

Aide-Mémoire

Draft

15 December, 2005

**AID MODALITIES AND THE PROMOTION OF
GENDER EQUALITY**

Joint meeting

of

Inter-Agency Network on Women and Gender Equality

(IANWGE)

and

OECD-DAC Network on Gender Equality

January 30-31, 2006

Safari Park Hotel – Nairobi, Kenya

Introduction

1. The United Nations Inter-Agency Network on Women and Gender Equality (IANWGE) and the Network on Gender Equality of the OECD-DAC meet every two years to exchange ideas and share information on issues of mutual interest. These two groups represent the gender focal points of the United Nations system, bilateral agencies and the development banks. The meeting will focus on the new aid modalities and their implications for the promotion and achievement of gender equality. The meeting will be hosted by UN-HABITAT on behalf of the IANWGE and will be held from 30-31 January 2006 in Nairobi, Kenya.

Recent policy developments regarding aid modalities

2. During the United Nations *World Summit*¹ in September 2005, heads of government and state reaffirmed the Monterrey Consensus and welcomed the commitments to substantial increases in Official Development Assistance (ODA), as well as recent efforts and initiatives to enhance the quality of aid and increase its impact, including the “Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability” (see annex). The World Summit Outcome Document stressed the importance of these resources for the achievement of the internationally agreed development goals, including the Millennium Development Goals. The World Summit recognized the wealth of expertise and resources that the United Nations system brings to the achievement of the internationally agreed development goals, including the Millennium Development Goals. It also recognized that stronger system-wide coherence was necessary for successful implementation, which could be achieved by ensuring that the main horizontal policy themes such as sustainable development, human rights and gender equality, were taken into account in decision-making throughout the United Nations.
3. In March 2005, a high-level forum of ministers of developed and developing countries responsible for promoting development, and heads of multilateral and bilateral development institutions resolved “to take far-reaching and monitorable actions to reform the way (they) deliver and manage aid”. That commitment culminated in the adoption of the “*Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability*”.
4. The Paris Declaration builds on two prior declarations adopted at the High-Level Forum on Harmonization in Rome in February 2003 and the Marrakech Roundtable on Managing for Development Results in February 2004. These resolutions had derived their impetus from the *Monterrey Consensus*, adopted by the International Conference on Financing for Development held in Mexico in 2002.

¹ 2005 World Summit Outcome Document, A/RES/60/1, paragraph 23.

5. In the Paris Declaration, donor and partner countries committed to undertake the necessary reforms to facilitate increased ODA. The Declaration puts into motion dynamic processes in donor and recipient countries that are likely to have an impact on the provision, reception and utilization of development assistance. It provides a strong set of partnership commitments and sets up an accountability process and mechanism designed to encourage both donors and partner countries to change their funding and programming behaviour. The guiding principles of the Paris Declaration are as follows:
 - *Ownership* – partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions.
 - *Alignment* – donors base their overall support on partner countries’ national development strategies, institutions and procedures.
 - *Harmonization* – donors’ actions are more harmonized, transparent and collectively effective.
 - *Managing for results* – managing resources and improving decision-making for results.
 - *Mutual accountability* – donors and partners are accountable (to each other) for development results.
6. Through this agenda, donors are giving greater weight to what partners think and do. Their focus is shifting from donor action to the priorities of the partner countries. By harmonizing their actions, for example through more joint analytical work, donors commit to reducing the transaction costs on partners and to make aid more predictable, thus improving both management and results. The focus is now on mutual accountability.
7. In this context, partner countries have committed themselves, *inter alia*, to set clear development priorities and undertake policy and institutional reforms; to increase results and be more accountable to their constituencies; to promote macroeconomic stability, including economic liberalization and a more equitable distribution of income and wealth. Such processes are expected to be transparent and involve wide consultations to ensure broad public support. To ensure that increased aid flows benefit those most in need, reforms are needed to strengthen management processes of public expenditure, so that spending is directed effectively at key development priorities with proper accounting, reporting and auditing. Furthermore, partner countries are expected to develop policy frameworks that encourage domestic and foreign private sector investment, and take other necessary action to promote domestic saving and investment.
8. By adopting the *Monterrey Consensus* at the International Conference on Financing for Development, (Mexico, 18-22 March 2002), Heads of state and government from developed and developing countries resolved to address the challenges of financing for development around the world, particularly in developing countries. They agreed

to mobilize financial resources and achieve the national and international economic conditions needed to fulfill the internationally agreed development goals, including those contained in the Millennium Declaration.

