

Advancing Gender Equality in Nepal: Refining gender-responsive budgeting for transformative impact

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Foreword

Women's empowerment has always been a top concern for the Government of Nepal. First as mothers, sisters and daughters, and second culturally women have been their social roles, and voices. Over the years, Nepali state, guided by its own conscience, has implemented various policies and programmes not only to improve the conditions of women but also to extend their role in politics. In that regard, it is important to acknowledge that the participation of women in the political process has a long history in Nepal. As far back as the 1950s, women made significant contributions to Nepal's struggle for democracy.

Despite these efforts, however, the situation of women has not improved to the extent one might expect to fit the changing economic and social environment. Part of the problem lies in the adoption of a market-centered approach to empowering women. While this approach has helped raise awareness and numerical representation in politics, it has not led to progress. For example, in recent years, the Government of Nepal has introduced policies aimed at ensuring gender equality across all spheres of state affairs, but substantive economic and social transformation at the grassroots remains elusive. The focus has been largely on increasing women's numerical participation in the state's institutional life, but this has often been noncommittal, with limited impact on social economic, structure and ideological convictions.

What is needed however, is not just a commitment to gender equality but to ensuring both *de jure* and *de facto* equality – particularly in terms of women's action backed with resources so that they lead to economic, social, and political empowerment. There is broader agreement on this need. Yet, such approaches will only yield meaningful results when supported by the proper and well-designed strategies. Mere commitments and (re)commitments risk becoming rhetorical, failing to bring about real change in women's lives or advance gender equality. Too often, policies are influenced by activists and politicians who tailor programmes to suit their own interests, which can detract from broader goals. Further, the narrow reliance entirely on market-oriented approach has hindered Nepal's progress towards gender equality.

In this context, Gender Responsive Budgeting (GRB) has emerged as a critical tool not only for implementing policies and programmes but also for holding stakeholders accountable for their commitments. When properly implemented, GRB connects these commitments to the generation, distribution and use of public services contributing positively to gender equality. Nepal must intervene in this area to move beyond mere numbers and achieve wider and most substantial outcomes. Whilst, Nepal's state structure has already changed from unitary to federal, these programmes should also be developed at all levels of government: federal, provincial, and local.

This Strategy Paper is the result of a series of consultation meetings with government officials, civil society representatives and international development partners, as well as feedbacks received from a two days GRB training with parliamentarians in September 2024. The methodology used to develop this paper, alongside the guiding questions that encourage a more transformative approach to gender equality, economic development and well-being for all, is highly valuable.

GRB is not merely tool, as it is often perceived. Its scope extends far beyond this, especially when considering its role in planning and budgeting processes including public finance management (PFM) and fiscal policies. As outlined in this paper, GRB can play a vital role in ensuring gender equality throughout these processes. This Strategy Paper provides a strong foundation for discussing practical strategies and a roadmap for strengthening the current GRB system in Nepal. It is sure to stimulate a reform process involving a broad range of stakeholders.

Ultimately, this strategy paper will help policy-makers not only to reflect on the current state of GRB in Nepal while offering valuable guidance on how to enhance and implement it in order to create a truly equal society based on justice for all.

I am also deeply honoured to have been asked to share my perspective on a subject that is very close to my heart. I have dedicated over sixty years to advancing gender equality in Nepal and beyond.

Lastly, I would like to thank the authors and FES Nepal for bringing forward such an important paper.

Dr. Meena Acharya

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Abbreviations

CSO	Civil Society Organisation
FY	Fiscal Year
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GESI	Gender Equality and Social Inclusion
GIA	Gender Impact Assessment
GMF	Gender Equality Monitoring Framework
GRB	Gender Responsive Budgeting
GRBC	Gender-Responsive Budgeting Committee
IFI	International Financial Institution
MOF	Ministry of Finance
MOWCSC	Ministry of Women, Children and Senior Citizens
MTEF	Medium Term Expenditure Framework
NPB	National Project Bank
OAG	Office of Auditor General
PFM	Public Finance Management
SDGs	Sustainable Development Goals

Executive Summary

Nepal has made significant strides in embedding gender perspectives into its public financial management systems through the implementation of gender-responsive budgeting (GRB). Since the financial year 2005/06, when the government committed to integrating gender considerations into the budgeting process, important milestones have been achieved, including the establishment of the Gender-Responsive Budgeting Committee (GRBC) and the development of a classification system for GRB. These efforts have laid a foundation for promoting gender equality and women's empowerment across the country.

In recent years, Nepal has made further progress with the introduction of refined GRB guidelines, a localization strategy that extends GRB to local governments, and the integration of GRB tools into budget-management and expenditure-tracking systems. While progress has been made, challenges remain, including at the local level, where full adoption of GRB practices is still under way. The remaining challenge is to refine the GRB system in place in order to enable its transformative impact, advancing gender equality and more prosperous economic development and well-being for all. Investments in gender equality are a key driver of economic growth, as it unlocks economic productivity, increases employment, reduces poverty, and improves the well-being of all.

To further strengthen the GRB system and ensure its continued success, this strategy paper presents a set of actionable and forward-thinking recommendations. These focus on enhancing the legal framework, institutional arrangements, and refining the GRB framework, enhancing the application of technical tools that underpin GRB, promoting transformative

gender-equality investments alongside fostering greater collaboration and capacity-building across key stakeholders. A particular focus lies also on recommendations to enhance the role of parliamentarians in the GRB process.

Key recommendations

To ensure the continued success and sustainability of GRB in Nepal, several key actions are necessary. First, it is essential to strengthen the legal framework surrounding GRB. By enshrining GRB within the country's legal and fiscal systems, Nepal can provide clear mandates for gender equality to be integrated at all levels of government decision-making. This will offer the necessary foundation for ensuring that GRB becomes a permanent and effective component of the public financial management system and fiscal policies.

Second, improving institutional coordination is critical. Efforts must continue to enhance collaboration between government ministries, parliament, civil society organisations, development partners, and other key stakeholders. By fostering strong partnerships and ensuring efficient information-sharing, Nepal can ensure that GRB is implemented effectively across all sectors and that gender-equality priorities are embedded in every phase of the budgeting process.

Refining the GRB framework in place, in particular by expanding the use of existing GRB tools, is another important step forward. Nepal should build on the tools already developed and broaden their application throughout the entire planning and budgeting cycle, from policy formulation to reporting. The introduction of Gender Impact Assessments (GIAs), gender equality performance

setting and auditing for gender equality results, are key parts of this expansion. GIAs will allow for evidence-based policy making and budgeting, and for a thorough evaluation of the gender equality outcomes of policies, programmes, and budget allocations, ensuring that gender equality is always a central focus in decision-making.

Improving data collection and monitoring systems is also crucial. Reliable, gender-disaggregated data is essential for tracking progress on gender equality and identifying areas where further improvements are needed. Strengthening data systems and developing robust mechanisms for monitoring and evaluating gender equality outcomes will ensure that GRB remains results-oriented, accountable, transparent, and responsive to the needs of women and marginalised groups.

Capacity-building efforts should be prioritised to ensure that all stakeholders, from government officials, to parliamentarians, civil society organisations, and the media, are equipped to engage meaningfully in the GRB process. Providing regular training, creating knowledge-sharing platforms, and developing gender-sensitive budgeting tools will empower these actors to actively participate and contribute to the successful implementation of GRB at all levels.

Finally, fostering political will and engaging civil society are vital for the long-term success of GRB.

Strong political leadership is essential to keep GRB and transformative gender-equality investments at the forefront of the national agenda. Additionally, involving civil society organisations in advocacy, monitoring, and decision-making will help ensure that GRB remains a key driver of gender equality in Nepal's development. Strengthening the role of parliamentarians and ensuring their active participation in the GRB process and in setting gender-equality priorities in the policy and budgeting process will also play a crucial role in maintaining political momentum.

In summary, the path forward involves: legal reform; a refined GRB system; a focus on strategic public gender equality investments; enhanced coordination; better tools for assessment and monitoring; capacity-building; and ongoing political and civil society involvement. This will ensure GRB effectively promotes gender equality and contributes to Nepal's broader social and economic development.

By implementing these recommendations, Nepal has the opportunity to enhance its GRB system, making gender equality an integral part of its fiscal policies and accelerating progress towards transformative gender-equality results and a more inclusive, equitable, and prosperous future for all citizens.

1. Introduction

This Strategy Paper is based on a comprehensive baseline paper on the status of gender-responsive budgeting (GRB) in Nepal and on a series of consultation meetings with government officials, civil society and international development partners, as well as on feedback from a two-day GRB training with parliamentarians in September 2024.

The main guiding question in this Strategy Paper is: What is an appropriate and suitable strategy to promote GRB in a more transformative way, towards gender equality and more prosperous economic development and well-being for all?

GRB is vital to promote gender equality. By integrating gender-equality perspectives and priorities into fiscal and budgetary policies, governments can allocate resources in ways that advance women's rights, address gender disparities and promote gender equality. Research

confirms that gender equality is a key driver of economic growth, macroeconomic stability and poverty reduction. Investment in gender equality unlocks economic productivity and growth, increases employment, reduces poverty, and improves the well-being of all.¹ This is of crucial importance in the context of the overlapping crises, such as natural disasters, climate change, food insecurity, low growth, and high debt burdens. Economies with more gender equality in income show faster and more durable growth.

