

TECHNICAL ASSISTANCE

(Cofinanced from the Japan Special Fund,
and by the Asian Development Bank Institute
and the Commonwealth Secretariat)

FOR THE

YOUTH- AND GENDER-SENSITIVE

PUBLIC EXPENDITURE MANAGEMENT

IN THE PACIFIC

September 2001

ABBREVIATIONS

ADB	–	Asian Development Bank
PDMC	–	Pacific developing member countries
PEM	–	public expenditure management
TA	–	technical assistance

NOTE

In this report, “\$” refers to US dollars.

I. INTRODUCTION

1. Some Pacific developing member countries (PDMCs) rank very low on the United Nations (UN) human development index due to the region's generally low levels of education, functional literacy, and health and nutritional standards. Women are significantly disadvantaged in relation to men in most PDMCs. The youth are another highly vulnerable group. Policymakers must recognize the persistent and increasing burden of poverty on women and young people and "antipoverty plans must be integrated into economic, not just social, policies and into the general budget allocation."¹ During the UN conferences of the 1990s, governments around the world committed themselves to a "people-centered" vision of social and economic development and agreed on their common goals: poverty reduction, elimination of social inequalities such as those based on gender, and living in harmony with the environment. The governments also recognized that "policy without the corresponding dedication of financial resources would be meaningless."²

2. Government budgets have a central role in the planning and control of countries' economic activities and are powerful policy tools with profound implications for social equity. This technical assistance (TA) seeks to improve public expenditure management (PEM) systems to achieve better outcomes for women and youth³ by developing methods and skills in gender and youth analysis to ensure women and youth equitable access to social services, and equal access to and control over economic resources. The TA will thus help improve the economic efficiency of resource allocation, protect pro-poor and pro-women spending in times of aggregate fiscal contraction, and direct resources to those in greatest need. This assistance is in line with ADB's overarching objective of poverty reduction. The TA framework is in Appendix 1.

II. BACKGROUND AND RATIONALE

3. Making government spending more responsive to the demands of poverty reduction requires improved allocation and effective use of resources. The growing consensus is that the social impact of macroeconomic policies on vulnerable groups has to receive more attention. At the same time, the demand for social control of government finances and greater participation in policy processes is increasing and has led to a number of initiatives such as gender-sensitive budgeting or pro-poor budget initiatives.

4. Although their vulnerability varies widely across countries and cultures, women and youth in PDMCs are considered particularly vulnerable. The Pacific islands have both patrilineal and matrilineal cultures that influence descent and inheritance. However, as a result of land tenure conversion and registration, women's tenure rights and ability to make decisions on inheritance are being eroded because male interests dominate the new management structures. The power to own and control economic resources is vested increasingly in men, and women have considerably limited access to resources, power, and decision making. Women and men face gender-specific risks under most PDMCs' economic reform programs. Women have less access to resources such as education, labor market experience, and assets that can help cushion economic shocks. Women are more directly affected by reductions in social welfare spending and public programs. Privatization and welfare cuts often mean that social services

¹ UNDP *Poverty Report 2000*.

² UNDP. SEPED Conference Paper Series No 4, May 2000

³ The TA was first listed in ADB *Business Opportunities* on 26 March 2001.

are shifted from the paid public sector to the unpaid domestic labor of women, who are households' main caregivers.

5. Young people under 25 represent more than 50 percent of the population in the PDMCs. Past and current population growth has outstripped the capabilities of the PDMCs to provide employment and education to young people. The inability of governments, formal and nonformal school systems, and the private sector to meet young people's needs make youth vulnerable to drugs and alcohol abuse, delinquency, and violence, including suicide.⁴ Teenage pregnancy is a major health problem. Urban areas tend to draw in disaffected, bored, and dispirited youths from the villages or outer islands, giving rise to political instability. Youth participation in the traditional hierarchical Pacific societies is often limited, restricting young people's opportunities to influence decision making.

6. The lack of opportunity for women and youth cannot be addressed by mere social interventions but by economic policies and improved resource allocation. In the Pacific, the Asian Development Bank (ADB) has given mostly direct support to women's organizations and policies.⁵ National machineries are recognized as the institutional catalysts for promoting gender equality, which, however, still faces major obstacles in the form of inadequate financial and human resources, insufficient official understanding of gender mainstreaming, and competing government priorities. Few countries have adequately identified youth issues or strategies.

