

Micronesia: Project for Strengthening Public Financial Management



INTEGRATING A GENDER EQUALITY LENS

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SUMMARY

The project *Strengthening Public Financial Management (P161969)* includes components aimed at promoting gender equality within a broader program that seeks to fundamentally shift government practices to develop better policies with adequate budgets and to modernize public financial management. The project seeks to increase the availability of gender-disaggregated data, support gender equality in state and national budget processes and policymaking and increase the participation and progression of women in the workforce. Gender-disaggregated data on skills and competencies will be compiled and assessed to inform policies that promote equal opportunity for advancement of female staff both in the Department of Finance and Administration (DoFA) at the national level and finance positions at state level. The project promotes gender equality in two concrete ways. First, the project seeks to strengthen opportunities for advancement of women and men in the DoFA and the state finance offices. The project activities include training of female employees to build and maintain the necessary interpersonal and management skills across the range of job functions. Second, to support ongoing efforts in medium-term budgeting and performance monitoring, a new financial management information system will include capabilities to support data collection on outputs and beneficiaries, including sex-disaggregated information. These interventions will help address the lack of available gender data and inform a dialogue on investments for reducing existing gender gaps. The project will lay the foundation to replicate transformational and targeted interventions for reducing a range of gender gaps, for example through instruments such as gender-based budgeting in the next phase of public financial management (PFM) reforms.

PROJECT OVERVIEW

The overarching objective of the project is to improve tax administration and the completeness, reliability and timeliness of financial reports of the National and State Governments in the Federated States of Micronesia (FSM). Two of the project's four components (2 & 4, below) include explicit gender-related interventions. The project addresses gaps in the participation and progression of women in the workforce, both in the DoFA at the national level and finance positions at the states level. The project also aims to strengthen voice and agency for disadvantaged groups through increased transparency of budgeting and spending by ensuring that citizens can provide feedback through the DoFA website. Substantive changes to systems and procedures will establish platforms for the collection of sex-disaggregated data by program and locality to inform key public finance management (PFM) processes. DoFA has an important policy-making role for FSM. The incorporation of gender-focused elements in the project design and training will build awareness of the issues among DoFA staff, thereby contributing to the broader objectives.

Component 1: Strengthening the Public Financial Management Environment

The objective of this component is to strengthen the PFM environment by ensuring that the legal and regulatory framework and the procedural guidance for business processes governing budget formulation, budget execution, and financial reporting for revenues and expenditures are internally consistent, aligned with the applicable accounting guidance, and streamlined for efficiency.

Component 2: Financial Management Information System (FMIS)

Under this component, a new FMIS will be implemented to support effective management of public resources and improve financial reporting for management and accountability. This component includes activities aimed at collecting sex-disaggregated data and information to help address the current lack of available gender data and inform decisions on future public investments to contribute to closing gender gaps.

Component 3: Revenue Management System (RMS)

The objective of this component is to improve the efficiency and effectiveness of revenue management for the National Government of the FSM.

Component 4: Change Management and Human Resource Development

This component will seek to implement the FMIS and RMS. The work will entail active stakeholder engagement and development of individual competencies and the institutional capacity to sustain FMIS and RMS operations and related PFM functions. The project will support capacity building in the DoFA and other agencies with key roles in the PFM cycle such as the Office of the National Public Auditor. Special emphasis will be placed upon providing training to female employees to build their capacity and support their professional advancement. In addition, outreach and communications activities as well as gender-sensitive HR policies will be developed.

Component 5: Project Management

This component supports overall project management and coordination. Because design and rollout of the FMIS will cause disruption across the respective governments, strong leadership will be critical. The Project Steering Committee (PSC) will need to play a proactive role to serve as a trusted forum to allow sharing of information and achieving collaboration and coordination across various stakeholders.

INTEGRATING A GENDER EQUALITY LENS: THE “WHY”

International standards and norms, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Commission on the Status of Women (CSW), have called upon development actors to significantly increase investment in gender equality to address inequality and discrimination. (UN 2015). Major gaps exist in financing for gender equality; current investments in gender equality are insufficient to meet the demands and needs of millions of women and girls. Inadequate resourcing impedes delivery on obligations to gender equality as articulated in international frameworks and national legislation and policies. UN Women’s work on costing of national action plans on gender equality shows gender financing gaps as high as 90 percent. (UN Women 2015)

Strengthening the gender responsiveness of public finance management helps bridge this gap and builds greater coherence between gender equality commitments and the financing of these commitments. Public financial management reforms that respond to gender issues are central to ensuring adequate allocation of resources and effective implementation of gender equality commitments. Such reforms are critical to addressing systemic challenges and structural biases in government’s policies and practices that often exacerbate existing gender inequalities.

INTEGRATING A GENDER EQUALITY LENS: THE “HOW”

Step 1: Context & Analysis

Context

The Federated States of Micronesia is a small, remote federation comprising four semi-autonomous states (Pohnpei, Chuuk, Kosrae, and Yap) with a total population of just over 100,000.

FSM, as one of four Pacific Islands countries on the World Bank Group’s harmonized list of fragile and conflict-affected situations, will see its resources available under IDA 18 almost quadruple. The Regional Partnership Framework (RPF) for Nine Pacific Islands countries (PIC9) FY17–FY21 provides the context for the Bank Group’s strategic program in these countries, highlighting close alignment with the IDA 18 special themes of jobs and economic transformation, climate change, gender and development, fragility, conflict and violence, and governance and institutions.