GRB is a set of tools to integrate gender equality into the whole planning and budgeting process, including of public finance management (PFM) and fiscal policies. If fully applied, it is a transformative tool and approach to promote gender equality, women's empowerment, equitable societies, sustainable economic performance and the well-being of all citizens.

¹ Elson, Diane, Seth, Anuradha (ed.) (2019): Gender equality and inclusive growth: Economic Policies to Achieve Sustainable Development, UN Women, <https://www.unwomen.org/en/digital-library/publications/2019/01/gender-equality-and-inclusive-growth>; Cuberes, David/Teignier, Mark (2016): Aggregate effects of gender gaps in the labor market: A quantitative estimate. *Journal of Human Capital*, 10, 1–32. <https://doi.org/10.1086/683847>; Gopinath, Gita (2022): Gender Equality Boosts Economic Growth and Stability, <https://www.imf.org/en/News/Articles/2022/09/27/sp092722-ggopinath-kgef-gender-korea>

2. Background: Building on the GRB Journey of Nepal

Nepal's GRB journey began with the government's announcement, in its budget speech for financial year (FY) 2005/06, of its political commitment to adopt GRB in the budget preparation process and system. The Gender-Responsive Budgeting Committee (GRBC) was formed under the chair of the joint secretary and head of the Budget and Program Division of the Ministry of Finance (MOF) to coordinate and speed up the GRB adoption process.

It took two years to prepare guidelines, software, forms and a format to apply GRB in the budget preparation process and the budget system. With the active role of the GRBC, the budget was critically analysed on the basis of GRB indicators and criteria. The gender-responsive budget classification is sub-divided into direct responsive, indirect responsive and neutral budget allocations.

The budget of FY 2007/08 was announced with these classifications. The GRB tool has been considered as a strategy for gender equality and women's empowerment in the 12th periodic plan. Since then, GRB has been considered as a strategy for promoting women's empowerment and gender equality. After four years of experience, a GRB guideline was reviewed and refined into the GRB directive in 2011, in application since that year, and which has more details in the indicators, sub-indicators and corresponding scores. In 2012, the Ministry of Federal Affairs and General Administration endorsed a GRB localization strategy to apply GRB tools in districts and municipalities (local governments).

To institutionalise GRB tools, in 2012 GRBCs were established in all sectoral ministries, districts and municipalities, and focal persons were nominated for GRB and gender equality and social inclusion (GESI). Different layers of knowledge and skills were provided to the GRB and GESI focal persons to enable them to take the lead in promoting GRB in the planning and budgetary processes.

The GRB system of budget classification was added to all software systems in government planning, budgeting and expenditure tracking, namely: the MOF's Budget Management Information System; the Line Ministries Budgetary Information System; the Provincial Line Ministries Budgetary Information System; the Sub-national Treasury Regulatory Application (local government); and the Financial Management Information System. In 2020, model GRB guidelines for the provincial and local governments were prepared, and they are currently in the process of implementation.

After the declaration of a federal structure and democratic state through the 2015 Constitution, there has been a decentralization of government. This has seen much of the governance system, structural architecture, authority, responsibility and accountability shifted away from central management, and redistributed between federal, provincial and local governments. With these changes, there have been shifts in budgetary priorities connected to the requirements of physical infrastructure and the need to establish federal structures and systems. Nonetheless, GRB tools have been integrated into the budgetary

process and system. However, this transposition has not been entirely as mandated in the budget preparation directives.

There is a disparity in the indicators and GRB classification criteria among the guidelines for the national and sub-national levels. Because of these differences, the Government of Nepal cannot consolidate the gender-responsive budget allocation and expenditure.

The GRB directive 2011 outlines the practical adoption of needs and includes a provision for an impact assessment, review and reflection after five years of implementation. However, despite more than a decade of GRB implementation, no review or evaluation of the impact of the current GRB system, guidelines, software or implementation has been conducted.

The GRB model guidelines for provincial and local governments differ somewhat from the central-level guidelines in terms of process, indicators, scoring criteria and classification. The analysis of the GRB process shows that the GRB approach is currently limited to budget announcements and to expenditure tracking at the federal level. At local government level, the process of fully adopting GRB is still ongoing.

Challenges to implementing GRB in Nepal

Despite the potential of GRB in Nepal, several issues hinder its implementation:

- While the GRB system has been established pro forma, there is no legal underpinning of the GRB framework (law, act, or bill) which would ensure sustainable long-term implementation and give clear guidance. Also, the GRBC was formed through executive decision and is lacking legal validity, which diminishes its authority and impact.
- Priorities of government, political leaders and parliamentarians are focused on physical and visible infrastructure development and establishment of federal structures. The social sector and gender aspect is generally overlooked.
- There is lack of commitment to prioritising gender equality, which leads to insufficient funding and resources for GRB, as well as for policies, services and investments that promote gender equality within the federal structure.
- There is a lack of comprehensive reliable gender-disaggregated data, making it difficult to accurately assess gender disparities. Although the Ministry of Women, Children and Senior Citizens (MOWCSC) is responsible for promoting gender equality, it has limited functions, staff and financial resources, as well as no institutional linkages to provinces and local government bodies.
- Traditional approaches in planning and budgeting, which give less priority to social aspects, are often resistant to change, and entrenched attitudes regarding gender roles can hinder the adoption of GRB practices.
- GRB guidelines are not properly followed as they are not mandatory. There is also a widespread insufficient knowledge and skills regarding GRB among implementers, decision-makers, parliamentarians, and citizens. This deficiency hinders effective application and prioritisation of gender-equality considerations in the planning and budgeting processes.
- The GRB system, and the application of the indicators to determine GRB categorisation (tracking of public allocation and expenditures), are perceived as complicated by users and stakeholders. And guidelines at federal, provincial and local levels are not aligned.

- GRB allocations only appear in the overall programme, the annual budget speech, and programme documents and expenses reports. They are not mentioned in the details of the implementation process such as procurement plans, activities implementations, expenditure tracking, reporting, or monitoring including public audits.
- GRB is focused on allocation and expenditure tracking under budget headings. However, other key GRB tools have not yet been implemented, such as gender impact assessments (GIAs), gender equality in performance setting, or monitoring and auditing for gender equality results.
- GRB is not sufficiently integrated in overall PFM system including revenue generation and management.
- Medium-term-expenditure frameworks (MTEFs) and annual budgets do not include clear financing for gender-equality priorities.
- Important public institutions such as the Parliament and the Office of Auditor General (OAG) are not included in the GRB process.
- In addition, other stakeholders such as political and social leaders, civil society, media, academics, social leaders, researchers and communities are relatively passive in raising GRB and gender issues, or in lobbying, advocating or otherwise influencing the decision-making process. That may be because of their limited knowledge, or might reflect that the current traditional budgeting processes do not welcome their inputs.

This strategy paper presents recommendations to foster full-scale implementation by integrating GRB in the planning and budgetary processes. It suggests ways to address policy frameworks, refine directives and guidelines, redesign forms and format, build capacity, strengthen systems of coordination, and increase stakeholder engagement, as well as improve gender equality monitoring, evaluation and auditing (including GRB reporting). The recommendations to refine and strengthen the GRB framework will, in turn, strengthen its contributions to achieving gender equality and more prosperous economic development and well-being in Nepal.

3. Upgrading the GRB Framework by Enhancing the Use of GRB Tools

The GRB system adopted by the government of Nepal provides a solid foundation for upgrading the system to fully implement GRB using various tools available throughout the planning and budgeting processes. The government has introduced GRB guidelines that guide government institutions to classify programmes and expenditures based on five indicators (with sub-indicators) to facilitate gender coding in budget preparation and execution. The classified budget allocations are in an annex to the annual budget, categorised as directly responsive, indirectly responsive, or neutral. The indicators point to relevant issues with a strong potential impact on gender equality:

- Women's participation in formulation and implementation of the programme
- Women's capacity development
- Women's share in the benefits
- Promotion of employment and income generation for women
- Qualitative improvement in women's time use and reduced workload

As outlined above, a simpler and more applicable GRB framework and directive are necessary to effectively translate GRB policy into practice, ideally covering the following elements:

- **Gender analysis of budget policies:** Assessing how different budget policies impact men and women differently, identifying gender gaps, and addressing the specific needs of marginalised or disadvantaged groups.
- **Identification of gender equality priorities:** Setting clear gender-equality

objectives based on national and international commitments, such as the Sustainable Development Goals (SDGs) of the UN Agenda 2030, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA).

- **Budget formulation and planning:** Integrating gender perspectives into budget formulation, ensuring that resources are allocated to address gender-specific needs and gaps in sectors such as health, education, social protection, and economic empowerment.
- **Monitoring and evaluation:** Establishing gender-disaggregated indicators and monitoring frameworks to assess the impact of budget allocations on gender-equality outcomes.
- **Accountability mechanisms:** Creating institutional accountability by involving various stakeholders, including civil society, in the monitoring and evaluation of GRB implementation.