9. The Monterrey Consensus set out ways and means of mobilizing funds from private and public, as well as from national and international sources. Trade and investment were for the first time considered crucial elements for development financing. However, many of the developing countries are only marginally integrated in the world trade system; for them, an increased level of official development assistance (ODA) is indispensable.
10. The Monterrey Consensus recognized that a substantial increase in development assistance and other resources was required, if developing countries were to achieve internationally agreed development goals. It stated that an additional amount of some USD\$50 billion in ODA was needed, in order to halve the number of people living in absolute poverty (as requested by the Millennium Declaration). For the Member States of the European Union (EU) for example, this translated into a commitment to reach an average development assistance of 0.39 percent of the EU's Gross National Income by 2006. This was seen as a concrete step towards achieving the 0.7% target set by the United Nations. The European Union's decision would increase the annual amount of the EU's ODA from US\$25 billion in 2002 to US\$32 billion in 2006. If fully delivered, annual ODA spending from the EU will be US\$38 billion higher in real terms in 2010 than in 2004 (and will rise by a further US\$28 billion between 2010 and 2015).
11. Goal 8 of the MDGs on "A partnership for development" also addresses ODA and proposes to monitor the provision of ODA by donor countries on the basis of the following indicators: the total ODA to all developing countries as a percentage of donors' national income, the ODA to least developed countries as a percentage of donors' national income, the share of ODA that is allocated to basic social services and the share of ODA that is untied.
12. According to OECD², the share of bilateral aid directed towards these basic social services has risen regularly since 1996-97 from 8.8 per cent to almost 17 per cent in 2002-03. About half of the assistance going to basic education, health, and water and sanitation targeted gender specific concerns in some way. A tenth was for the main purpose of promoting gender equality. However, it is not clear if this trend will be maintained in view of competing priorities.
13. An OECD-DAC simulation of DAC members' Net ODA volumes estimates that Net ODA will amount to US\$128 billion per year by 2010 – an increase of 61% from

² The Millennium Development Goals Report 2005, UN Statistical Division, <http://unstats.un.org/unsd/mi/pdf/MDG%20Book.pdf>

2004 figure of US\$79.5 billion. The injection of such large aid flows raises the issue of how well partner countries could absorb the resources, as well as their capacities to utilize such funds not only effectively and efficiently, but also appropriately.

Gender equality in the context of new aid modalities

14. Changes in financing for development, development cooperation modalities and structural reforms, while aiming to create enabling national environments, may have limited or even adverse effects if they do not take into account gender perspectives and the rights and interests of women.³

15. The United Nations resolutions adopted through the intergovernmental process address gender mainstreaming in multilateral aid. For instance, the 2004 ECOSOC resolution on gender mainstreaming contains relevant guidance on enhancing effectiveness of gender specialists, gender focal points, and gender theme groups throughout the United Nations system. It received further impetus with the General Assembly resolution 59/250 on the *Triennial Comprehensive Policy Review* of the effectiveness of operational activities for development of the United Nations (TCPR), which requested all organizations of the United Nations system to strengthen action and accountability to gender mainstreaming in their policies and programmes through the following measures:
 - a. ensure that their designated gender specialists had the capacity to effectively support gender mainstreaming in country level activities;
 - b. make gender theme groups mandatory in all United Nations Country Teams, in order to ensure adequate inter-agency collaboration and monitoring of United Nations Country Teams' efforts to mainstream gender equality in programmes and policies;
 - c. ensure that national mechanisms on promotion of gender equality and women's human rights networks are included in consultative and quality assurance processes related to the Common Country Assessment/United Nations Development Assistance Framework, Millennium Development Goals, Poverty Reduction Strategy Papers, and other coordination mechanisms; and
 - d. on an annual basis, review the performance of United Nations Country Teams' in supporting countries, to fulfil their gender equality commitments.

16. The TCPR resolution has also called for the Secretary-General to report back to the General Assembly on achievements and gaps in the United Nations Country Teams enactment of gender mainstreaming at the next Triennial Comprehensive Policy Review.

³ Pinder, C., *Evaluation of DFID Development Assistance: Gender Equality and Women's Empowerment, Phase II Thematic Evaluation: Enabling Environment for Growth and Investment*, 2005.

