure 4: Indonesia GR PFM Assessment



## GRPFM#1: Gender impact of government policy proposals.

D

[Does the government’s analysis of proposed changes in expenditure and revenue policies include information on the impacts on gender?]

I.1. GENDER IMPACT ANALYSIS OF EXPENDITURE POLICY PROPOSALS

D

I.2. GENDER IMPACT ANALYSIS OF REVENUE POLICY PROPOSALS

D

Coverage: Central government.

Time period: Last three completed fiscal years

This question aims to understand whether there are any ex-ante gender impact evaluations, analyses, or assessments of expenditure policies to understand their envisaged impacts on men and women and subgroups of those categories. The aim is to improve the design of the policy under consideration, in order to prevent a negative impact on gender equality and to strengthen gender equality through better designed, transformative policies.

### GRPFM—1.1. GENDER IMPACT ANALYSIS OF EXPENDITURE POLICY PROPOSALS

The Fiscal Policy Agency in Indonesia assesses the impact of government expenditure policy proposals internally through consultation with different stakeholders. The analysis has the following structure: rationale/background of the policy, discussion/policy options, and recommendation for senior management consideration. In some cases, economic and social impact is included in analysis using computational general equilibrium model (CGE). However, the gender impact analysis of policy proposals is not done. Therefore, this sub-indicator is rated D.

### GRPFM—1.2. GENDER IMPACT ANALYSIS OF REVENUE POLICY PROPOSALS

The Fiscal Policy Strategy paper (*Pokok-Pokok Kebijakan Fiskal*) and the Financial note (*Nota Keuangan*) contain qualitative assessment of revenue policy proposals; however, gender is not included as a category of assessment. No major revenue or expenditure policy proposals in the past three years included gender assessment of their impact, even though Government introduced several new policies with major fiscal impact.

**Good practice example:** It shall be noted that there are examples of ex-post analysis of policies supported by development partners. Such is the example of Australia Indonesia Partnership for Economic Governance (AIPEG) that produced the paper on Gender and Income Tax in Indonesia in 2017. The paper provided a comprehensive review of income tax policies from gender perspective and showed the downside of existing taxation of family as a household unit. When it comes to taxing families, current income tax regulations are “not only confusing for taxpayers, they are also inequitable and riddled with gender bias”. As husband and wife are taxed together, there is a “secondary earner penalty” that discourages secondary earner, usually women, from engaging in the formal sector. By introducing progressive tax rates to individual earnings of husband and wife (as individual tax units), this

could possibly encourage female labor force participation.<sup>20</sup> This review has been presented to the Government, but no policy change took place until now.

If similar tax or other revenue/expenditure policies are considered for their impact to gender equality and gender relations in the preparation stage (ex-ante), it will ensure that adverse implications to gender equality are avoided.

In view of all above, this sub-indicator is rated D.

## GRPFM#2: Gender responsive public investment management

[Does the government carry out an analysis of the impacts of major public investment projects on gender as part of the economic analysis of investment proposals?]

D

Coverage. Central Government.

Time period: Last completed fiscal year.

This indicator measures the extent to which the robust appraisal methods, based on economic analysis, to conduct feasibility or prefeasibility studies for major investment projects, include the analysis of the impacts on gender. Public investments can serve as a key driver for economic growth. The effectiveness and efficiency of public investment can maximize its impact on the government's social and economic development objectives, including achieving gender equality. Different groups of men and women benefit differently from investment projects and it is therefore relevant that the government includes a gender perspective in economic analysis of major investment projects.

'Major' investment projects for this indicator are: 1) projects whose total investment cost is 1% or more of total annual budget expenditure, 2) projects among the largest 10 projects for each of the 5 largest central government units. This also includes investments implemented through public-private-partnerships (PPP).

The identification of the national investment project proposals to be funded through government budget in the National Medium-term Development Plan (RPJMN) is part of the national development consultations (*musrenbang*) based on guidelines issued by Bappenas. The Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) handles investment proposals for national priority projects, and the line ministries deal with rest. While there is an established Standard Operating Procedure for KPPIP, there are no such central guidelines for line ministries. The guidelines and technical procedures to conduct any analysis e.g. social or economic, for such investments is the responsibility of relevant ministries. For example, ministry of housing and public works is the relevant ministry to issue such guideline for any construction project. However, none of these guidelines include any consideration of gender. In the initial screening done

<sup>20</sup> Gender and Income Tax in Indonesia, Australia Indonesia Partnership for Economic Governance, 2017



by KPPIP, all aspects of the project proposals are evaluated based on 16 basic, strategic and operational criteria; however, none of them relates to gender implications of investment. It may be noted, however, that social impact assessment of projects is being continuously done, without seeing it through a gender lens.

In view of all above, this indicator is rated D.

### **GRPFM#3: Gender responsive budget circular**

[Does the budget circular(s) require budgetary units to include information on the impacts of their spending proposals on gender equality?]

**B**

Coverage: Budgetary central government.

Time period: Last completed fiscal year.

This indicator measures the extent to which the government's budget circular(s) is gender responsive.

The budget circular is the primary guidance from the ministry of finance to spending units for the preparation of budget submissions. The budget for the entire year (and relevant subsequent years for medium-term budget systems) should be covered by the guidance provided by the circular or circulars.

A gender responsive budget circular would include the requirement for spending units to provide justification and/or planned results on men and women and/or gender equality in the following:

- Proposed new spending initiatives, and
- Proposed reductions in expenditures.
- The GRPFM circular also requires budgetary units to include sex-disaggregated data for actual or expected results.

In Indonesia, budget circulars are comprehensive and issued in three rounds i) First Budget Circular on Indicative Ceiling issued jointly by Bappenas and the MoF at the end of March ii) Second Budget Circular on Budget Ceilings issued end of June iii) Final Circular on budget allocations prepared by the MoF and issued by the President in the form of presidential regulation on the detail of state budget (APBN) in November.