To better ensure the implementation and operation of these GRB elements, we make the following recommendations:

- **Embed gender equality perspectives throughout all steps** of the planning and budgeting cycle (policy, revenue, planning, budgeting, implementation, monitoring, auditing, reporting, etc), by making use of all the available GRB tools.
- **Add gender-impact analyses** to current expenditure tracking.

- **Show clear political will and commitment** at highest level of government and administration.
- **Pro-actively involve civil society and media** by creating spaces for their contributions to GRB and setting gender-equality priorities in the planning and budgeting processes.
- **Promote transparency and accountability** of the government and other implementing agencies on its GRB work, as well as on impact and contributions to closing gender gaps.
- **Push for a legal underpinning of GRB** to provide a legally-based mandate for governments and to ensure sustainability as well as systematic implementation.
- **Expand the currently limited capacity** and expertise of government officials, budget officers, and policymakers on GRB.
- **Enhance collection and availability of sex-disaggregated data**, to better inform the design of GRB policies and budgets, and also track their impact.
- **Establish gender-equality monitoring and evaluation systems** to assess the impact of policies and spending on gender equality.

The following chapters provide strategic guidance and recommendations on enhancing the GRB framework with a focus on strengthening implementation of specific GRB tools.

3.1 Enhancing budget and expenditure tracking

Enhancing the tracking of gender-equality budget allocations and expenditures is essential for promoting equitable resource distribution. It will contribute to ensuring that gender-equality considerations are incorporated into national and institutional financial planning and budgeting.

Budget tracking consists of providing analysis, data and reporting on budget allocations and expenditures related to gender-equality goals and impacts. There is a need to introduce other important GRB tools, such as Gender Impact Assessments and gender-responsive performance setting. This broader scope of GRB work will promote accountability for gender equality, reduce gender gaps, increase efficiency and transparency in resource allocation.

A well-functioning GRB system needs to build on a range of GRB tools and use several key strategies that together ensure that working towards gender equality is well embedded into the planning and budgeting process.

It is recommended to work towards such an extended well-functioning GRB system by means of the following measures:

- **Establishing a good, full GRB framework:** The framework should include specific guidelines for identifying gender equality priorities, allocating resources, carrying out gender impact assessments, delivering effective services oriented towards gender equality, prioritising investments and monitoring the impact of spending on gender equality.
- **Integrate gender-equality priorities** fully in planning processes, in the National Project Bank (NPB), in the preparation of the MTEF, and in annual programming and budgeting.
- **Carry out ex-ante GIAs:** Before programmes, NPB projects and budgets are finalised, policymakers should conduct GIAs to evaluate how proposed policies, projects and spending proposals will affect gender equality outcomes. This provides a sound basis for evidence-based decision-making and for incorporating gender considerations into

programme and project design and adoption, and for informed resource-allocation decisions.

- **Gender-disaggregated data:** For effective tracking of gender-equality progress and understanding of gender impacts of public service delivery and investments, it is important to collect gender-disaggregated data across all sectors and at all levels of government. Such data is crucial for identifying gender disparities in access to services and infrastructure, employment opportunities, and other socio-economic indicators.
- **Tracking tools and indicators:** The government has established an expenditure tracking system at the level of budget headings. It is recommended to extend this system by developing appropriate tools and indicators for tracking the activities of gender-related expenditures at all levels. Indicators should be aligned with national gender-equality goals and international commitments, such as the SDGs. Regularly updating and refining these tools and indicators based on new data and insights is also important. These indicators should measure not only inputs (such as the amount of money allocated) but also outcomes (educational attainment, access to and quality of healthcare services, and economic activities and participation).
- **Developing a system of GRB requirements** based on the results of the GRB categorisation of the government budget (direct, indirect and neutral): The GRB categorisation should be considered not as an end result, but rather a very good starting point to define the GRB tools for the respective categories of GRB expenditure.

For expenditures classified as direct GRB expenditures, requirements could be:

- Setting of clear gender-equality objectives, targets, gender-equality activities and indicators;
- Application of regular *ex-ante* and *ex-post* GIAs;
- Developing sex-disaggregated data and gender data;
- Regular monitoring and auditing for gender-equality results and reporting on gender-equality results included in the budget documents; and
- Re-assessing allocation levels in light of measured impact and further needs to reach gender equality goals.

For expenditures classified as indirect GRB expenditures, requirements could be:

- Setting of clear gender-equality objectives, targets, gender equality activities and indicators;
- Applying a simplified system of *ex-ante* and *ex-post* GIAs;
- Developing sex-disaggregated data and gender data; and
- Regular monitoring and auditing for gender-equality results and reporting on gender-equality results included in the budget documents.

For neutral GRB expenditures, requirements could be:

- Rapid gender analysis or GIA to check these expenditures do have significant gender dimensions (according to the five indicators), potentially as a basis for a review of classification.

3.2 Gender impact assessments

The government of Nepal has adopted GRB in public finance since FY 2007/8. It has achieved remarkable progress in integrating GRB in the

planning and budgeting processes. However, so far, the impacts of GRB policies and budgets on the lives of people and on improving gender equality are limited. The data monitoring is limited to head counting, which fails to reflect the changes in people's lives. There is a missing link in the implementation of budgets, as well as a lack of tracking progress and of reporting systems beyond mere numbers.

GIA is an established core tool of GRB work, to be carried out both *ex ante* and *ex post*. *Ex ante* GIAs analyse policy, project and budget proposals in view of their projected impact on women and men, on gender equality, and on closing or increasing gender gaps. *Ex post* GIA tools are used to assess gender impacts after policy and budget implementation and are an important approach to assess progress, detect policy weaknesses or budget limitations, and provide relevant input for adjustments and reforms in the next cycle of policy and project development and budgeting.

Annex 1 provides an overview of GIAs, suggesting a structured approach to implementation based on international standards.

It is recommended to:

- Adopt *ex ante* and *ex post* GIA tools for every projects and programme and for budgets, both expenditure and revenue, which will support evidence-based policy-making and budget decisions;
- Develop easy-to-use, consistent formats for GIA assessments;
- provide adequate support to implement GIAs; and
- Consider the introduction of GIAs for legislative proposals.

3.3 Gender-equality monitoring framework

A gender-equality monitoring framework (GMF) is essential for assessing and promoting gender equality in policies, programmes, projects and budgets. It helps to establish overarching goals aligned with international gender-equality frameworks (e.g., SDGs) and serves as a structured approach to evaluate gender impacts, ensuring that gender is integrated into decision-making and implementation processes. Such a framework is vital for organisations, governments, and institutions aiming to promote social equity, gender equality and empowerment across genders.

The main objective of a GMF is to identify specific, measurable objectives related to gender-equality outcomes. The specific objectives are as follows:

- **Assessing impacts:** Evaluate how policies, programmes and budgets affect different genders.
- **Tracking progress:** Monitor advancements toward gender equality goals.
- **Identifying gaps:** Highlight areas where gender disparities persist.
- **Guiding policy decisions:** Inform policymakers on necessary adjustments to enhance gender responsiveness.
- **Engaging stakeholders:** Involve diverse groups in the monitoring process, fostering a sense of ownership and accountability.

Specific methodologies and tool to apply a GMF based on international standards are included in Annex 2.

The Government of Nepal has a general monitoring framework, and all the sectoral ministries and related institutions have to

prepare reports. However, gender equality is only marginally integrated. The monitoring and reporting format is limited to statistics such as the number of households benefitting, head counting of male and female beneficiaries, and number of households belonging to different social groups (Brahman/Chhetri/Thakuri, Janjati, Madhesi, Muslim, Dalit, etc). There is no specific qualitative or quantitative GMF.

3.4 Auditing for gender-equality results and for GRB implementation

The Government of Nepal has established regular internal and external auditing processes and systems. The auditing system focuses on the targets and achievements related to budget allocations and expenditures, financial compliance and reporting. However, most audits are limited to assessing physical and financial progress. While this progress has led to some changes in the lives of people including women and children, such impacts are not included in the auditor's guidelines or legislative mandates. Some ministries, such as the Ministry of Education and the Ministry of Health, have implemented gender audits on their projects to see the impact of the intervention on women's lives, such as in maternal health and girls' education. But overall there is a current gap in the auditing practice of Nepal.

It is recommended that:

- The Office of the Auditor General strengthens its work on gender audits and ensures that gender-equality perspectives are well integrated into all its performance audits;
- A dedicated, well-staffed unit for gender audits be established within the OAG offices to build knowledge and expertise, and ensure regular gender audits of policies and budget;
- Internal and external auditing processes, regulations and laws be reviewed to strengthen the integration of gender audits at all levels, integrating gender-equality perspectives in financial and performance auditing;
- Existing practices, e.g. in the sector of health and education, be reviewed and used as a basis for sharing experience and strengthening the practice across all ministries and public institutions;
- Any project supporting the OAG or other internal audit processes include gender-equality auditing components;
- A review be carried out by using internationally established tools and approaches of gender auditing (see Annex 3), auditing for gender-equality results and auditing GRB implementation, to learn from proven best practices; and
- An exchange take place with the International Organisation of Supreme Audit Institutions (INTOSAI) to take advantage of their resources on gender audits and other relevant tools.