7. In the past 15 years "people-centered" budget initiatives have examined budgets through a poverty or gender lens. Since 1984, gender-sensitive budget management has been undertaken in developed and developing countries and has given rise to a substantial body of theory and practice. The movement to improve budget management gained strength in the wake of the agreements of the 1995 Beijing Conference.⁶ In 1995, the Commonwealth Plan of Action on Gender and Development advocated the integration of a gender perspective into macroeconomic policies. Twenty countries have since developed initiatives to strengthen the impact of economic policies on women, emphasizing accountability and transparency in public expenditure management.⁷

8. By supporting economic, governance, and public sector reform programs, ADB provides capacity-building assistance in budgeting and financial management in 8 of the 12 PDMCs. ADB also provides TA to manage and support the reform processes in the PDMCs and East Timor by training senior government officials.⁸ The national budget is the primary fiscal policy instrument that should reflect the highest level of political commitment and socioeconomic policies of a government. Understanding the nature of women's and youth's disadvantage and the social relations, structures, and organizations that maintain their disadvantage is the basis of

⁴ According to the World Health Organization, in 1994 the Pacific had in 1994 the highest youth suicide rate in the world.

⁵ SSTA for Institutional Strengthening of the Vanuatu Council of Women, TA 3360 FIJ: *Women's Plan of Action*, TA 2058 TON: *Coordination of Women's Development Programs*, TA 1983 RMI: *Institutional Strengthening of the Women's Affairs Division of Social Services Ministry*.

⁶ Beijing Platform for Action, Fourth United Nations World Conference on Women, Beijing, 4-15 September 1995.

⁷ Some of the experiences are listed below. The Commonwealth Secretariat initiated a pilot process in Sri Lanka, South Africa, Barbados, and Fiji Islands (where, the experience ended in political turmoil). Another Caribbean initiative is the one in St Kitts-Nevis. Since 1995, the Philippines has had the Gender and Development Budget Policy, and attempts are under way in India. In Africa, initiatives exist in Namibia, Tanzania, Uganda, Malawi, and Zimbabwe. Australia has been a leader in Gender-Budget, and nongovernment organization initiatives exist in Canada and the United States.

⁸ TA 5908-REG: *Pacific Governance and Public Sector Management Training Program*, for \$300,000, approved on 31 March 2000.

informed debate about policy and the appropriate allocation of public expenditure. A youth- or gender-sensitive budget is expected to improve efficiency in expenditure allocation and resource use through effective targeting and monitoring to promote gender equality and improve opportunities for young people; this will, in turn, increase productivity and improve equity and social stability.

III. THE TECHNICAL ASSISTANCE

A. Objectives

9. The TA's main objective is to improve PEM by integrating a gender and youth perspective into governments' budget policies. A sound PEM system and a good understanding of how input affects outcome is expected to improve the status of women and youth through efficient and equitable resource allocation, resulting in improved economic productivity through better use of human resources. The TA has the following specific objectives:

- (i) learn from global "good practices" to design "people-centered" budgets and gender-appropriate policies, programs, and institutions
- (ii) assist governments to collect disaggregated data on gender and age groups
- (iii) build capacities of senior government officials and representatives of women's and youth organizations to support the implementation of gender- and youth-sensitive PEM

B. Scope

10. In coordination with ADB ongoing assistance in finance, planning, and economic reform, the TA will help governments apply the analytical and methodological tools, and develop the mechanisms for integrating gender and youth issues into budget preparation. The TA will coincide with the yearly cycle of budget preparation and follow-up.

11. Reorienting the national budget to make it more youth- and gender-appropriate requires a sound expenditure management system and sufficient data. The TA will thus have two phases, covering two budget cycles. Phase 1 will include the following tasks:

- (i) Review the procedures for (a) preparing the budget, (b) measuring the outputs of expenditure programs, (c) evaluating performances against the outputs, and (d) ensuring a satisfactory flow of information between the Ministry of Finance and the spending entities.
- (ii) Establish administrative mechanisms for initiating and strengthening policy dialogue among the Ministry of Finance, key spending ministries, and youth and women's organizations through a program coordination mechanism, that identifies a finance official to serve as the project liaison in government, and a steering committee of senior officials from all the key ministries to oversee the program's implementation.
- (iii) Assess data, availability of gender-specific and age-group statistics and gaps in their generation and use.
- (iv) Analyze youth and gender roles and responsibilities in activities supported by the budget process, and the impact of delivery mechanisms.
- (v) Analyze the potential impacts of the budget on young people and women, especially the poor.

- (vi) Capacity building of ministries responsible for women's and youth affairs, as well as civil-society groups, so that they can play a critical role in the program.