From 2010, Budget circulars and Finance Minister regulations regarding the procedure of Annual Work Plans and Budget Submission for the Line Ministries and Agencies (that are updated every year), contain a provision that “each echelon I (the highest unit within the ministry / state agency organization) shall formulate and present the Gender Budget Statement (GBS)”.

- Format for GBS suggests minimum information to be included in GBS as following: analysis of situation from gender perspective, output, budget, and outcome. Each GBS must be accompanied with Gender Analysis Pathway (GAP) that explains the situation, intervention and objective that the proposed activities plan to address.

- Gender Responsive Budgeting is among the strategic themes of the Medium-Term Development Plan (RPJMN) since 2004.

In the Finance Minister’s Regulation No. 142/2018 in 2018<sup>21</sup>, the format of Gender Budget Statement was provided in Appendix 3 (point 8), according to which, the line ministries were required to provide their analysis on the impact/result of their budget proposal on gender equality. It required that line ministries fill information on the “impact/result from the broader output being produced by an activity and shall be linked with the gender issues and any improvement toward the gender equality”.

Therefore, gender consideration is included both in current spending and new spending proposals.

In view of all above, this indicator is rated B.

<p><b>GRPFM#4: Gender Responsive Budget Documentation</b></p> <p>[Does the government’s published budget proposal documentation include information on gender priorities and budget measures aimed at strengthening GE?]</p>	<p><b>B</b></p>
--	-----------------

Coverage: Budgetary central government.

Time period: Last completed fiscal year.

The question aims to understand if government’s published budget documentation includes one of the following information: i) an overview of government’s policy priorities for improving gender equality; ii) budget measures aimed at promoting gender equality; and iii) assessment of the impacts of budget policies on gender equality.

Inclusion of additional gender specific elements helps the government to articulate its plans to implement gender responsive policies and programs by identifying resources being allocated to reach strategic goals of gender equality and women’s empowerment. It also helps them in putting in place systems to measure results of those policies and programs.

In Indonesia, the budget proposal documentation (RKA K/L) being prepared by the line ministries is required to be accompanied with both Budget Tagging and Gender Budget Statement. Consequently, all approved budget documentation: Annual State Budget Law (APBN), President Regulation on the Detail of APBN, and Budget Implementation document (DIPA), would have included gender equality elements. In addition, all medium-term planning documents - Medium-term development plan (RPJMN), Five-year Strategic Plan for line ministries (Renstra), Annual Work Plan (*Rencana Kerja Pemerintah*), Renja (sector-basis plan) ) that are

<sup>21</sup> Finance Minister’s Regulation No. 142/2018 regarding procedure for Annual Work Plans and budget submission by the ministries and government agencies (<http://www.anggaran.kemenkeu.go.id/peraturan/2018%20PMK%20142%202018.pdf>)

used as references for line ministries in developing their budget proposals contain plans for gender equality from reflected in their Gender Budget Statements and Gender Analysis Pathways.

The Government Development Work Plan for Fiscal Year 2018<sup>22</sup> clearly lays out Gender mainstreaming as of national priorities. In the Financial Note for the Budget for Fiscal Year 2018<sup>23</sup>, the government clearly stated its priorities for gender equality in its description of budget allocations for functional classification of 'social protection'. It stated that budget allocation for social protection is directed to: (1) improve the quality of life and the role of women in various fields of development; (2) increase the protection of women from various acts of violence, including Trafficking in Persons; and, (3) increase the institutional capacity for gender mainstreaming and institutional protection of women from various acts of violence. In the government's budget documents, therefore, assessment team finds both (a) statement of government priorities for improving gender equality, and (b) details of budget measures aimed at strengthening gender equality.

Furthermore, there is an advanced tracking system to identify gender responsive budget allocations in respect of original plans. This means that outputs that are considered as gender responsive, are marked (tracked) in the information system and are registered within the RKA K/L and DIPA. Therefore, these two budget documents contain details of expenditure measures aiming to improve gender equality, which is satisfying the requirement iii) of this indicator (details of budget measures aimed at strengthening gender equality are included in the budget documentation).

However, it does not mean that information presented in the budget documents is being used to inform decisions that contribute to gender equality outcomes. In addition, there are serious deficiencies with the tagging- amount is often higher than actual expenditure for gender equality which can mislead to calculation of total amount designated to gender equality. This is because the tagging is done at the output level while gender consideration – as input or activity or sub-component – is at lower level. Hence, exact gender related cost of plan and later actual expenditure are far less than the amount of tagged budget in many cases. In addition, Gender Budget Statements that are a form of commitment to improve allocation from gender perspective are not always implemented, which means that purely by tagging, it is not ensured that allocation will indeed become gender responsive.

In view of all above, this indicator was rated B.

---

<sup>22</sup> Rencana Kerja Pemerintah (RKP) Tahun 2018

(<https://www.bappenas.go.id/files/rkp/LAMPIRAN%20PERPRES%20RKP%20TAHUN%202018.pdf>)

<sup>23</sup> NOTA KEUANGAN BESERTA ANGGARAN PENDAPATAN DAN BELANJANEGARA, TAHUN ANGGARAN 2018

(<https://www.kemenkeu.go.id/media/6665/nota-keuangan-apbn-2018-rev.pdf>)

## GRPFM#5: Sex-disaggregated performance information for service delivery

[Does the government budget documentation include sex disaggregated performance information for service delivery programs?]

D

5.1. SEX-DISAGGREGATED PERFORMANCE PLANS FOR SERVICE DELIVERY

D

5.2. SEX-DISAGGREGATED PERFORMANCE ACHIEVED FOR SERVICE DELIVERY

D

### Coverage:

Central government. Services managed and financed by other tiers of government should be included if the central government significantly finances such services through reimbursements or earmarked grants or uses other tiers of government as implementing agents.

### Time period:

GRPFM—5.1. Performance indicators and planned outputs and outcomes for the next fiscal year.

GRPFM—5.2. Outputs and outcomes of the last completed fiscal year.