4. Adopting a Firm Legal Basis for GRB Implementation

International practice shows that a regulatory enshrinement of the commitment to GRB supports long-term resilience and viability and continued integration of GRB into PFM processes including budgeting. In general, PFM reforms that have legal underpinnings are more likely to be viable and sustainable. A strong legal basis, combined with sound technical capacity for gender budget analysis and GRB practice, helps to ensure the continuous implementation of GRB. Clear legal guidance increases engagement from government stakeholders as well as other public institutions, including the Parliament and Supreme Audit Institution.

In Nepal and other countries, implementation of the early stages of a GRB framework was driven by political support and leadership. However, institutional changes are needed for longer-term viability, including a clear legal mandate to ensure sustainability. These ensure a clear basis for public officials, and facilitate sustained institutional arrangements and strong coordination mechanisms.

Legislation is a necessary strong foundation for GRB. However, international experience shows the importance of not only enshrining a general commitment in law, but also formulating specific legal provisions that provide a solid legal basis all along the budgeting process. Building on this foundation, the GRB tools, methods and institutional arrangements can be strengthened.

This contributes to ensuring that GRB becomes a valuable approach supporting economic prosperity and development outcomes.

There is a broad range of different models of legal underpinning of GRB. These range from integrating GRB in a country's constitution, organic budget laws,² or other laws supporting PFM or gender equality. Some international examples of GRB in legal provisions are included in Annex 4.

Recommendations and considerations for developing a legal underpinning of GRB in Nepal:

As the GRB framework in Nepal moves into its implementation stage, the timing is good to consider a comprehensive legal underpinning to enhance its authority and impact.

There are different options regarding the law in which to enshrine GRB, for example the Constitution, the Financial Procedure and Fiscal Responsibility Act (and Regulation), the Inter-governmental Fiscal Management Act, or the Audit Act. Based on international experience it is recommended:

- To take a comprehensive approach, formulating a legal basis for GRB per se, and providing specific stipulations for GRB along the planning and budgeting process, for

² Organic budget laws are foundational legislative frameworks that govern the budget process and set out formal rules for the budget process, specifying responsibilities and timelines for key steps in budgeting.

example within the Constitution's Article 59 on the Exercise of Financial Powers;³ and

- To further specify the legal basis for GRB in the Financial Procedure and Fiscal Responsibility Act (and Regulation), the Inter-governmental Fiscal Management Act, the Audit Act, or others.

This would provide an admittedly general basis, but would serve as an important starting point that should then be detailed in further relevant legal acts.

Experience shows that the legal enshrinement of GRB works best if the legal amendments are tabled and discussed in the process of larger review and/or amendment processes of the respective laws. Thus, the upcoming process of constitutional review and amendments as well as budget reforms or reforms of the planning system offer potential entry points for anchoring GRB specific provisions in the law. It is recommended to prepare specific proposals for legal provisions on GRB in all relevant legislation.

³ Article 59 (1) The Federation, Province and Local Level shall make laws, make annual budget, decisions, formulate and implement policies and plans on any matters related to financial powers within their respective competence, aiming at ensuring gender equality and the realization of all rights.

5. Key Importance of Gender Equality and GRB for Economic Performance

Longstanding research highlights the crucial importance of improving gender equality outcomes for positive economic performance and prosperity.

Gender equality is not only a human right and at the core of development strategies, but also a key driver of economic growth and poverty reduction. Investment in gender equality unlocks economic productivity and growth, increases employment, reduces poverty, and improves the well-being of all.⁴ This is of crucial importance in the context of the overlapping crises, such as natural disasters, climate change, food insecurity, low growth, high debt burdens.

GRB and gender responsive fiscal policies play a crucial role in promoting gender equality, addressing gender disparities, and contributing to the achievements of all the SDGs. Increased gender equality also promotes macroeconomic and financial stability, stimulates economic growth, healthier children, and private- and public-sector economic performance. Research shows that economies with more gender equality in income show faster and more durable growth.

Therefore, reducing gender disparities and promoting gender equality can have significant positive economic impacts and contribute to overall growth and development.

⁴ Elson, Diane, Seth, Anuradha (ed.) (2019): Gender equality and inclusive growth: Economic Policies to Achieve Sustainable Development, UN Women, <https://www.unwomen.org/en/digital-library/publications/2019/01/gender-equality-and-inclusive-growth>; Cuberes, David/Teignier, Mark (2016): Aggregate effects of gender gaps in the labor market: A quantitative estimate. *Journal of Human Capital*, 10, 1–32. <https://doi.org/10.1086/683847>; Gopinath, Gita (2022): Gender Equality Boosts Economic Growth and Stability, <https://www.imf.org/en/News/Articles/2022/09/27/sp092722-ggopinath-kgef-gender-korea>

6. Key Areas of Enhanced Gender Equality Driving Positive Economic Performance

A. Labour market

Increased gender equality in labour markets is a key channel towards better economic performance. Particularly positive impacts on employment rates and economic growth are linked to increased female participation in the labour force, reduction of the gender pay gap, and gender equality in economic decision making. Reducing the gender employment gap, increasing women's share in formal sector employment, removing gender segregation in occupations, and increasing the ratio of women to men among both managers and workers, all lead to positive growth effects.

B. Social infrastructure

Availability, access to, affordability and quality of social infrastructure, e.g. child care, health care and education are crucial factors in securing positive impacts on various aspects of economic performance, as these improve women's access to the (formal) labour market.

C. Investing in girls' education

Investing in girls' education and increased gender equality in education, including reducing drop-out rates of girls, is another key transmission channel to achieve hugely positive economic performance. Gender equality in education policies has been found to strongly influence economic performance across different regions. Also, reducing the gender pay gap and increasing women's control over household resources yield significant economic benefits.

D. Investment in women's health

Women's health and well-being, including maternal and reproductive health is another aspect contributing to not only individual, but also crucial social and economic benefits. Despite some progress, gender disparities persist in various areas beyond labour-force participation and education, including health, access to credit, technology, and income. GRB can be a valuable tool for addressing these challenges by enabling better resource allocation and policy implementation at all levels of government.

E. Elimination of gender-based violence

Gender-based violence (GBV) carries significant economic costs. GBV leads to lower labour supply, reduced productivity, and less investment in human capital for women and children. The impact can be intergenerational, where children who witness or experience GBV may suffer long-term consequences such as poor educational outcomes, mental health issues, and future involvement in violence, leading to additional social and economic costs. Addressing GBV effectively has significant economic benefits in terms of economic performance, and reducing public expenditures related to the effects of GBV.

F. Economic, political and social empowerment of women

Empowering women as economic, political, and social actors can lead to positive impacts on policy choices and institutional representation. For example, in India, giving power to women at the

local level by enforcing quotas for women in local political positions resulted in increased provision of public goods, such as water and sanitation, which disproportionately affect women. Additionally, increasing gender equality in leadership positions within firms has been linked to improved firm performance and labour productivity. Gender inequality in entrepreneurship has been found to lead to a loss in output.⁵

Also in India, women's representation in parliament has been associated with positive impacts on investments in health, early education, and support for redistributive policies. Moreover, higher shares of women politicians have been linked to lower levels of corruption, as women are more adverse to corruption and tax evasion. These findings highlight the importance of empowering women in various spheres for societal and economic development.

It is recommended:

- To **recognize the importance of transformative investments** in care and gender equality for enhancing both economic performance and human rights in Nepal;
- To **strengthen research on positive impacts of increased gender equality** on economic performance and employment gains;
- To **support the establishment of an economic policy research unit** focusing on gender equality and economics research; and
- To **increase public investments in early childhood education**, health, and other care services as well as in gender equality to enhance economic performance.

⁵ Halabisky, D. and H. Shymanski (2023), Gender gaps in entrepreneurship remain, in *Joining Forces for Gender Equality: What is Holding us Back?*, OECD Publishing, Paris, <https://doi.org/10.1787/158a933b-en>; Teignier, Marc and Cuberes, David (2014), *Aggregate Costs of Gender Gaps in the Labor Market: A Quantitative Estimate* (February 10, 2014), <http://dx.doi.org/10.2139/ssrn.2405006>; Frédéric Meunier, Yulia Krylova, Rita Ramalho (2017), *Women's Entrepreneurship. How to Measure the Gap between New Female and Male Entrepreneurs?*

7. Transformative Gender-Equality Investments

In spite of many years of gender policies, we observe that there is too little progress towards meaningful gender equality. While Nepal has made some progress, e.g. improving its score on the SDG Gender index from 58 (out of 100) in 2015 to 61.3 in 2024, swift action is needed to step up progress. As part of this, the country could usefully consider joining the international trend towards gender-equality investments. These investments and related policies address the underlying root causes of inequalities, such as reducing women's share of unpaid care work, eliminating GBV, ensuring adequate provision of and access to services of key importance, changing harmful gender roles, norms and power relations, and promoting equality of women's participation in economic, social, political and cultural life.