A Consolidated Gender Action Plan (CGAP) assists the implementation of the RPF. The plan identifies the key gender inequalities in the PIC9 countries as access to economic opportunities and markets, access to endowments, women’s voice and agency, and vulnerability to emerging risks. CGAP also notes that “overall analysis and policymaking with respect to poverty reduction and shared prosperity in the PIC-9 are severely constrained by the paucity and low quality of data. The scarcity is further emphasized when it comes to sex-disaggregated data. There are key data and knowledge gaps in the Pacific on how to optimize the contribution of both men and women to development and to address gender inequalities.”

Analysis

The labor force participation rate for women in the FSM is 39.9 percent. An analysis was conducted of the number of men and women staff in the national DoFA and one state finance office, together with sex-disaggregated data of the various job functions. The analysis showed that at the time of project preparation, women made up 58.54 percent of the national DoFA workforce—well above the national average; at the management level, women held 50 percent of the DoFA positions; less than 50 percent at the state level. Discussions with DoFA staff and observations of the Bank task team, however indicated that these headcount statistics may belie certain behavioral, organizational, or cultural aspects which can impact on female staff influence. For example, focus group discussions and interviews of DoFA staff indicated there may be a perception and influence issue for women in some roles, where male staff can dominate meeting discussions and outcomes. Gender-responsive accountability institutions must ensure that budgeting approaches are informed by women and men. This means that women staff must be empowered at all organizational levels to influence decision-making and ask for explanations and justifications.

Further discussion with the client raised the question of the types of institutional arrangements conducive for strengthening gender equality in PFM reform. Strong leadership from DoFA was emphasized as a necessary factor for building a political and organizational climate conducive to change and fostering greater acceptance of gender-responsive PFM. It was agreed that commitment to strengthen gender-responsive policymaking through improved information availability requires sensitive management, for example, practical reassurance to staff and stakeholders that adequate funds and time are available to support gender-disaggregated data collection and analysis, and that the political will exists for gender-responsive PFM to change budget decision-making.

Step 2: Design

Based on the analysis, project components were developed to help improve sex-disaggregated information collection. Participatory budgeting approaches will be enhanced to allow greater allocations to previously marginalized groups. Depending on the context, these may include women. Human resource reforms will be delivered which ensure that women are more represented at higher levels of management and decision-making. Specifically, activities under components 2 and 4 include:

Component 2:

Activities for this component include formulating an accounting structure and classification system to help in the management of statistical and fiscal reporting across the national and state governments. In the design of the new accounting structure, provisions will be made to allow tracking of special programs such as those directed at encouraging gender parity. To support ongoing efforts in medium-term budgeting and performance monitoring, the new FMIS will include capabilities to support data collection on outputs and beneficiaries, including sex-disaggregated information. This portion of the project does not include an outcome indicator because the benefits expected to result from more reliable data, including sex-disaggregated data and other gender-relevant statistics, will not accrue until after the project life cycle.

Component 4:

Subcomponent 4.1: Change Management : Activities under this subcomponent include: (a) preparation of a gender-sensitive communications and change management strategy; (b) the design, production, and delivery of communication materials using traditional and social media; (c) outreach events to disseminate information regarding project interventions; (d) establishment of user forums and feedback platforms; and (e) update of the DoFA website and establishment of web presence for each state to facilitate information dissemination.

Subcomponent 4.2: Human Resource Development: A strategy under this subcomponent will include a review and recommendations for improvement of the HR management policy environment relevant to the project objectives. Examples include staff incentives, position descriptions, career development, and scholarships. A key product will be the development of a PFM competency framework to benchmark the minimum skill sets required in each job function, both in the DoFA and for equivalent finance roles across other departments. A rapid skills gap assessment will follow, forming the basis of a training plan which will cover key areas such as budgeting, accounting, and reporting. The aim is to equip staff with a range of skills to fully

and effectively utilize the enhanced functionality of the new system. Sex-disaggregated data will be captured for project beneficiaries. Activities will be designed to ensure that female employees are not disadvantaged and are provided opportunities for education and training. HR policies that strengthen equal opportunity and women's voice will be developed to serve both current and potential employees.

Step 3: Monitoring & Evaluation:

The Results Framework for the project includes the following relevant indicators measuring gender-related outcomes:

- Development of a competency framework specifying minimum skillsets adapted and used for all PFM-related jobs across national and state governments and for recruitment and training to build a gender-balanced public workforce. Biannual progress will be monitored against targets, including:
 - Develop a list of PFM-related roles laying out minimum desired competencies for each and targets for a gender-balanced work force.
 - Skills gap assessment completed on the basis of the competency framework for national and state finance departments.
 - Training plans formulated with targets to increase female employment at technical and managerial levels.
 - Competency framework mandatory for recruitment to PFM related roles across national and state governments and used for annually updating training plans with targets to increase female employment at technical and managerial level.
- Number of staff completing external training programs in PFM-related disciplines. Sex-disaggregated data to be captured for the number of staff receiving training. End target: 50 (with a least 50 percent female participation).
- Gender-sensitive communication to build awareness and ownership and respond to citizens and direct project beneficiaries. Progress to be monitored against targets such as:
 - Adoption of gender-sensitive change management and communication strategy.
 - Organization of project outreach events, publication of report summarizing feedback received, and preparation and distribution of media materials.
 - Enhancement of DoFA website and launch with gender-sensitive content and design, including functionality to capture feedback from beneficiaries of both genders. DoFA website regularly updated with relevant information. Summary of feedback received published quarterly with government response. Web presence, similar to DoFA, established for the four State governments

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