## GRPFM 5.1. SEX-DISAGGREGATED PERFORMANCE PLANS FOR SERVICE DELIVERY

The question aims to understand to what extent the government's performance-based budgeting system includes sex-disaggregated data to facilitate discussions on the impacts of government's programs and services on different genders and gender equality, both as part of planning and reporting. Sex-disaggregated data also helps policy makers to assess and develop appropriate, evidence-based responses, and policies.

In Indonesia, the assessment found that the Annual Work Plan (RKP) as well as the summary of KPIs with target outputs for line ministries/agencies do not contain sex disaggregated data. In the Medium-term Government Development Plan (RPJMN) and Medium-Term Plan for Line Ministries (Renstra), there is a requirement for several ministries to collect and report sex disaggregated data: Ministry of Education, Ministry of Health, Ministry of Religious Affairs, Ministry of Manpower. However, while they collect sex disaggregated data, they do so only for some programs. Many service delivery programs that should ideally have sex-disaggregated data do not have them. Even if they collect sex-disaggregated data, they don't publish it, excepting Ministry of Education and Culture.

Following is the status of line ministries responsible for service delivery publishing sex disaggregated data:

Table 1: Budget Allocation in Ministries with Service Delivery Programs with Sex-disaggregated Data

Ministry/ Agency	Budget Allocation 2019	Budget Allocation 2020	Budget allocation to program w/sex disaggregated data 2019	Budget allocation to program w/sex disaggregated data 2020	Sex disaggregated information 2019		RKAKL/ DIPA/ RENJA 2019 or 2020
	IDR Billion	IDR Billion			Outcomes (program level)	Output (activity level)	
Health	58,746.5	57,400.0				N	N/A
Education and culture	35,993.1	35,701.3	18,241.9	19,475	Y	N	Available
Public Works and housing	110,731.6	120,217.5			N	N	Available
Transportation	41,554.9	42,670.4					N/A
Social Affairs	58,906.5	62,767.6					N/A
Research and technology and higher education	41,264.1	42,166.9					N/A
Religious affairs	62,066.7	65,060.9					NA
Police	86,187.8	90,322.2					NA
Total Budget Value of the KL selected	495,541.2	516,306.8					
% of program w/ sex disaggregated information	3.7			3.8			

This does not meet the requirement for this indicator to be rated C, which is at least 25% of line ministries having service delivery programs publishing sex-disaggregated data. Therefore, this sub-indicator is assessed as D.

## GRPFM 5.2. SEX-DISAGGREGATED PERFORMANCE ACHIEVED FOR SERVICE DELIVERY

In the performance reports of line ministries (LAKIP) most ministries do not include information on sex-disaggregated data on outputs and outcomes of service delivery. LAKIP is prepared based on what the central government included in its work plan (RKP) that is aligned with strategic plan, which does not include sex-disaggregated information. Therefore, this sub-indicator is assessed as D.

## GRPFM #6: Tracking budget expenditure for gender equality

[Does the government have the capacity to track expenditure for gender equality?]

B

Coverage: Budgetary central government.

Time period: Last completed fiscal year.

This indicator measures the government's capacity to track expenditure for gender equality throughout budget formulation, execution, and reporting processes. Gender responsive budgeting 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, and women and girls, and different subgroups of these categories, it must be budgeted and disbursed for activities that help achieve these desired impacts. The capacity to track the 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.

In Indonesia, tracking system for gender equality is being implemented and expenditure allocations for the same identified in the budget using the system of tagging budget outputs for gender equality. A specific output will be considered gender responsive, if it addresses the gender issue and will help promote gender equality. The spending unit is required to tag outputs in their budget proposals against the government's top themes such as infrastructure, gender and climate change. These themes are given unique codes, among which, the code for gender is "003". For any program (and output) that is gender-tagged, the spending unit must prepare a Gender Budget Statement that is supported by the Gender Analysis Pathways. Once a specific output is gender-tagged, government is able to track the allocation, revised budget (if any) and the realization / expenditure against the total allocations for the specific programs and activities.

While there is a unique code for specific outputs being gender-tagged, the tagging at an output level need to be carefully reviewed since usually not all budget being allocated to finance an output is fully dedicated for one particular theme. For example, Ministry of Health has one program to provide insurance premium assistance for citizens to participate in the national health insurance (JKN) with one output to reach 96.8 million citizens covered by that premium assistance. This JKN is considered as a "fat" output and it will be misleading to assume that the entire budget of IDR 26.7 trillion (FY 2019) is allocated to support gender equality theme only. Therefore, if the objective of the tagging is a quantitative purpose, then a "weighting" system must be applied to determine optimal apportioning of resources. Weighting or an assumption to determine optimal apportioning is required to avoid overestimation and to rightly understand how much budget resources spent for a particular budget theme (i.e., how much of IDR 26.7 trillion being spent to women and children as the beneficiaries to be aligned with the Gender Equality theme). Alternatively, whenever possible MOF should identify gender-tagged budget below an output level (at the level of sub-output, component, sub-component, detailed package or line expenditure item) since perhaps the relevant gender equality related budget might not be currently reflected at an output level but at the below the output level.

Based on data available from MoF, there has been an interesting development between 2012-2019. During 2012-2015, there was a regulation authorizing “blocking budget” (*Bintang*), wherein the government “blocked” the release of budget to spending units if they did not complete requirements of ‘gender tagging’ and preparing a GBS. However, once this provision of *Bintang* was removed in 2015<sup>24</sup>, the budget allocation for gender-tagged outputs declined from IDR 230.47 billion in 2015 to IDR 120.48 billion in 2016. In 2016, the number of line ministries which implemented GRB was far less than before (only 9 ministries).

In 2017, both number of line ministries which implemented GRB and total budget allocation started to increase from 9 to 12 ministries and from IDR 120.48 billion to IDR 15.43 trillion. Since then, both number of line ministries and ratio of allocation continued to increase steadily.

In 2018, out of total 87-line ministries, 18-line ministries included GBSs, while additional 5-line ministries included GBS plus climate and infrastructure tagging. Together, the ratio of allocation for gender-tagged outputs for these 23 ministries was 4.18 % of total budget allocations for these ministries.