It is very important to acknowledge that moving towards gender equality involves shifting power structures.⁶ By providing analysis and evidence of existing inequalities, GRB can provide an approach for shifting power by going beyond vested interests. In order to make progress, it is important to move beyond merely "taking gender into account" towards ensuring that power over public resources is truly shared more equally between diverse groups of women and men, including trans and non-binary people, particularly the most marginalised.

Such a shifting of power structures includes a fresh look at the priorities of what is funded through the public budget, putting transformative

gender-equality investments high on the government priority list.

It is recommended to:

- Focus on strategic public investments supporting gender equality and thus a prosperous development of all Nepali people;
- Include priority gender-equality investments in all planning and multi-annual and annual budgeting, and formulate specific transformative gender-equality projects in the National Project Bank;⁷ and
- Focus on fiscal priorities that contribute to transformative progress on gender equality and to enhanced economic growth and well-being, in particular:
 - Public investments related to care expenditures and equitable provision of care services, including health and education;
 - Investments and gender equality enhancing policies related to reducing and redistributing unpaid care work, especially in child care and elderly and dependent care;
 - Investments in gender equality oriented early childhood education;
 - Securing access to basic services and infrastructure, including running water and electricity for all households;
 - Introducing gender equality enhancing parental benefits and parental leave schemes;

⁶ See: Rowan Harvey; Chloe Safier (2021) Transformative Change for Gender Equality: Learning from Feminist Strategies; Publication BY Friedrich-Ebert-Stiftung Nepal Office, <https://library.fes.de/pdf-files/bueros/nepal/17794.pdf>

⁷ See https://www.npc.gov.np/images/category/National_Project_Bank_Guidelines.pdf for an overview of the National Project Bank and its activities.

- Investments in eliminating any form of GBV and adequate support for survivors;
- Strengthening women's economic security and independence;
- Enhancing social security protection regimes accessible for all, including informal sectors;
- Gender equality promoting public revenue policies; and
- Fully integrating gender equality perspectives into key areas of reform, e.g. mitigating climate change policies and disaster relief policies.

8. Enhancing Gender Equality Through Gender-Responsive Revenue Policies

GRB aims at increasing gender equality through both public-revenue and public-expenditure policies. Most early GRB work has focused on the expenditure rather than on the revenue side. In recent years, there has been more research on gender and tax policy issues (see Annex 5 for selected references), which brings to the surface how tax policies impact different groups of women and men differently, and can have quite sizeable impacts on gender inequalities and gender gaps.

So, a next step to enhance GRB work is to focus on integrating gender equality issues in public revenue, taxation and overall fiscal policy. Research highlights a number of important issues related to public revenue: First, the size of the fiscal space (i.e. overall public revenue, usually measured as a share of GDP) is highly relevant for policies promoting gender equality. A government's capacity to reduce gender inequality is determined in large part by its tax revenue, and which groups of society contribute how much to tax payments. A high level of tax revenue, if raised progressively and spent wisely, enables governments to fund the services, social security and infrastructure that promote gender equality and women's empowerment.⁸

The composition of public revenue, especially which tax contributes how much, is highly relevant. Given that women have historically

represented small parts of the formal workforce in Nepal, a shift towards indirect taxes and taxing the informal economy are likely to have a disproportionate effect on poorer households, and women in particular. It is important to increase the understanding whether, and in what specific ways, tax policies affect the ability of women to participate in the workforce and carry out their caring responsibilities.⁹

Formal direct taxes are less relevant for women in lower-income contexts, given their high participation rates in the informal economy. Instead, presumptive taxes,¹⁰ user fees and informal taxes place a disproportionate burden on low-income women. Also, tax administration can be of importance to gender equality. One aspect is how effective tax administration is in counteracting tax avoidance and corruption; another one is how tax payers can interact with tax authorities.

Overall, any assessment of a tax policy's impact on gender equality needs to consider revenue and expenditure together to ensure that the positive effects of tax policies are not undermined by budgets, or vice versa.

The Government of Nepal has introduced several affirmative tax exemption measures to empower women, increase the number and proportion of women in economic activities. These measures

⁸ Elson, Diane, Seth, Anuradha (ed.) (2019): Gender equality and inclusive growth: Economic Policies to Achieve Sustainable Development, UN Women, <https://www.unwomen.org/en/digital-library/publications/2019/01/gender-equality-and-inclusive-growth>;

⁹ Joshi, A.; Kangave, J. and van den Boogaard, V. (2024) Engendering Taxation: a Research and Policy Agenda, ICTD Working Paper 186, Brighton: Institute of Development Studies, DOI: 10.19088/ICTD.2024.017

¹⁰ A presumptive tax is a simplified taxation method for small businesses and the self-employed; as it is often based on estimated income levels, it might disadvantage the very low-income groups.

include rebates of 10 percent on income tax for women, registration fees for enterprises held in a woman's name, and on imports of goods for such enterprises. There is also a 25 percent rebate for registering land in a woman's name. These have increased women's ownership on both house and land. The percentage of the households with female ownership of both land and housing unit is 11.8 percent, which is an increase of 1.1 percent point compared to that in 2011.¹¹

It is recommended to:

- Focus on the collection and analysis of gender-disaggregated data related to public revenue to carry out meaningful gender impact analysis on tax and other revenue policies;
- Use the range of analytical tools available to assess gender equality impacts of tax structures and specific taxes, tax schedules, unit of taxation, tax base, including tax and other revenue exemptions and expenditures, and of tax administration in terms of incentives, incidence, and impacts from gender equality perspectives;
- Introduce regular gender impact assessments before all tax reforms and changes of specific tax and other revenue provisions;
- Review the current system of public revenue to identify measures to promote gender equality, including in marginal areas (e.g., the minimum tax on community organisations might put a burden on small community groups, especially on women's groups);
- Focus on revenue-raising and gender-equality-enhancing reforms of the tax system (for example, more progressive tax rate structures and equal taxation of all sources of income, and reducing tax exemptions for larger business and higher income);
- Strengthen individual (instead of household) income taxation, re-examining of tax breaks and tax deductions from gender perspectives, eliminating favourable treatments of certain sources of income, e.g. capital income, over others, and eliminating implicit gender bias in underutilised areas of taxation, e.g. related to wealth, property, inheritance and gifts;
- Work towards gender-equitable revenue policies aiming at eliminating both explicit and implicit gender biases and inequality-increasing impacts;
- Invest in better public education and awareness regarding the value of revenue systems and their importance for financing gender equality and services and other public investments, in contrast to the dominant public perception of "tax burden";¹² and
- Improve tax collection and administration, e.g., by building capacity and accountability of government and tax officials to ensure fair treatment of all taxpayers.

¹¹ National report ,Nepal Population and housing census, 2021, GON, OPMCM page no 2-19 point, https://censusnepal.cbs.gov.np/results/files/result-folder/National%20Report_English.pdf

¹² Currently, too often the narrative is one of a tax burden. It is important to give an accurate account of the key importance of public revenue for financing well-being and gender equality outcomes. Public revenue is essential for public investments and services with benefits to the population at large and enhancing gender equality in particular. Enhancing awareness of what is financed with tax revenue builds trust and can enhance tax payers' morality. Disseminating information to the public on revenue policy and administration shall use diverse communication channels reaching different groups of the population, e.g. civil society organisations could potentially play a role in reaching groups of disadvantaged women.

9. Strengthening Institutional Coordination and Support

The government of Nepal has promoted the GRBC as an institution to promote GRB tools in the budget preparation process and system. The committee is coordinated by the head of the Budget and Program Division in the MOF. GRBC has promoted the nomination of focal points to represent the GESI or GRB as well as the GRBC in sectoral ministries, to promote GRB in the planning and budgeting processes and systems. With the 2015 Constitution the federal structure was changed and these committees were not functioning as they should, which has slowed down the activities in promoting GRB implementation at all levels.

Strategic recommendations for institutional strengthening and coordination include the following:

- Establishment of a strong legislative framework to institutionalise GRB (see Chapter 1).
- National policies and strategies to explicitly include GRB and transformative gender-equality priorities as a core component. The National Planning Commission should consistently strengthen gender equality in the development of national strategies and policies.
- There is a need to integrate GRB and transformative gender-equality priorities into all national development plans and development strategies.
- The government of Nepal has adopted the Project Bank mechanism to prioritise the resources: GRB should be included in the project selection criteria, and specific projects

focusing on transformative gender-equality priorities should be developed.

- Intensify the priority and strategy of GRB and gender equality as a national priority, thus mobilising adequate resources and political will to implement it effectively.

GRB requires coordination between multiple government ministries and departments, including finance, planning, and sectoral ministries (e.g., health, education, agriculture). Often, there is a lack of collaboration or shared understanding between these entities on how to implement GRB. In Nepal, the responsible ministry MOWCSC has limited competencies and no institutional network and offices at the province and local government level. It has to work through the Office of the Prime Minister and the Council of Ministers. This ministry has no substantive programme, rather just some policy influence and the ability to provide some grants to special social organisations (targeting women, disabled and senior citizens). This structure hinders the ministry's capacity to contribute to and influence budget decisions in other sectors, limiting the reach of gender-equality efforts and the effectiveness of GRB.