17. Yet, for the last two decades, donor and partner country investments to close the gender equality gap have not matched their political commitments. As the DAC Creditor Reporting system study of *Aid activities in support of gender equality, 1999-2003* shows, only US\$3.1 billion of the US\$17 billion assessed of sector-allocable bilateral aid can be identified as “focused on gender equality”. Over the same period DAC members’ total bilateral ODA commitments amounted to US\$51 billion per year.
18. In view of their shared commitments to new ways of delivering aid, donors have also started to think about how, together with their partners, they could increase the effectiveness and coherence of programmatic approaches, country ownership and leadership, harmonization and alignment, to make them work in the interests of women and to facilitate the achievement of gender equality. The Paris Declaration acknowledges that harmonization efforts are needed on cross-cutting issues such as gender equality (para. 42). A number of agencies, both bilateral and multilateral, are already tackling the issue of how to integrate gender equality into the various elements of changing aid modalities. However, PRSs and SWAs have too often been gender-blind, without the necessary budgetary allocations directed towards addressing gender inequalities⁴.
19. As fundamental changes in the development cooperation approach and the important increase in ODA are taking place, one issue to examine is how bilateral donors and multilateral agencies can make the best use of the changing conditions, in order to ensure that there is real progress on women’s rights and on women’s development. Another issue to examine is how such support can be made more effective in placing gender equality and women’s empowerment firmly on the local agenda of partner countries and donors.
20. In the era of increased budget support and use of sector-wide programmatic approaches, harmonization of aid and country programming procedures are likely to lead to a merging of programming mechanisms. It is thus critical that these new mechanisms address gender mainstreaming as a key strategy.
21. The new aid modalities are also predicated on reforms of macroeconomic policies. Macroeconomic policies influence rules of behavior and bring about social, as well as economic outcomes that affect the distribution of benefits and costs. Such policies need to consider how women’s work, roles and lived experiences differ from men’s. Women are more likely to juggle their working time between the market sector and non-market economic activities, and women’s working life is characterized by a greater time burden. Therefore, macroeconomic policy-makers and budget planners

⁴ Zuckerman, E. and Garrett A., 2003, Do Poverty Reduction Strategy Papers (PRSs) Address Gender? A Gender Audit of 2002 PRSPs, www.genderaction.org

need to consider how macro-economic policies and poverty eradication efforts alter the opportunities and constraints faced by men and women.

22. The foregoing shows the importance of ensuring that the voices of women in donor, as well as in partner countries are heard, if progress towards the achievement of gender equality is to be maintained and indeed accelerated. One of the key issues is whether the establishment of fiscal, trade and financial policies as well as new systems of governance can foster an environment in which groups that have traditionally been excluded from full participation in economic and political arenas—such as women—can gain greater control over the circumstances that influence their lives.
23. In order to gauge women's benefits from increased aid flows, it is important for women to participate in national debates on how resources should be spent. Yet, women in many developing countries are faced with a combination of economic hardship, political oppression, and gender-based discrimination that inhibits them from participating in such fora. In the past, these situations have led donors to directly support gender equality initiatives that created valuable spaces for women in developing countries, where they had a chance to exercise leadership and voice their concerns in order to make their priorities enter the development agenda. Under the new aid modalities, institutional mechanisms that promote and protect spaces for women's voices in policy-making need to be supported and gender initiatives prioritized.
24. An expert group meeting⁵ on linking the MDGs with the Beijing Platform for Action also noted that current attempts at costing interventions to achieve gender equality and women's empowerment were hampered by the paucity of accurate data. It suggested the need for greater investment in the development of appropriate indicators and their institutionalization within official national and international statistics. The experts also noted that integration of gender perspectives into sectoral work did not preclude the earmarking of funds for women's advancement. National organizations committed to gender equality and women's national machineries in low-income countries will need even greater and more sustained financial support and more coherent and visionary technical support from external sources to achieve specific targeted interventions for women and girls.

Overall objectives

25. Using the Paris Declaration, the 2005 World Summit Outcome Document, the Beijing Platform for Action commitments and the outcome of the ten-year review, as

⁵ “Achievements, gaps and challenges in linking the implementation of the Beijing Platform for Action and the Millennium Declaration and Millennium Development Goals”, Report of the Expert Group Meeting, Baku, Azerbaijan, 7 - 10 February 2005, UN Division for the Advancement of Women.

the main international policy framework, the joint meeting will examine the implications of the new aid modalities for the achievement of gender equality goals. More specifically the meeting will discuss the challenges that the new modalities pose to the achievement of gender equality, and explore the opportunities and possible entry points to ensure that increased aid flows result in strengthened support for gender equality initiatives.