*Table 2: Allocations tagged for gender in 2018 (in IDR Billion)*

Line Ministries	Ministry Allocation	Allocation of Gender-Tagged Output	Allocations for outputs tagged for Gender plus infrastructure and climate change	Total Gender-tagged Outputs	Ratio (%)
010 <sup>25</sup> Ministry of Home Affairs (MOHA)	3,116.3	83.16	-	83.2	2.67
011 Ministry of Foreign Affairs	7,250.8	6.65	-	6.7	0.09
015 Ministry of Finance (MOF)	45,682.2	851.45	-	851.4	1.86
018 Ministry of Agriculture	23,820.8	12.80	-	12.8	0.05
020 Ministry of Energy and Natural Resources	6,497.1	-	11.47	11.5	0.18
022 Ministry of Transportation	48,203.1	-	14,564.60	14,564.6	30.22
024 Ministry of Health	59,097.7	-	192.02	192.0	0.32
025 Ministry of Religious Affairs	62,154.7	1.97	-	2.0	0.00
026 Ministry of Manpower	3,991.2	8.27	-	8.27	0.21
027 Ministry of Social Affairs	41,295.7	1.23	-	1.23	0.00

<sup>24</sup> This Bintang practice was then stopped in 2015, following to the constitutional court decision No. 35/2013. Constitutional court decides that once Parliament approves the state budget law in October, then it is prohibited for the Parliament to do another review for the budget they have approved since after the budget law enacted, it is the domain of the government to implement the budget, without Parliament’s power to on-hold the budget.

<sup>25</sup> The number represents the ministry’s coding

Line Ministries	Ministry Allocation	Allocation of Gender-Tagged Output	Allocations for outputs tagged for Gender plus infrastructure and climate change	Total Gender-tagged Outputs	Ratio (%)
029 Ministry of Forestry and Environment	8,205.6	67.77	31.26	99.04	1.21
033 Ministry of Public Works and Housing	107,386.3	-	126.83	126.83	0.12
044 Ministry of Cooperatives and SME	741.1	2.70	-	2.70	0.36
047 Ministry of Women Empowerment and Child Protection	553.8	249.22	-	249.22	45.00
048 Ministry of State Apparatus and Bureaucracy Reform	357.4	7.00	-	7.00	1.96
054 Central Bureau Statistic (BPS)	4,735.7	0.17	-	0.17	0.00
059 Ministry of Communication and Information	1,205.7	1.33	-	1.33	0.11
063 State Agency on Food and Medicines Oversight (BPOM)	2,095.1	-	36.19	36.19	1.73
068 State Agency on Family Planning (BKKBN)	5,544.8	255.51	1,307.56	1,563.07	28.19
079 Indonesia institute of Sciences (LIPI)	1,092.4	23.15	-	23.15	2.12
086 State Administrative Institution (LAN)	235.8	0.20	-	0.20	0.08
103 State Agency on Disaster Management (BNPB)	749.4	275.44	42.25	317.69	42.39
104 State Agency on Placement and Protection of Indonesian Migrant Workers (BNP2TKI)	396.2	0.26	-	0.26	0.06
<b>Total</b>	<b>434,408.90</b>	<b>1,848.28</b>	<b>16,312.19</b>	<b>18,160.47</b>	<b>4.18</b>

In 2019, the number of line ministries doing gender-tagging increased to 21. In addition, 5 ministries did gender-tagging plus climate and infrastructure tagging. The ratio of total allocation for gender-based outputs for 26-line ministries was 14.28%.

The quality of Gender Budget Statement and the GAP remain to be under question and may not necessarily be addressing gender equality satisfactorily. As per regulation, each ministry will have the inspectorate general to first verify the quality of the GBS and GAP before they can qualify as gender responsive program, however capacities to perform this task remain low, and the quality of both GAPs and GBS overall remains



low. However, as specific outputs have been tagged and associated allocations identified, it is possible to compare plans with the executed budget programs aimed at achieving gender objectives as set in GBSs.

In a nutshell, the assessment found that expenditure allocations are tracked during budget execution against specific budget line items or program appropriations which the budget or planning process associated with targeted gender outcomes, and in the view above this indicator is rated B.

## GRB#7: Gender Informative Annual Financial Reports

D

[Do the government's published annual budget execution reports include information on gender related expenditure and revenue?]

Coverage. Budgetary central government.

Time period: Last completed fiscal year.

This indicator measures the extent to which the government prepares and publishes annual budget execution reports that include information on gender related expenditure and revenue.

Governments have been increasingly producing reports on the implementation of their budget policies that include information on gender related expenditure and revenue. Countries practicing in producing gender responsive annual budget execution reports vary. Regardless of the format, the reports should ideally include the information on:

- A report on gender equality outcomes. This report would include an overview of progress made in achieving gender equality at the overall level as well as relating to specific sectors or areas of society, such as education, health, employment, poverty, and crime.
- Data on gender-related expenditure. This information would include key figures on resources allocated for budget policies targeting gender equality.
- Assessment of the implementation of budget policies and their impacts on gender equality. This assessment would include an overview of findings of ex post impact assessments and the extent to which the intended outcomes and impacts of policies targeting specific gender or gender equality have been achieved.

Sex-disaggregated data on budgetary central government employment. The inclusion of sex-disaggregated data on employment allows for the measurement of how employment in budgetary central government units is distributed between women and men, which is a key basic indicator of gender equity. Sex-disaggregated employment data that are broken down further by types of position include sex-disaggregated data on administrative, technical, operational, managerial positions, or others, as relevant. This type of data facilitates discussions on equal employment opportunities and consideration of any types of corrective measures needed.