It is recommended that coordination and networking among the different institutions and actors shall be enhanced to:

- Strengthen the GRBC by allocating adequate resources and providing it with a clear mandate to coordinate;
- Facilitate and oversee GRB implementation throughout the government;

- Ensure that the gender-equality policies adopted by the government are implemented and resourced fully through the budget;
- Extend the work of the GRBC to include a focus on gender-equality and macroeconomic policy as well as gender-equality priorities in fiscal strategies and in the MTEF;
- Support the work of the GRBC at high level by establishing a technical team;
- Ensure well-staffed and trained GESI and GRB focal points and GRBCs at senior official level;
- Work effectively towards gender equality in policy and budgeting in all sectoral ministries, commissions, districts and municipalities;
- Strengthen institutional networks between the national level, MOWCSC and the provincial and local-government levels; and
- Strengthen the competences of MOWCSC, in collaboration with the MOF, in GRB implementation and oversight of gender-equality results.

10. Strengthening the Role of Different Sectors

The implementation of a GRB framework depends on the commitment of all involved stakeholders and institutions. Gender equality and GRB knowledge and expertise should be made available in all institutions involved in the policy and budgeting process. As highlighted above, clear guidelines, a comprehensive framework and adequate resources and staff for implementation are important prerequisites for adequate work.

GRB demands coordination and collaboration between multiple stakeholders at every stage from design and implementation, tracking and monitoring of results and sharing of practices for future improvement. There is a need for knowledge building in and creating ownership of these processes regarding how and when to promote GRB to address gender gaps and challenges as well as to focus on transformative gender equality investments. The list of relevant sectors includes government institutions, parliamentarians, researchers, academics, experts, media, civil society and the private sector. These institutions and actors have different mandates, understandings and activities. Effective coordination and networking are vital to bring everyone onto the same platform to promote gender equality and GRB implementation in Nepal.

In this context it is recommended to:

- Promote experience sharing on gender equality and GRB implementation across different institutions on a regular basis, including a sustainable knowledge hub for sharing of knowledge and best practices;
- Establish adequate coordination and support to fully implement the GRB localization strategy adopted by the Ministry of Federal Affairs and General Administration; and
- Ensure consistency of GRB implementation at all tiers of government, establishing an effective coordination mechanism for gender equality and GRB between national level and the level of districts and municipalities (local governments).

A. Role of parliament

The government prepares policy documents such as the periodic plan, project bank, MTEF, annual plan and budget and monitoring framework, in consultation with stakeholders including parliamentarians. Government also consults parliamentarians specifically in different thematic committees. The resulting documents then go for approval by cabinet and parliament. However, these consultations tend to focus on physical and financial information provided by government, and less on the social and gender dimensions, which limits the discussion and the further fostering of women's empowerment and the gender-equality agenda.

Additionally, policy makers and parliamentarians have their own priorities and interests. Their approaches and education with regards to gender equality are often limited by the dominant patriarchal social structure, culture, and stigma. Parliamentarians have given correspondingly less priority to gender-equality issues. Policy makers and parliamentarians need proper orientation on the topics and process, to better discuss, lobby and influence relevant decisions.

It is recommended to:

- Provide a firm legal basis for GRB throughout the planning and budgeting process, e.g. by enacting laws that mandate the integration of gender budget analysis into all budgetary processes;
- Establish laws that promote gender equality and require gender analysis of public spending and revenue, as well as reporting on the impact of budgets to ensure accountability and transparency, while engaging parliamentarians more actively in the process and principles of GRB;
- Ensure that parliamentarians and committees are provided with relevant background analysis on gender impacts of the budget and specific programmes and projects well ahead of budget debates;
- Address gender-equality issues in parliamentary debates and deliberations of budgets;
- Ensure that the Public Accounts Committee and other committees involved in debating the Medium-Term Expenditure Framework (MTEF), annual budgets, and fiscal and PFM strategies, consistently raises gender equality in all discussions and integrates it into relevant decisions, including the strengthened participation of the Women and Social Affairs Committee in budget and fiscal policy debates and decisions;
- Organise regular meetings of women parliamentarians and friends with a view to providing an input in the process of shaping gender-equality priorities in the MTEF and in annual budgeting;
- Strengthen capacities on gender and taxation research and provide parliament, especially women parliamentarians, with relevant research results on gender equality and taxation in order to be more involved in debates on tax reform; and
- Aim to establish an economic and budget research unit within parliament, focusing on providing gender-impact analysis and other research results to parliamentarians to strengthen their role and contributions in budget and other economic debates.

B. Role of civil society

Civil society is of crucial importance in making sure that GRB is on track towards progress on gender equality. Grassroots groups, civil society organisations (CSOs) and NGOs can play strong roles, for example in advocating and lobbying for gender equality and women's needs to be included in the government's agenda and in advocating for gender equality policies and priorities being financed. CSOs can play an important role in advocating for gender-responsive budgets, monitoring government spending, and holding decision-makers accountable for their commitments to gender equality. In addition, CSOs could also be engaged in efforts to enhance gender-equality tracking.

CSOs play a vital role to ensure that budgets reflect the voices and needs of women, men and other genders in communities. Such organisations, especially those focused-on gender equality and women's rights, should be sensitised on how important it is to be involved in the budgeting process.

Also, CSOs and NGOs focusing on public finance and gender equality can assume important roles in promoting GRB and supporting an effective implementation and sustainability of efforts. They can contribute to raising public awareness of the importance of public budgets for development and addressing people's needs or cooperate with researchers to provide evidence-based advocacy for specific policies and investment of importance to promoting gender equality and a more equitable resource distribution.

External scrutiny of performance and results is of crucial importance to hold governments to account. Besides the efforts of the OAG and parliament, civil society is a key actor to demand transparency and accountability. CSOs can also have important roles in supporting the work of the women parliamentarians.

However, due to underfunding it is important to provide sufficient resources for these extra-governmental actors to build their capacities to perform their roles in advocacy, research, support and accountability in an effective and sustainable way.

CSO can also play a crucial role in evidence-based advocacy and disseminating information through various media. This will help to transform information into actionable insights and raise people's voice at different levels.

It is recommended to:

- Provide funding for CSOs working on gender equality and public finance, to establish continued input in the budgeting process;
- Strengthen alliances among CSOs and NGOs working on gender equality with a view of preparing a list of key priorities for gender equality investments as a basis for continued advocacy;
- Strengthen CSO work in holding governments to account, especially monitoring government expenditures in priority policy areas for promoting gender equality;
- Organise a process of providing civil society and social leaders with spaces to raise the voice of deprived and marginalised people in the budgetary process, especially women;
- Strengthen the role of NGOs in collecting and analysing information on gender impacts of budgets and economic policies;
- Facilitate collaboration between CSOs and parliamentarians, especially women parliamentarians, on public budgets and gender equality, e.g. by CSOs providing relevant briefings on gender impacts of budgets and background information on gender equality priorities;
- Mobilize research NGOs to conduct in-depth studies on gender impacts of policies and budgets, gender equality and macroeconomic policies, and on GRB;
- Support the effectiveness of the MOWCSC by building a strong grassroots network; and
- Support community members to play a role in enhancing meaningful participation of communities in budgeting and policy priorities with the aim of more equitable benefit sharing.

11. Capacity Building

All institutions and actors need to understand the GRB framework and specific tools. They need proper understanding of gender issues, of current gender gaps and of root causes hindering gender equality progress. Furthermore, they need to have a good knowledge of the importance of integrating GRB into the policy and budgeting processes.

Additionally, regular updates and opportunities for peer learning are important for building on practical experience and best practices, and for strengthening motivation for continued work.

This ongoing capacity building demands different levels of programmes.

For GRB to be effective, strategies for capacity building should include:

- Enhancing the skills and knowledge of government officials and policymakers on GRB, expenditure tracking and other GRB tools and approaches through regular training, interaction and sharing programmes;
- Facilitating knowledge sharing and collaboration between gender experts and financial personnel to ensure comprehensive understanding and implementation of GRB, based on clear expectations for knowledge and skills required at different official levels;
- Developing standardized training curricula and across various government levels;
- Developing training modules that educate stakeholders on GRB principles, tools, and methodologies;
- Including a focus on building the capacity of local governments to implement GRB effectively, providing ongoing support and training;
- Building capacities of CSOs on the importance of GRB for promoting gender equality in different policy areas;
- Collaborating with universities and training centres to include GRB in public administration and economics curricula;
- Developing advocacy/lobbying models to promote GRB in the policy and budgeting processes, related to public expenditure and revenue as well as fiscal strategies, MTEF and annual budgets;
- Establishing a platform or GRB lab to facilitate learning processes and sharing of practices;
- Developing different tools and resources for gender analysis of policies, economic policies and budgets in a user-friendly, simple way, including the use of technology such as data analysis software;
- Developing robust specific gender-sensitive indicators and evaluation frameworks for assessing the status of gender equality and the impact of GRB in terms of improving gender equality, promoting the role and status of women, and closing gender gaps.

