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Leveraging financing for gender equality in the Economic Commission for Europe region

Leveraging financing flows for gender equality and women's empowerment in the Economic Commission for Europe region

Note by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)

Summary

In the Economic Commission for Europe (ECE) region, although gender equality (SDG 5) is improving, most targets are unlikely to be met by 2030 at the current pace. To change this trajectory, it is essential to prioritize restructuring all funding sources to ensure comprehensive financing of gender equality across all Sustainable Development Goals. An additional $360 billion annually is needed to achieve gender equality and women's empowerment across key global goals, including ending poverty and hunger.[1]

Countries face difficult policy choices, multiple crises and limited fiscal space, complicating efforts to invest in more equitable and resilient societies. Ensuring all financial resources contribute effectively to gender equality requires systematic analysis of funds allocation and spending, guided by policies prioritizing gender equality and sustainability. Though many ECE countries have gradually incorporated gender considerations into public finance management, the substantial investments needed to close gender gaps are still lacking due to partial and inconsistent gender-responsive planning and budgeting.

Official Development Assistance (ODA) has focused more on immediate humanitarian needs, often at the expense of long-term gender equality projects. In 2021-2022, only 4 per cent of ODA was dedicated to programmes with gender equality as the principal objective.

To overcome these challenges and accelerate progress towards gender equality, it is crucial to integrate a gender-responsive approach into broader macroeconomic policies and increase the share and amount of funding dedicated to bridging gender gaps. Reinforcing gender-responsive principles in bilateral and multilateral organizations, embedding gender considerations into financial instruments and private and public sector investments, and intensifying data collection and gender audits of financial allocations against SDG and gender equality commitments will further strengthen efforts.

[1] UN Women (2023), A comprehensive analysis of gender equality progress across all 17 Sustainable Development Goals (SDGs).

Contents

I. Introduction

1. Achieving gender equality remains a significant challenge, worsened by various crises, including the COVID-19 pandemic.[2] Moreover, global progress toward the Sustainable Development Goals (SDGs), particularly Goal 5, which aims to achieve gender equality, has been slow. The latest data shows that with only seven years remaining, a mere 15.4 per cent of Goal 5 indicators with data are "on track," 61.5 per cent are at a moderate distance, and 23.1 per cent are far or very far off track from 2030 targets.[3] Beyond that, the 2023 World Economic Forum Gender Gap report highlighted that, at the current rate of progress, it will take 131 years to reach full parity and another 169 years to close the gap in economic participation and opportunity.

2. The Beijing+30 review presents a critical opportunity to assess and address the progress made and the persistent financing gaps that hinder the achievement of the SDGs. This is essential for enhancing efforts toward gender equality and securing current commitments[4] to ensure future investments effectively accelerate progress on all SDGs, fully integrating gender equality into these efforts. Moreover, the Busan Partnership Agreement commits to "accelerate and deepen efforts to collect, disseminate, harmonize and make full use of data disaggregated by sex to inform policy decisions and guide investments, ensuring that public expenditures are targeted appropriately to benefit both women and men" (Busan 20a).[5] Also, the Addis Ababa Action Agenda commits to tracking gender equality allocations and increasing transparency on public spending. It recognizes the importance of the private sector's expanded role in achieving the SDGs.

3. Gender inequalities are deeply rooted, structural and complex and cannot be effectively tackled through isolated sector-specific actions or one-time projects. Effective resolution requires intersectoral, parallel and coordinated financing from various sources to address gender gaps systematically. Therefore, financing for gender equality involves more than just allocating funds; it requires strategically reallocating resources to address gender disparities, utilizing diverse methods and resources from public and private sources, and ensuring that financial investments are proactive and part of a sustainable, comprehensive strategy.

4. While substantial amounts might be directed towards initiatives like women's entrepreneurship development, it is crucial to balance this with adequate support for services in the care economy or for women who are survivors of gender-based violence. The challenge lies in ensuring that all financial resources, whether from the public or private sectors, are scrutinized and adjusted to contribute effectively to gender equality. This requires systematically analysing and monitoring how funds are allocated and spent, ensuring they advance gender equality. This strategic approach to financing is essential for creating lasting change and must be guided by thoughtful policy decisions that prioritize equity and sustainability across all funding areas. Gender-responsive budgeting (GRB[6]) has gained global recognition and adoption as a strategic approach to impacting all sources of financing and restructuring them to address gender inequalities and accelerate the achievement of all SDGs.