In Indonesia, Government's annual financial reports are prepared annually and contain 1) budget realization reports 2) changes in unspent balance 3) balance sheets 4) operational reports 5) cash flow reports 6)

changes in equity reports 7) notes on financial reports. They are prepared based on Government regulation No 71/2010 regarding Government Accounting Standards (SAP). Considering the annual budget has allocations for gender-tagged outputs, the government has the budget execution data for gender tagged outputs for relevant ministries. However, the ‘published’ annual budget execution reports do not include actual expenditure or realizations against those allocations for gender-tagged outputs.

Therefore, this indicator is rated D.

## **GRPFM #8: Evaluation of impacts of service delivery on gender equality**

[Does the government include an assessment of impacts on gender equality as part of the evaluations of efficiency and effectiveness of service delivery?]

**D**

**Coverage:** Central government. Services managed and financed by other tiers of government should be included if the central government significantly finances such services through reimbursements or earmarked grants or uses other tiers of government as implementing agents.

**Time period:** Last three completed fiscal years.

Evaluations of the impact of public services on gender and gender equality provide an important feedback to the initial design of services as well as any other unintended consequences on providing the services to men and women, and different categories of these subgroups.

Ideally, such evaluations should include, but not be limited to, program evaluation/assessment/analysis, performance audits, public expenditure reviews, and ex-post impact assessments. In some cases, a separate gender sensitive evaluation may be undertaken although it is more desirable if assessment of gender impacts is included in the regular evaluation processes.

In Indonesia, BPKP’s (Central Government’s Internal Audit Institution) mandate includes evaluation of Line Ministries’ performance against respective public service delivery functions. It uses Government Performance Accountability System (SAKIP or *Sistem Akuntansi Kinerja Informasi Pemerintah*) to do that. The government has issued the guidance to conduct the evaluation on the implementation of GRB<sup>26</sup>. However, gender assessments are not done regularly and as part of the regular evaluation processes. Several program evaluations from gender equality perspective have been done in the past three years (transportation, education), but not on a regular basis. At the local level, Bappenas has issued a guideline for sub-national governments to include gender-outcome in their report based on 5 sub-themes (basic education, vocational education, health, basic housing and service delivery). The quality of the report varies from one place to another and provides room for further improvements.

### Example of performance reporting guidelines at the local level:

The Ministry of National Planning (Bappenas) issued in 2017 the National guideline requesting the local governments to report on their development performance.

<sup>26</sup> <https://www.kemennppa.go.id/lib/uploads/list/f2d64-panduan-pemantauan-dan-evaluasi-pprg.pdf>

The purpose of the guideline is to provide the local government with guidance on how they should prepare their report on the progress of their work program. The result will be used to inform the development plan at both national and local government levels.

The reporting shall be done against 13 indicators that cover 10 National Priorities and 5 themes. Out of 13 indicators, there is one on gender mainstreaming, composed of 2 dimensions: Gender Development Index and Ratio of Male / Female Open Unemployment Rate.

The methodology used for assessment includes a mix of qualitative and quantitative parameters, with latter using a structured questionnaire to assess the state of macro indicators, national priorities and mainstreaming. However, ideally an evaluation should follow the logic model, starting from input to outcome. The evaluation should be conducted by an external evaluator and should include at minimum the following information:

1. Description and Analysis
2. Strategic issues
3. Recommendations which should be presented by priority
4. Lesson Learnt

In view of all above, this indicator is rated D.

<b>GRP#9: Gender responsive legislative scrutiny</b>	D
[Does the legislatures audit scrutiny include the requirement to examine the impacts of the budget on Gender Equality?]	
<b>9.1. GENDER RESPONSIVE LEGISLATIVE SCRUTINY OF BUDGETS</b>	D
<b>9.2. GENDER RESPONSIVE LEGISLATIVE SCRUTINY OF AUDIT REPORTS</b>	D

Coverage. Budgetary central government

Time period.

GRP#9—9.1. Last completed fiscal year.

GRP#9—9.2. Last three completed fiscal years.

### **GRB 9.1. GENDER RESPONSIVE LEGISLATIVE SCRUTINY OF BUDGETS**

In most countries, the government’s authority to spend is awarded by the legislature through the passage of annual budget law. The legislative budget scrutiny can include internal organizational arrangements that require budget parliamentary committees or dedicated gender equality committees fully dedicated to conduct analysis of proposed budget policies on gender equality.

The legislative budget scrutiny can also include public hearings. It can also include presentations at the request of the legislature or legislative committees by gender advocacy groups to provide technical support

or requirements for gender impact assessments of budget policies. Inclusion of gender equality impacts in the legislature's review of budget proposals promotes the participation of men and women in the policymaking process and ensures that their voices are heard, and their priorities are reflected in government's programs and services.

In Indonesia, each line ministry engages with sector-specific commission which deliberates each ministry's budget proposal in detail. However, discussion on gender equality impact is not part of such discussions.

The Budget Review Committee (*Badan Anggaran*), consisting of 55 members and representatives of 11 commissions, also does not examine impact of budget on gender equality. Even the final approval of the draft State Budget Law conducted in a Parliamentary plenary session does not include discussions on gender equality.

Therefore, this sub-indicator is rated D.

## 9.2. GENDER RESPONSIVE LEGISLATIVE SCRUTINY OF AUDIT REPORTS

BPK's (Supreme Audit Institution of Indonesia) audit reports on the central government's financial statements are submitted to parliament within six months after the end of every fiscal year. Hearings on key findings of BPK audit reports take place with concerning officers from audited entities. However, there are no audit reports that include audit findings on gender equality, and therefore, no discussion on gender implications of audit reports has been carried in the last three completed fiscal years.

Therefore, this sub-indicator is rated D.

## Conclusions and Way Forward for GRPFM in Indonesia

Following is the summary of PEFA GRPFM scores for Indonesia:

1. Budget Policy Proposal	D
2. Public Investment	D
3. Budget Circular	B
4. Budget Documentation	B
5. Sex-Disaggregated Data	D
6. Tracking Budget Expenditure	B
7. Annual Financial Reports	D
8. Evaluation of Impacts	D
9. Legislative Budget Scrutiny	D

It is evident that Gender equality analysis is partially mainstreamed in the Budget Circular and Budget Documentation. Initial efforts have taken place to mainstream gender equality analysis in the Tracking of Budget Expenditure, and it is within the realm to publish gender sensitive Annual Financial Reports. However, Gender considerations are not yet included in the Budget Policy Proposals, Public Investments, Sex Disaggregated Data, Public Procurement, Evaluation of Impacts, and Legislative Budget Scrutiny.