Under phase 1, activities related to budget procedures review and data assessment will be undertaken by consultants already fielded by ADB in the Ministry of Finance or Treasury Department of participating PDMCs. The technical tools already developed and used in various developing countries will be identified, tested, and adapted to the requirements of the PDMCs in phase 1.

12. Phase 2 will assist governments during budget preparation to integrate gender and youth perspectives into budget allocation. The phase will include

- (i) selecting areas of policy focus and strategic interventions, based on country-specific analyses, institutional analysis, and locally determined priorities;
- (ii) developing youth- and gender-sensitive goals and indicators of success for the areas identified;
- (iii) prioritizing and disaggregating projected expenditure into age- and gender-relevant categories; and
- (iv) monitoring by women's and youth organizations and departments of the budget process and its impact on gender and youth.

13. The expected outcomes are improved accountability, transparency, and increased civil-society participation in budget preparation. Strengthening the institutional and communication linkages within the government, notably between the Ministry of Finance and all ministries involved in gender and youth issues, will help to prioritize youth and gender policies in expenditure plans.

14. Two pilot countries have been selected to implement the TA: Samoa for the "youth budget" and the Republic of Marshall Islands for the "gender-budget." They already receive technical assistance for capacity building in PEM,⁹ which has strengthened their budgeting systems. The Government of Samoa identifies youth as the most vulnerable group. Samoa's National Youth Policy was designed based on data collection done to create youth profile, and administrative data has been transformed into useful information. A number of nongovernment organizations (NGOs) and churches are involved with youth, and participated in the consultations held to prepare the National Youth Policy. In the Marshall Islands, the Ministry of Women Affairs and women's groups are active, support the gender policy, and provide a good basis for civil-society involvement in budget management.

15. During phase 1, the TA, in collaboration with the ADB Institute, will offer training-of-trainers module on gender-sensitive PEM for PDMCs to develop Pacific public sector managers' awareness and understanding of international themes and practices. Criteria for admission will be agreed on by ADB and the Institute to ensure that participants come from agencies and are in positions that will maximize their capacity to train others and to disseminate the experience acquired from the module. The module will be completed by a follow-up session organized in each country during phase 2.

⁹ TA 3418-RMI: *Strengthening the Capacity of the Ministry of Finance*, for \$150,000, approved on 21 March 2000.
TA 3311-SAM: *Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation (Phase 4)*, for \$690,000, approved on 25 November 1999.

16. Training workshops, notably on gender awareness and poverty mainstreaming, will be organized in the pilot countries for officials from the Ministry of Finance and other line ministries, with technical support from the Commonwealth Secretariat, to strengthen organizational commitment and foster a better understanding of the TA's processes. To ensure the sustainability of the processes and the accountability of the Ministry of Finance to citizens, the TA will help youth NGOs and women's groups to reinforce their advocacy role.

C. Cost Estimates and Financing Plan

17. The total cost of the TA is estimated at \$460,000 equivalent. ADB will finance \$300,000 on a grant basis from the Japan Special Fund, funded by the Government of Japan. The balance will be cofinanced by the ADB Institute and the Commonwealth Secretariat. The ADB Institute will help organize and fund in-country training. The Commonwealth Secretariat will provide resource persons to implement the TA and workshops. Appendix 2 provides detailed cost estimates.

D. Implementation Arrangements

18. ADB will be the Executing Agency for the TA. ADB's Office of Pacific Operations will be responsible for processing and supervising the TA. The Department of Budget and Finance in each participating country will be the focal agency, and endorsement from the ministers of finance will be sought to ensure the TA's political acceptability. Youth and women's organizations in each country will be involved in the TA implementation through workshops. The TA is expected to be implemented in two phases over 15 months, from May 2001 to August 2002. Phase 1 will be implemented from May 2001 to January 2002, and phase 2 from February 2002 to August 2002.

19. The Commonwealth Secretariat, given its broad experience in gender-sensitive budget management, will provide technical support to sensitize key stakeholders (Government and civil society) and train their representatives.

20. A team of four international consultants, economists and experts in gender analysis, will be recruited for six person-months, and domestic consultants will be engaged in the participating countries for eight person-months, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Detailed terms of reference are presented in Appendix 3.