12. Strengthening Coordination between Development Partners in GRB: Gender-Responsive PFM and Transformative Gender-Equality Support

Experience shows that both financial and technical support by development partners to Nepal's government can greatly help GRB implementation and enhance transformative gender equality investments.

Currently many cooperation partners are involved in supporting GRB implementation at different levels of government, include state, provincial and local government. However, currently there is little coordination among different development partners, and there is a lack of systematic integration of GRB in all PFM support provided by international financial institutions (IFIs) and other donors.

Therefore, it is recommended :

- To strengthen coordination by establishing a network – formal or informal – of development partners involved in supporting GRB implementation at different levels of government to identify areas of alignments, harmonisation and build on synergies;
- To create a collaborative strategy with the government leading the efforts, with development partners and stakeholders working together to enhance GRB practices;
- That development partners focus on increasing the level of funding in support of work to promote transformative gender-equality investments and full GRB implementation at all levels of government;
- That development partners and IFIs involved in PFM support to the Nepali government fully consider GRB in all PFM reform and support activities, fully in line with the international GRB standards, as per the GRB Indicator in the SDGs (SDG indicator 5. c.1.) and the gender-responsive PFM Indicators in the Public Expenditure and Financial Accountability framework;¹³
- That GRB is integrated in all budget support schemes;
- That development partners cooperate in facilitating and supporting GRB knowledge generation in line with international best practice, e.g., supporting existing or new research and knowledge-management institutions devoted to research, knowledge generation, knowledge management and international cooperation related to GRB and gender and economics research as well as institutional research-based support in GRB implementation across Nepal;
- To build systematic collaboration between development partners and academia, as a vital partnership for knowledge production and training;

¹³The Public Expenditure and Financial Accountability (PEFA) programme was set up in 2001 by the European Commission, the International Monetary Fund, the World Bank, and the governments of France, Norway, Switzerland, and the United Kingdom, to harmonize assessment of PFM across the partner organisations.

- That development partners focus on strengthening the role of civil society participation in economic policy and budget issues at all levels of government; and
- That development partners invest in supporting parliaments' role in promoting GRB through the parliamentary process, and especially provide support to strengthen female parliamentarians' voice. This includes

strengthening the availability of research support for parliamentarians on GRB, gender impacts and gender equality in parliamentary debates on national priorities and fiscal strategies, as well as multi-annual and annual budgeting with a focus on transformative gender equality investments for prosperous economic developments.

13. Perspectives on the Way Forward

This Strategy Paper provides a basis for discussions of practical strategies and a road map on how to strengthen the current GRB system in Nepal. It is intended to stimulate a reform process involving a broad range of stakeholders.

As presented in this strategy paper, the current practice of GRB implementation is a good basis to build on.

A robust GRB framework is key, including the application of readily available tools throughout the planning and budgeting process. This paper puts forward the strategies necessary to strengthen the institutional framework and support for GRB. It presents key recommendations for enhancing the system of expenditure tracking, further developing the GRB framework throughout the planning and budgeting process, setting ambitious gender equality targets and goals supported by adequate financial resources, strengthening sustained capacity building for all actors involved, and increasing the contributions of all key institutions and actors in GRB work.

Some key recommendations for the way forward are:

- Develop a legal underpinning for GRB work, drafting comprehensive legislation that mandates GRB practices at all levels of government;
- Ensure that GRB is integrated into overall PFM reform strategies, and gender-equality priorities are part of the MTEF, periodic plan and annual budget priorities on a regular basis with a focus on transformative gender-equality investments and services.
- Strengthen the collaboration and coordination between and within relevant

institutions (ministries, commissions, donors, development partners, parliamentarians, civil societies, media, academicians and private-sector actors);

- Enhance capacity and knowledge of stakeholders such as government, civil society and media to bring them to the same understanding on gender equality and engage them in meaningful participation in the promotion of GRB in all PFM business processes;
- Build knowledge and support structures for parliamentarians to regularly engage in the GRB process, and effectively contribute to planning and budgeting with a focus on strengthening gender equality contributions, including in the multi-annual and annual budgets;
- Engage in active advocacy for policies that mandate the application of GRB across all levels of government, promoting accountability and transparency; and
- Establish robust mechanisms for monitoring and evaluating GRB practices, as well as its impacts on closing gender gaps, reducing existing gender inequalities and promoting women's empowerment and gender equality.

These recommendations can be translated into action by engaging with government officials, including GRBC members, and parliamentarians, as well as members of civil society and development partners, to put together a work plan with concrete next steps on GRB.

This will pave the way forward for even more enhanced GRB work and more effective achievements of gender equality in Nepal, contributing to the well-being of all Nepalis and a thriving economy and society.

Annex 1: Overview of Gender Impact Assessment

GIA is a crucial tool to assess and address the different impacts that policies, programmes, and budgets can have on different genders, on addressing gender gaps, and on changing existing gender inequalities. It also helps to evaluate responsiveness and accountability of policies, programmes and budgets.

The tool demands a structured approach, which can evaluate and enhance gender equality in various initiatives.

A. Develop criteria to evaluate impacts on different genders

- **Access:** Who has access to and benefits from the policy or programme?
- **Participation:** How does it affect participation rates across genders?
- **Outcomes:** What are the intended and unintended consequences?
- **Equity impact:** Does it promote or hinder gender equality?

B. Participatory tools

- Involvement of diverse stakeholders' groups, including women, men, and non-binary individuals, to gather a wide range of perspectives.
- Focus groups or interviews to understand the unique impacts on different genders.

C. Data collection

- **Quantitative data:** Collect gender-disaggregated data on demographics, economic participation, health outcomes, education, etc.
- **Qualitative data:** Use surveys, interviews, or case studies to gather insights on lived experiences.

D. Analysis framework

Analyse the data against the assessment criteria. Common analysis frameworks include:

SWOT analysis

Strengths:	Weakness:
Opportunities:	Threats/constraints:

Gender analysis matrix

Identify impacts across different gender groups. How will it affect access to resources (e.g., healthcare, education)?

Sex	Social groups	Will it influence employment opportunities?	Who will receive opportunities of employment or income?
Male			
Female			
Other			

E. Barriers or challenges to participation and equitable distribution:

- What barriers might different genders face in accessing the programme?
- How can these barriers be addressed?

Annex 2: Overview of a Gender-equality Monitoring Framework

A GMF is essential for assessing and promoting gender equality in policies, programmes or projects and budgets. It helps to establish overarching goals aligned with international gender-equality frameworks (e.g., SDGs) and national gender-equality normative and political commitments. It serves as a structured approach to evaluate gender impacts, ensuring that gender is integrated into decision-making and implementation processes. This framework is vital for organisations, governments, and institutions aiming to promote social equity and empowerment across genders.

Objective of the GMF

The objective of the GMF is to identify specific, measurable objectives related to gender outcomes and measure actual results against these outcomes.

Thus, the specific objectives are as follows:

- **Assessing impact:** Evaluate how policies, programmes and budget affect different genders and whether and how they change existing gender gaps and gender inequalities.
- **Tracking progress:** Monitor advancements toward gender equality goals.
- **Identifying gaps:** Highlight areas where gender disparities persist or even worsen, and where progress has been achieved.
- **Guiding policy decisions:** Inform policymakers on necessary adjustments in policies, programmes and budget allocations to enhance gender responsiveness and work towards gender-equality results.
- **Engaging stakeholders:** Involve diverse groups, especially women's groups, in the monitoring process, fostering a sense of ownership and accountability.

Methodologies and tools to apply GMF

Indicators: Develop gender-sensitive indicators, qualitative and quantitative, encompassing various dimensions, such as economic participation, health, education, and social inclusion. Those indicators should be disaggregated by gender, age, disability, and other relevant factors.

Data sourcing:

- **Quantitative data:** Use surveys, census data, and administrative records to gather numerical data on gender disparities.
- **Qualitative data:** Conduct interviews, focus groups, and participatory assessments to collect narratives and insights from different gender groups.
- **Regular updates:** Establish a schedule for data collection to ensure information is current and relevant.

Stakeholder engagement: Identify relevant stakeholders (government agencies, CSOs, community groups, and marginalised populations) and encourage active involvement through workshops, consultations, and feedback mechanisms during the monitoring process.

Analysis and interpretation: Use statistical methods and qualitative analysis techniques to interpret data through a gender lens, identifying patterns and trends that highlight inequalities.

Feedback mechanisms: Establish feedback mechanisms with the stakeholders to provide input on findings and recommendations and use feedback to refine objectives, indicators, and strategies continuously.

Capacity building: Need for capacity development of stakeholders on gender analysis, data collection methods, and monitoring practices. There is need for toolkits and guides to support effective implementation of the GMF.