Format and presentations

26. Participants will engage in the discussion about aid modalities not only on a theoretical level, but also through the provision of case studies and concrete examples of how the Paris Declaration and recent development cooperation programming approaches are implemented on the ground, as well as the challenges and opportunities to gender mainstreaming, presented by the new aid modalities.
27. The meeting will comprise keynote presentations, presentation of analytical papers, and practical experiences from bilateral and multilateral donors at international, regional and national levels, followed by working groups and plenary discussions.

Expected outcome

28. The expected outcome of the meeting is a report, which will summarize the main conclusions and identify concrete follow up strategies that can be implemented with success, to safeguard the gender equality agenda within the context of the new aid modalities. The presentations and the report will be posted on the respective IANWGE and OECD-DAC websites.

Participants

29. The participants of the joint meeting will include members of the IANWGE and the OECD-DAC Network on Gender Equality as well as experts from bilateral and multilateral agencies. Travel and daily subsistence allowance will be covered by the respective entities.

For more information on the meeting, please contact:

Patti O'Neill
Special Advisor
Network on Gender Equality, Development Assistance Committee, OECD
Patti.Oneill@oecd.org

Sylvia Hordosch
Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI)
hordosch@un.org

Annex

2005 World Summit Outcome (A/RES/60/1)

Paragraph 23 on Financing for development

23. We reaffirm the Monterrey Consensus² and recognize that mobilizing financial resources for development and the effective use of those resources in developing countries and countries with economies in transition are central to a global partnership for development in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals. In this regard:

(a) We are encouraged by recent commitments to substantial increases in official development assistance and the Organization for Economic Cooperation and Development estimate that official development assistance to all developing countries will now increase by around 50 billion United States dollars a year by 2010, while recognizing that a substantial increase in such assistance is required to achieve the internationally agreed goals, including the Millennium Development Goals, within their respective time frames;

(b) We welcome the increased resources that will become available as a result of the establishment of timetables by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance by 2015 and to reach at least 0.5 per cent of gross national product for official development assistance by 2010 as well as, pursuant to the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010,⁴ 0.15 per cent to 0.20 per cent for the least developed countries no later than 2010, and urge those developed countries that have not yet done so to make concrete efforts in this regard in accordance with their commitments;

(c) We further welcome recent efforts and initiatives to enhance the quality of aid and to increase its impact, including the Paris Declaration on Aid Effectiveness, and resolve to take concrete, effective and timely action in implementing all agreed commitments on aid effectiveness, with clear monitoring and deadlines, including through further aligning assistance with countries' strategies, building institutional capacities, reducing transaction costs and eliminating bureaucratic procedures, making progress on untying aid, enhancing the absorptive capacity and financial management of recipient countries and strengthening the focus on development results;

(d) We recognize the value of developing innovative sources of financing, provided those sources do not unduly burden developing countries. In that regard, we take note with interest of the international efforts, contributions and discussions, such as the Action against Hunger and Poverty, aimed at identifying innovative and additional sources of financing for development on a public, private, domestic or external basis to increase and supplement traditional sources of financing. Some countries will implement the International Finance Facility. Some countries have launched the International Finance Facility for immunization. Some countries will implement in the near future, utilizing their national authorities, a contribution on airline tickets to enable the financing of development projects, in particular in the health sector, directly or through financing of the International Finance Facility. Other countries are considering whether and to what extent they will participate in these initiatives;

- (e) We acknowledge the vital role the private sector can play in generating new investments, employment and financing for development;
- (f) We resolve to address the development needs of low-income developing countries by working in competent multilateral and international forums, to help them meet, inter alia, their financial, technical and technological requirements;
- (g) We resolve to continue to support the development efforts of middle income developing countries by working, in competent multilateral and international forums and also through bilateral arrangements, on measures to help them meet, inter alia, their financial, technical and technological requirements;
- (h) We resolve to operationalize the World Solidarity Fund established by the General Assembly and invite those countries in a position to do so to make voluntary contributions to the Fund;
- (i) We recognize the need for access to financial services, in particular for the poor, including through microfinance and microcredit.