A comparison of above PEFA GRPFM scores with the overall PEFA scores has been done and placed at Annex I. As can be seen from the comparison, PEFA GRPFM is constrained by the performance of overall

PFM systems. If there is a weakness in the overall PFM system or process, that sets an upper limit for the GRPFM. For example, if overall legislative scrutiny of audit reports is assessed as D+, it is unlikely that some reports are discussed for gender impact. In many cases, however, we can have highly assessed PEFA indicators, but as gender has not been included as analytical category related to the indicator, PEFA GRPFM is assessed low. Example of this is PEFA score for PI-15 on Fiscal Strategy, which is assessed at a high-level of B +, but since gender impact analysis of budget policy proposals is not done, PEFA GRPFM score is D. Similarly, PEFA scores on PI-11 - Public Investment Management is low D +, they constrain the PEFA GRPFM score of related PEFA GRPFM indicators – GRPFM#2 at D respectively.

From the analysis of the above indicators and institutions guiding the work on GR PFM in Indonesia, we can draw the following conclusions and suggestions for next steps in further strengthening GR PFM implementation process:

- Institutional mechanisms that support GRB in Indonesia (“the key drivers”): Ministry of Finance, the Ministry of Women Empowerment and Child Protection (MOWECP), Ministry of Home Affairs, and the Ministry of National Development (Bappenas), despite a decent regulatory framework supporting gender equality, are unable to effectively implement GRB due to their weak capacities, both as coordinating bodies and in the analytical work they are tasked to perform.
- There has been a lack of clarity in the implementation of gender equality strategy in Indonesia. While the RPJMN clearly stipulates the gender-responsive budgeting is a key theme, there is no clear guidance on how to interpret this message and how it will be mainstreamed across sectors and priorities of the government. While MOWECP does have the mandate to monitor the implementation of GRB in Indonesia, it does not have full authority nor support to operationalize its mandate.
- Coordination between the four drivers is not strong enough (exchange of information on the progress and results of the work on gender-tagging).
- Monitoring and evaluation function do not exist (Bappenas and MOWECP which should review GBSs and ensure quality implementation are under capacity to perform this task). It may be noted that overall monitoring function of the government is weak and inconsistent. It needs to be strengthened to support monitoring on GRB.

The Government of Indonesia, therefore, may consider the following four set of recommendations as the first priority:

1. As set in RPJMN 2020-2024, the top priorities of the governments include addressing gender gap in health, education, entrepreneurship, tourism and disaster management. Both strategic governments and annual work plan should clearly include how to achieve these priorities, the roadmap and who should be responsible for delivery. The strategy must include gender responsive budgeting tools in these sectors. The result must be reported and evaluated as well as used to improve the future policy and allocation as well as application to wider government institutions.
2. To be more impactful and focusing on the right target, there should be a diagnostic study to identify sectors and line ministries in which the level and composition public expenditure on different programs and activities can significantly contribute to reduction in the key gender inequalities in terms of the following three dimensions: (i) access to endowments; (ii) access to economic opportunities; and (iii) voice and agency. The result of this study can inform the reform the reform in activities planning and budget allocation related with gender equality.
3. Capacity enhancement of four key drivers and line ministries in their role in GRB work:

- MoF- issuing further methodological guidance for GRB work, training of MoF staff and budget analysts on gender analysis, tagging and reviews of Gender Budget Statement in coordination with Bappenas and MOWECP as the guidance to Line Ministries is coming from them.
  - MOWECP and Bappenas – issuing clear guidance to line ministries about what kind of programs and activities could contribute to gender equality,
  - Ministry of Home Affairs- building capacities of staff to support and coordinate local level work on GRB
  - Line Ministries – building capacity of their Planning and Budget Bureaus in reviewing GBSs of their spending units to see if the proposed allocations contribute to gender equality, and advising course corrections, if any.
4. Review the impact of tagging for gender equality and preparation of Gender budget statements based on selected tagged allocations to assess the real impact of this undertaking and direct next activities according to learnings.

In addition to it, Government may also consider the following set of recommendations once the first four priorities are well-underway and showing desired results.

5. Line Ministries / Agencies must agree with Bappenas and the MOF, on the weighting system to be applied on gender-tagged outputs. Agreed weightings must be applied consistently to enable effective comparisons over time. Alternatively, outputs can be restructured by creating new gender-tagged outputs through an upgrading/uplifting/advancing the gender equality related budget being currently allocated below the output levels (i.e., at the level of sub-output, component, sub-component, detailed package or line expenditure item).
6. Strengthen the monitoring and evaluation function of GRB work within the key drivers and line ministries themselves by introducing incentive mechanism to implement a satisfactory gender-responsive budgeting.
7. Consider continuing with more in-depth work with several selected ministries to show the good results that gender tagging and GRB can bring.
8. Produce GRB reports with the budget documentation, as compilation of the work done on gender tagging, analysis of budget allocations and introducing activities for closing gender gaps as per GBSs.
9. While some statistical reports (MOEC and BPS) already have information on output/outcomes on gender disaggregated data, there is a need for improving the availability and quality of sex-disaggregated information needed to conduct gender analysis of the budget programs, including through collection of data for performance indicators of budget programs. This is critical to help policy makers to assess and develop appropriate, evidence-based budget policies.
10. MOF to set up an effective reward and sanction for the line ministries performance in implementing Gender Responsive Budgets. Rewards not need be in the form of additional money in their budget, but it can be through appropriate rewards in front of general public.
11. Ensure Parliament is engaged in budget review processes from the gender perspective.
12. Include gender considerations in investment project preparation and procurement management.
13. Involve non-governmental organizations in the consultation processes related to gender analysis of budget allocations and overall GRB work.