Implementation steps:

- **Planning and preparation:** Assess the current gender landscape, identifying key issues and gaps and establish a baseline.
- **Developing the framework:** Involve stakeholders in the development process to ensure the framework reflects diverse perspectives. The framework should be a comprehensive document that outlines goals, indicators, data collection methods, and reporting processes.
- **Pilot testing:** Test the framework in selected programmes or regions to identify challenges and areas for improvement and if needed, make necessary adjustments.
- **Full implementation:** Implement the GMF across relevant programmes and policies, ensuring adequate resources are allocated. It should regularly collect and analyse data to track progress and identify emerging issues.
- **Evaluation and review:** Conduct comprehensive evaluations of the GMF to assess its effectiveness and relevance periodically. Based on evaluation findings, update the framework to adapt to changing contexts and priorities.

Challenges in monitoring of gender equality: It might be important to consider potential challenges when planning the introduction of systematic gender-equality monitoring, to work towards overcoming these to build a strong gender-equality monitoring system:

- In many contexts, gender-disaggregated data may not be available or collected in a gender-sensitive manner.
- Institutional resistance or lack of political commitment may hamper gender-equality initiatives within institutions.
- Gender-equality monitoring initiatives often struggle with limited resources, impacting their implementation.
- Many organisations may lack the technical expertise required for effective gender analysis.
- Gender issues are intertwined with other social factors; thus an intersectional approach is recommended, including dimensions such as ethnicity, class/caste, age, or geography.
- Gender roles and norms can change over time, requiring continuous adaptation of monitoring approaches.

Best practices for effective gender-equality monitoring: Use of digital tools (online) to leverage technology for data collection and analysis, such as mobile surveys and data management software.

Annex 3: Overview of Gender Auditing

Gender auditing is a tool for scrutinising the results on gender-equality policies, programming and budgeting and GRB implementation. It is a critical component of ensuring accountability in government spending and assessing the effectiveness of public budgets in promoting gender equality. Auditing processes help to assess the financial expenditure against the physical progress and identify gaps in both policy and practice, ensuring that the commitments to gender equality are translated into meaningful outcomes.

Objective of gender audits in GRB implementation

Gender audits assess the degree to which PFM and budget processes have incorporated gender perspectives. The audits serve several specific objectives:

- **Accountability:** They ensure that governments are held accountable for implementing GRB policies and allocating resources toward gender equality.
- **Transparency:** Gender audits increase transparency in how resources are allocated, spent, and monitored, allowing stakeholders to understand whether budget allocations are effectively addressing gender disparities.
- **Measuring outcomes:** Audits evaluate not only financial inputs (allocated budgets) but also the outcomes, e.g., improvements in women's economic participation, access to healthcare, or education.
- **Identifying gaps:** Gender audits help uncover gaps in budgeting processes, revealing instances where gender considerations were ignored or where insufficient resources were allocated to meet gender-equality objectives.

Key steps for gender audits in GRB

A comprehensive gender audit for GRB implementation involves several critical components:

- a. **Assessment of gender-responsive budget allocations:** This step involves reviewing the government programmes and the entire budget to assess whether specific allocations were made to promote gender equality. It includes identifying budget lines that address gender-specific issues and whether sufficient resources were allocated to support women and marginalised groups.
- b. **Expenditure review:** Beyond the initial allocations, gender audits also focus on the actual spending patterns. This involves determining whether allocated funds were spent as intended and whether spending was gender-sensitive in practice. Unspent funds, reallocated resources, or inefficient spending patterns may indicate gaps in GRB implementation.
- c. **Impact evaluation:** Auditors assess the impact of gender-sensitive spending. This goes beyond reviewing the financial data and focuses on measuring the real-world effects of budget allocations on gender equality outcomes. For instance, has spending on education resulted in more girls attending school? Has funding for maternal health improved access to healthcare for women in marginalised areas?
- d. **Institutional capacity and processes:** Auditing for GRB implementation includes evaluating the institutional capacity and processes within government agencies responsible for GRB. This involves reviewing the availability of gender-disaggregated data, the capacity of staff to conduct gender analysis, and the effectiveness of inter-agency coordination in implementing GRB policies.

- e. **Stakeholder engagement and accountability mechanisms:** An essential part of auditing for gender-equality results and GRB is evaluating the involvement of stakeholders, including CSOs and media, in the budget process. This includes assessing whether mechanisms exist for engaging stakeholders in planning, monitoring, and evaluating GRB outcomes and if these mechanisms are being effectively utilised.

Challenges in auditing for gender-equality results and GRB implementation

Despite the importance of gender audits, there are several challenges that governments and auditors face in conducting effective audits of GRB implementation and gender-equality results.

- **Limited gender-disaggregated data:** One of the most significant barriers is the lack of comprehensive, gender-disaggregated data. Without this data, it is difficult to assess the actual impacts of budget allocations on different genders, which hinders the ability to perform accurate and meaningful audits.
- **Weak monitoring and evaluation systems:** Many governments lack robust systems for monitoring and evaluating the impact of budget expenditures on gender equality. In the absence of established outcome indicators, it is challenging to measure the success or failure of GRB initiatives
- **Lack of expertise and capacity:** Gender auditing requires specialised knowledge of both financial auditing and gender analysis. In many countries, there is a shortage of auditors who possess the skills necessary to assess the gender impacts of budgets, and training programmes are often limited.
- **Political and institutional resistance:** Political will is essential for the successful implementation and auditing of GRB. However, in some cases, there may be resistance from political leaders or institutions to fully embrace GRB, making it difficult to audit and hold officials accountable for their gender-equality commitments.
- **Fragmentation across government agencies:** Effective GRB implementation requires collaboration across multiple sectors, including finance ministries, planning departments, and line ministries (e.g., health, or education). When these agencies operate in silos, it creates difficulties in auditing for gender results.
- **Strategic intervention for auditing gender-equality results and GRB implementation:** The governments and institutions must adopt several strategies to strengthen gender audits and enhance accountability in GRB implementation.
- **Institutionalising gender audits through legislation:** Embedding gender audits into the national legal framework ensures their regular conduct and enforcement. For example, Austria and Rwanda have incorporated mandatory gender budgeting and auditing into their PFM systems, ensuring that gender audits are part of the standard auditing process.
- **Building capacity for gender auditing:** Governments should invest in building the capacity of auditors and public financial officers to conduct gender-responsive audits. This includes providing specialised training in gender analysis, developing gender-sensitive auditing tools, and creating a cadre of gender auditors within public auditing institutions.
- **Enhancing data systems:** Strengthening national statistical systems to collect and analyse gender-disaggregated data is crucial for the effectiveness of gender audits. Governments can partner with international organisations to develop gender markers and tagging systems that allow for the systematic tracking of gender-related expenditures and results.

- **Integrating gender into performance-based budgeting:** Some countries have adopted performance-based budgeting approaches that link gender-equality objectives with budget allocations and outcomes. For example, Mexico has developed a comprehensive performance evaluation system that includes gender-sensitive indicators and outcome targets. This allows auditors to assess whether budgets are achieving their intended gender-equality impacts.
- **Involving civil society in the audit process:** Engaging CSOs, especially those focused on gender equality and women's rights, can enhance the accountability of GRB implementation. CSOs can participate in audits, providing valuable insights into how budget allocations are affecting local communities and marginalised groups. They can also play a critical role in advocating for stronger gender audits and holding governments accountable for gender-equality results.
- **Regular gender audits and reporting:** Governments should conduct regular gender audits as part of their PFM processes. These audits should be accompanied by detailed reports that are made available to the public, outlining the findings, gaps, and recommendations for improving GRB and achieving gender-equality outcomes.

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Annex 5: International Examples of a Legal Basis for GRB

There is a broad range of different models of legal provisions for making GRB mandatory. These range from integrating GRB in the constitution, organic budget laws, or other laws underpinning the PFM process, to specific laws on gender equality.

Austria:

In Austria, GRB is integrated in legal provisions in the Constitution, including in basic provisions on public finance, as well as in the Organic Budget Law and in various regulations based on these laws. In the Constitution there is a clear mandate for GRB: “Federal, regional and local levels of government have to strive for the effective achievement of equality between women and men in their budgetary policies” (Article 13, 3). Even though the provision does not explicitly mention the term gender budgeting, the explanatory legal notes to this Constitutional article make it clear that it refers to the international concept and practice of GRB.

In addition, GRB is integrated in another provision of the Austrian Constitution, which sets forth basic provisions on the medium-term budget law and on the annual budget law: “In the budget management of the Federation the fundamental principles of performance orientation are to be observed, in particular also taking into account the objectives of the effective equality of women and men, of transparency, efficiency and accurate representation of the financial situation of the Federation.” (Article 51, 8).

Furthermore, the Austrian legal underpinning of GRB has a number of further provisions on integrating GRB in the Organic Budget Law, integrating it in all stages of the budget process, among others the requirement to set specific performance objectives for gender equality in budget chapters, and measures in the overall budgets in the context of performance budgeting, and mandating regulatory GIAs.

Spain:

Gender budgeting in Spain has strong legal underpinning. The 2007 Organic Law for Effective Equality Between Men and Women obligates the government to publish a Gender Budgeting Report alongside the annual State Budget. In a legal amendment in 2020, it was made mandatory that the Annual Gender Budgeting Report be incorporated into the general budget.

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