21. The team leader for the international consultants will be required to submit a brief inception report one month after the commencement of the TA establishing milestones and timebound output agreed upon with ADB. A comprehensive interim report will be submitted at the end of phase 1. The team leader will also submit a final report summing up the findings, progress and achievements during the TA. The final report will include recommendations to extend the process to other countries.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, in an amount not exceeding the equivalent of \$300,000 for the purpose of the Youth- and Gender-Sensitive Public Expenditure Management in the Pacific Project, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <ul style="list-style-type: none"> Improve status of women and youth through efficient and equitable resource allocation, and a government budget policy that encompasses a gender and a youth perspective 	<ul style="list-style-type: none"> Integration of gender and youth issues to all national policies, plans, and programs 	<ul style="list-style-type: none"> Midterm development plan that includes gender and youth priorities 	<ul style="list-style-type: none"> Lack of political will
<p>Objectives</p> <ul style="list-style-type: none"> Share global “good practices” on the design of “people-centered” budget policies Assist governments with gender and age-group disaggregated data Build capacities of senior government officials and representatives of women’s and youth organizations to support gender-sensitive public expenditure management 	<ul style="list-style-type: none"> Adaptation of the methodology used in developing countries to the economic and human specificity of the Pacific developing member countries Improved understanding of gender and youth mainstreaming among government officials Involvement of women’s and youth organizations and/or ministries in budget preparation 	<ul style="list-style-type: none"> Feedback from Asian Development Bank (ADB) missions to the Ministry of Finance, using a checklist on budget gender and youth indicators developed in phase 2 	<ul style="list-style-type: none"> The view among Finance Ministry staff that “social” issues such as gender or youth are peripheral to their role Women’s and youth organizations and/or ministries that are marginalized or lacking knowledge and capacity
<p>Outputs</p> <p>Phase 1</p> <p>1. Review of the procedures for</p> <ul style="list-style-type: none"> preparing the budget 	<ul style="list-style-type: none"> Analysis of the public expenditure management (PEM) system and identification of corrective measures Data on inputs, outputs, 	<ul style="list-style-type: none"> Report 	<ul style="list-style-type: none"> Poor quality of the PEM system Lack or poor

(Reference in text: page 1, para 2)

<ul style="list-style-type: none"> • measuring the outputs of expenditure programs • evaluating performances against these outputs • ensuring a satisfactory flow of information between the Ministry of Finance and the relevant spending entities <ol style="list-style-type: none"> 2. Assessment of data availability and gaps in the generation and use of age or gender-specific statistics 3. Development of a gender-sensitive, age-group information database 4. Classification of expenditure by gender or youth impact 5. Workshop on gender and youth mainstreaming in macroeconomics, gender-sensitive budgets, and “people-centered budgets” experience <p>Phase 2</p> <ol style="list-style-type: none"> 1. Selection of areas of policy focus and interventions strategically, based on country-specific analyses and locally determined priorities 2. Prioritization of budget allocation, with disaggregation of projected expenditure into age- or gender-relevant categories 3. Development of youth- or gender-sensitive goals and indicators of success 4. Establishment gender- or youth-conscious planning mechanisms 5. Establishment of budget monitoring and evaluation processes and assessment of their gender or youth impact 	<p>outcomes, and recommendations on gender disaggregation</p> <ul style="list-style-type: none"> • Analysis of gender or youth roles and responsibilities in activities supported by the budget process • Framework for public expenditure • 20 senior staff members of finance ministries and senior representatives of women and youth organizations and/or ministries with a clear understanding of gender or youth issues at stake in the budget • Identification of key areas and recognition and elimination of gender and age bias in budgetary resource allocation • Allocation of disaggregated projected expenditure into age- or gender-relevant categories • Achievement of gender balance in public sector employment • Share of the different sectors defined in terms of their impact on women or youth (women’s and youth’s priority public services, and share of expenditure 	<ul style="list-style-type: none"> • Participants’ evaluation • Expenditure analysis including <ul style="list-style-type: none"> - expenditures targeted at women or men and young people to meet their needs - equal employment opportunity for public servants; - general expenditures, assessed for 	<p>quality of data</p> <ul style="list-style-type: none"> • Participants being at the right level and possessing adequate skills • Nonconductive institutional structures within which the Finance Ministry works • Absence of a clear understanding of age or gender is linked with macroeconomic analysis
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	devoted to programs targeted at women or youth)	their gender or youth impact	
<p>Inputs</p> <ol style="list-style-type: none"> 1. Coordination with partner agencies to initiate policy dialogue between the Ministry of Finance, key spending agencies, and youth or women's organizations 2. Review of macroeconomic performance, sector and expenditure analysis, and age- or gender-disaggregated data availability 3. Development of a gender or youth perspective and its integration into the management of public expenditure 4. Implementation of workshops and training-of-trainers seminars 	<ul style="list-style-type: none"> • Two months of ADB professional staff time at headquarters and in the field • One month of ADB consultant time for technical assistance at the Ministry of Finance • 6 person-months of international consulting and 8 person-months of domestic consulting services • Training workshop and seminar costs • Expenses for reproduction of materials • Expenses for communication • Miscellaneous administration and support services 	<ul style="list-style-type: none"> • TA report, supervision of Office of Pacific Operations (OPO) management • Monitoring by OPO staff • Detailed program of the training workshops and seminars • Accounting records 	<ul style="list-style-type: none"> • OPO work program to permit professional staff to serve as resource persons • Consultant to be available to carry out the tasks • Close collaboration among ADB, ADB Institute, and the Commonwealth Secretariat