**The findings of this assessment and recommendations will feed into the design of a future Roadmap for the Gender Responsive Public Financial Management.** The Indonesian government is currently revising its national strategy on acceleration of gender mainstreaming to ensure a stronger legal framework for the implementation of GRB for improving the gender mainstreaming in PFM. This assessment will also serve as reference for the Government of Indonesia in revising the strategy. The World Bank with financing from the PFM MDTF Phase III Program will support this reform agenda.

## Annex 1. Comparison of Overall PEFA and PEFA GPFM Assessment

PEFA pillars & performance indicators		PEFA GRPFM Assessment	
<b>PILLAR 1: Budget reliability</b>			
PI-1. Aggregate expenditure outturn	<b>C</b>		
PI-2. Expenditure composition outturn	<b>C+</b>		
PI-3. Revenue outturn	<b>D</b>		
<b>PILLAR 2: Transparency of public finances</b>			
PI-4. Budget classification	<b>A</b>	GRB—6. Tracking Budget Expenditure for Gender Equality	<b>B</b>
PI-5. Budget documentation	<b>B</b>	GRB—4. Gender Responsive Budget Documentation [and PI-9 below]	<b>B</b>
PI-6. Central government operations outside financial reports	<b>A</b>		
PI-7. Transfers to subnational governments	<b>B</b>		
PI-8. Performance information for service delivery	<b>C+</b>	GRPFM—5. Sex Disaggregated Data GRPFM—8. Evaluation of Impacts of Service delivery on Gender Equality	<b>D</b> <b>D</b>
PI-9. Public access to fiscal information	<b>A</b>	GRPFM—4. Gender Responsive Budget Documentation [and PI-5 above]	<b>B</b>
<b>PILLAR 3: Management of assets and liabilities</b>			
PI-10. Fiscal risk reporting	<b>C</b>		
PI-11. Public investment management	<b>D+</b>	GRPFM—2. Gender Impact Analysis of Investment Projects	<b>D</b>
PI-12. Public asset management	<b>B</b>		
PI-13. Debt management	<b>B+</b>		
<b>PILLAR 4: Policy-based fiscal strategy and budgeting</b>			
PI-14. Macroeconomic and fiscal forecasting	<b>B+</b>		
PI-15. Fiscal strategy	<b>B+</b>	GRPFM—1. Gender Impact Analysis of Budget Policy Proposals	<b>D</b>
PI-16. Medium-term perspective in expenditure budgeting	<b>C+</b>		
PI-17. Budget preparation process	<b>A</b>	GRPFM—3. Gender Responsive Budget Circular	<b>B</b>



PI-18. Legislative scrutiny of budgets	A	GRPFM—9. Gender Responsive Legislative Scrutiny [and PI-31 below]	D
<b>PILLAR 5: Predictability and control in budget execution</b>			
PI-19. Revenue administration	C+		
PI-20. Accounting for revenue	A		
PI-21. Predictability of in-year resource allocation	A		
PI-22. Expenditure arrears	B+		
PI-23. Payroll controls	C+		
PI-25. Internal controls on non-salary expenditure	A		
PI-26. Internal audit	C+		
<b>PILLAR 6: Accounting and reporting</b>			
PI-27. Financial data integrity	A		
PI-28. In-year budget reports	B+		
PI-29. Annual financial reports	C+	GRPFM—7. Gender Informative Annual Financial Reports	D
<b>PILLAR 7: External scrutiny and audit</b>			
PI-30. External audit	C+		
PI-31. Legislative scrutiny of audit reports	D+	GRPFM—9. Gender Responsive Legislative Scrutiny [and PI-18 above]	D

## Annex 2: Role and Responsibilities of Three Key Drivers of Gender Responsive Budgeting

- A. Ministry of National Development Planning / Bappenas is responsible for:
- i. describing the policy direction set by the steering team and the person responsible for the implementation of PUG through PPRG, both in the role of Bappenas as the Mobilizer of PPRG to Ministries / Institutions / Regional Governments, and as Ministries / Institutions;
  - ii. identifying problems, needs, and initiatives needed in accelerating the implementation of PUG through PPRG;
  - iii. providing strategic guidance on improving work plans and implementing activities;
  - iv. aligning activities between components and between ministries / institutions in the work plan to accelerate the application of PUG through PPRG;
  - v. monitoring the implementation of work plans and provide input on the results of monitoring of PUG implementation through PPRG; and
  - vi. preparing periodic reports on the implementation of their duties to the steering committee through responsible official.
- B. Ministry of Finance is responsible for the budget. Its strategic roles are to:
- i. facilitate provisions related to PPRG in regulations in the budgeting field
  - ii. socialize the provisions related to PPRG in regulations in the budgeting field.
  - iii. at the trilateral meeting, the Ministry of Finance will identify programs / activities / outputs that can be categorized as gender responsive.
  - iv. conduct RKA-K / L studies, and ensure thematic ARG exposure for gender-responsive outputs on RKA-K / L applications
- C. Ministry of Women Empowerment and Child Protection is responsible for:
- i. coordinating the implementation of activities that support the national strategy to accelerate PUG through PPRG in K / L and local government in accordance with their main tasks and functions;
  - ii. providing instructions regarding the material and substance for the smooth implementation of the national strategy for accelerating PUG through PPRG in K / L and regional governments in accordance with their main tasks and functions;
  - iii. facilitating line ministries and local governments in accordance with the main tasks and functions to prepare and implement PPRG;
  - iv. facilitating advocacy and capacity building for line ministries
  - v. developing commitments by the sub national governments to implement its commitments according to role and responsibilities (*tupoksi*) to immediately issue various policies that support the national strategy to accelerate PUG through PPRG