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Asian Development Bank	ADB Institute	Commonwealth Secretariat	Total Cost
1. International Consultants and Resource Persons				
- Remuneration and per diem	121	0	60	181
- Travel	30	0	0	30
2. Domestic Consultants	24	0	0	24
3. Training Workshops and Seminar Costs	70	100	0	170
4. Administrative and Technical Support	20	0	0	20
5. Contingencies	35	0	0	35
Total	300	100	60	460

ADB = Asian Development Bank
Source: Staff estimates.

(Reference in text: page 5, para. 17)

TERMS OF REFERENCE FOR CONSULTING SERVICES

A. International Consultants (6 person-months)

1. A team of international consultants will be recruited and placed under the responsibility of a team leader who will be in charge of all reporting activities and work supervision.
2. The consultants should have an advanced degree in economics, well-developed analytical and quantitative skills, experience in applying these skills to policy issues in the field of feminist economics, and specific expertise in gender-sensitive public expenditure analysis and “people-centered” budgets. Experience in staff training and familiarity with budget systems in developing countries is required.
3. In coordination with the assistance already provided by the Asian Development Bank (ADB) in finance, planning, and economic reform in Pacific developing member countries (PDMCs), the consultants will help the Government develop the necessary analytical and methodological tools and mechanisms for integrating gender issues into budget preparation, and help adapt the tools to the preparation of the “youth budget.”
4. Consultants’ specific tasks during phase 1 will include the following:
 - (i) In coordination with the ADB consultant in the Ministry of Finance, review the public expenditure management (PEM) procedures and system, and assess data availability and gaps in the generation and use of age- or gender-specific statistics.
 - (ii) Assess government organizations’ potential for youth- or gender-responsive planning and budgeting, given the organizational structure and decision-making mechanisms, existing politico-legal or other constraints to meeting practical and strategic gender and youth needs.
 - (iii) Analyze personnel profiles and institutional resources (key officials supportive of gender-responsive concerns), and identify training needs.
 - (iv) Analyze gender roles and responsibilities in the activities supported by the budget process.
 - (v) Recommend a feasible system of regular provision of database, and production of age- or gender-specific statistics and indicators.
5. Consultant’s specific tasks during phase 2 will include the following:
 - (i) Help governments to
 - (a) select areas of policy focus and interventions;
 - (b) analyze the share of the different sectors defined according to their impact on women and youth; and
 - (c) prioritize budget allocation, disaggregating projected expenditure into age- and gender-relevant categories, building key major targets for a given period, and developing youth- or gender-sensitive goals and indicators of success
 - (ii) Make recommendations to establish
 - (a) gender- or youth-conscious planning mechanisms and
 - (b) systems to monitor and evaluate the budget process and its gender and youth impact.

(Reference in text: page 5, para. 20)

6. The consultants will

- (i) liaise with the Commonwealth Secretariat and participate in the preparation of the training workshops for officials from the Ministry of Finance and other line ministries, and
- (iii) help prepare seminars organized and cofinanced by the ADB Institute for PDMC government officials

7. The team leader will be required to submit a brief inception report one month after the commencement of the TA, and establishing TA milestones and timebound output agreed upon with ADB. A comprehensive interim report will be submitted at the end of phase 1. The team leader will also submit a final report summing up the findings, progress, and achievements during the TA. The final report will also include recommendations for the extension of the process to other countries.

B. Domestic Consultants (8 person-months)

8. One domestic consultant will be recruited in each participating country. The domestic consultants should have a degree in economics, and documented experience in gender or youth aspects of economic analysis.

9. Supervised by the team leader, the domestic consultants will

- (i) collect all relevant data;
- (ii) help analyze (a) gender or youth roles and responsibilities in activities supported by the budget process, and (b) the different sectors' share in the budget according to their impact on women and the youth; and
- (iii) liaise with youth and women's organizations to ensure their participation.