## Annex 3. Data sources for the PEFA GRPFM Assessment

PEFA GRB QUESTION		DATA SOURCE
GRPFM#1	Revenue and expenditure policies	The Fiscal Policy Strategy and the Financial note
GRPFM#2	Public investments	National planning and development consultation (Musrenbang)
GRPFM#3	Budget circular	Budget circular
GRPFM#4	Budget documentation	<b>Budget documents:</b> Annual Budget Law, Financial Notes, RKA K/L and DIPA  <b>Planning documents:</b> Medium-term development plan (RPJMN), Five-year Strategic Plan for line ministries (Renstra), Annual WP (RKP)  Chart of accounts (GRPFM 6 only)
GRPFM#5	Sex disaggregated data	
GRPFM#6	Tracking expenditures	
GRPFM#7	Annual financial reports	Evaluation reports by line ministries, MoF, internal audit department; Supreme audit institution reports
GRPFM#8	Performance reviews	Evaluation reports by line ministries, MoF, internal audit department; Supreme audit institution reports
GRPFM#9	Legislative scrutiny	Legislative procedure for budget and audit scrutiny

## Annex 4. List of persons interviewed

No.	Name	Title	Institution
1	Ms. Ayun	Deputy Director	Bappenas: Directorate of Family, Gender, Child, Youth and Sport
2	Mr. Hadiyanto	Secretary General	Ministry of Finance
3	Ms. Mardiyah	Acting, Deputy Secretary	Deputy Gender, Ministry of Women Empowerment and Child Protection
4	Ms. Maya	Staff	Deputy Gender, Ministry of Women Empowerment and Child Protection
5	Ms. Novi Anggraeni	Gender Specialist	Canada Embassy
6	Mr. Yonathan		Dit. Budget System, DG Budget, MOF
7	Mr. Dimas Adityo K.		Dit. Budget for Economy and Maritime, DG Budget, MOF
8	Ms. Linda Andajni		Dit Budget for Development and Culture, DG Budget, MOF
9	Azam Malul	Planning Deputy	Bureau of Planning and Finance, MOF
10	Heni		Bureau of Planning and Finance, MOF
11	Ms. Agustina Erni	Deputy Minister	Ministry of Women Empowerment and Child Protection
12	Ms. Bimbika Sinjapati	Gender Adviser	Prospera
13	Mr. Whraspati Prabowo	Budget Adviser	Prospera
14	Ms. Leitizia	Spending Adviser	Prospera
15	Ms. Maya Rostanti	Director	Pattiro
16	Mr. Julius	-	Pattiro
17	Ms. Ir. Inneke Indrarini	Head of Secretariat PUG PUPR	Ministry of Public Works
18	Mr. Rainier Hariyanto	Adviser	Committee of Acceleration of Priority Infrastructure Delivery (KPIIP)
19	Budi Ernawan	Head of Sub. Directorate	Dit Budgeting, DG Regional Finance, MOHA
20	Hilman Rosada	Head of Section Local Budget for Regional IV	Dit Budgeting, DG Regional Finance, MOHA

## Annex 5. Gender sensitive procurement

When the assessment was done, the methodology for the framework is not yet finalized. It was still including a gender sensitive procurement indicator. And the team did include this indicator during the assessment. For information and future policy making purposes, the findings and recommendations are presented here.

Even if not in the PEFA GR PFM Framework, public procurement is an important part of the public finance management system and introducing gender perspective (working towards inclusion of different groups of citizens, collection of sex-disaggregated data on procurement awarded) is important step in contributing to closing gender gaps. The team found that there are no gender considerations in the current public procurement system of Indonesia, as noted below

<b>GRB on Gender sensitive procurement</b> [Does the government's public procurement system include gender equality aspects?]	<b>D</b>
--	----------

Coverage: Central government.

Time period: Last completed fiscal year.

This indicator measures the extent to which the government's procurement system is gender sensitive. A well-functioning procurement system ensures that money is used effectively in acquiring inputs for and achieving value for money in the delivery of programs and services by the government. As part of procurement monitoring and evaluation, it is important that governments record, and report contracts awarded. Inclusion of sex-disaggregated data facilitates sex-disaggregated statistical analyses and allows tracking the compliance with policies and stated targets and goals.

Ideally, the government's procurement system should include at least one gender aspect (e.g., evaluation and selection criteria including requirements that ensure gender equality, targets a certain percentage of awards that need to go to women-owned businesses, etc.) OR the government's procurement databases or records of contracts awarded include information on the ownership of business, disaggregated by gender, for the recipients of **all** contracts awarded.

In Indonesia, the government procurement system does not records gender of bidders or those awarded contracts. It is not possible to track the percent of government vendors that were led by men or women. National Public Procurement Agency (LKPP), the regulatory agency responsible for formulating, developing and implementing public procurement policies, does not refer to gender equality in any of the public procurement policies. Presidential Regulation (Perpres) no. 54/2010 on Public Procurement and its amendments does not include requirements that will contribute to gender equality. The government's procurement database and records of contracts awarded do not include sex-disaggregated data of recipients of contracts, and e-Procurement system (SPSE) does not contain sex disaggregated data on procurements awarded.

**‘Gender in Government Procurement in Indonesia Survey’** was the first survey related with gender issues in the Public Procurement system of Indonesia. It was carried out from November 2012 until February 2013. The National Public Procurement Agency (LKPP), with support from Millennium Challenge Corporation (MCC) through Millennium Challenge Account – Indonesia (MCA-Indonesia), carried out the survey on a sample of 406 firms in Jakarta and Bandung. This survey highlighted the gender aspects in Indonesian public procurement system and provided number of recommendations on how to improve procurement system from gender perspective.

The Survey found that most female-owned firms are in the labor-intensive informal sector. While, the size of female-owned firms is often smaller to male-owned firms, the businesswomen are typically motivated to create employment, as shown by a study conducted in five provinces in 2006. It found that 97% of businesswomen in the study claimed to be driven to create jobs and decrease unemployment.

Nevertheless, female entrepreneurs are still facing challenges in government procurement. Female-owned firms often face difficulties to access procurement and tend to win smaller contracts compared to male-owned firms.

In view of all above, this indicator is rated D.