5. In the public sector, the gender-responsive budgeting approach significantly influences budget and revenue planning, public spending transparency, public procurement and public investments. It serves as a strategic method that gradually transforms policies and budgets by applying a gender lens and evaluates their impact on the quality of life of women and men, boys

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[2] IMF Working Paper (2021) Gender Budgeting in G20 Countries.

[3] https://www.un.org/sustainabledevelopment/gender-equality/.

[4] The United Nation's 1995 Beijing Platform for Action called for integrating a gender perspective into government budget processes. The UN's 2015 Sustainable Development Goals (SDGs) called for adequate resources and tools to track budget allocations for gender equality (SDG indicator 5.c.1). The 2015 Addis Ababa Action Agenda for Development recognized the importance of tracking resource allocations for gender equality and strengthening capacity for GB. In 2020, G20-Women, an official engagement group to the G20, called for greater investment in GB to ensure that fiscal policies advance gender equality in the short and long-term recovery from the COVID-19 crisis.

[5] https://www.oecd.org/dac/gender-development/49503142.pdf.

[6] IMF Working Paper (2021) Gender Budgeting in G20 Countries GRB uses fiscal policies and public financial management (PFM) tools to promote gender equality. It incorporates a gender lens into the budget process to ensure that governments are acutely aware of the impact of their choices on gender outcomes. GRB is not just about funding explicit gender equality initiatives. It also entails analysing fiscal policies and budgetary decisions to understand their impact - intended and unintended - on gender equality and using this information to design and implement more effective gender policies.

and girls. This approach not only promotes the empowerment of women and girls and advances gender equality but also fully integrates the complex and intersecting nature of discrimination. It fosters more equitable and inclusive public financial management by ensuring a thorough evaluation of how budget decisions impact diverse groups.

6. When gender-responsive budgeting is effectively incorporated into existing budgets, its impact on closing gender gaps can be profound. By ensuring that budgets are analysed and assessed from a gender perspective, gender-responsive budgeting can significantly influence the planning and allocation of public budgets, securing the necessary fiscal space for gender-responsive actions and SDG implementation. For example, in fiscal year 2022, more than $33.5 trillion[7] was spent across 125 countries, home to 7.5 billion people, demonstrating the scale and potential impact of a well-implemented gender-responsive budgeting approach.

7. While the public sector is the primary focus of the gender-responsive budgeting approach, it is an equally relevant approach for the private sector and other sources of financing. Applying this approach to investment strategies and financial instruments could impact funding for gender equality and create gender-responsive investment practices. Gender-responsive investment involves purposely allocating capital to projects, companies and initiatives to promote gender equality and empower women, girls and marginalized groups. This type of investment integrates a gender perspective throughout the entire investment cycle, from initial analysis and due diligence to monitoring and evaluation.

8. Various financial instruments, including gender bonds, equity investments and impact funds, are being considered for gender-responsive investments. Existing investment priorities and strategies have yet to fully consider the diverse needs of various groups, aggravating inequality. Consequently, there is a pressing need to reform these practices to effectively address gender disparities, ensuring that such efforts are supported sustainably without relying disproportionately on public budget allocations.

9. The strategic connection between innovative approaches to investments and traditional frameworks is vital for broadening the impact and ensuring the sustainability of financing for gender equality and SDG objectives. On the one hand, focusing on traditional investment actors offers significant advantages by leveraging existing frameworks, networks and credibility. This approach aims to redirect substantial financial flows within traditional investment channels towards promoting gender equality, ensuring a broader and more impactful reach. On the other hand, creating new structures simultaneously encourages innovation, a focused mission and a culture dedicated to gender equality. Although these new structures often operate on a smaller scale, they provide an essential opportunity to test and pilot new gender-responsive investment models. These pilot projects are critical for experimenting with and refining new strategies, which can subsequently be integrated into traditional frameworks.

10. Both approaches are essential. While the primary goal should be to challenge and redirect the substantial monetary flows within traditional investment cycles, the innovative steps taken in smaller projects demonstrate the effectiveness of targeted interventions. Once proven, these new methods can be scaled up, influencing more significant funding streams and expanding their reach and effectiveness in promoting gender equality.

11. When considering gender-responsive finance, we observe two simultaneous trends. Firstly, many countries have gradually incorporated gender considerations into their budget planning, procurement and investments. Secondly, despite this integration, there has not been a corresponding increase in the substantial investments needed to close gender gaps effectively. This shortfall is not due to the failure of the gender-responsive budgeting approach but rather stems from its partial and inconsistent implementation.

12. This thematic report acknowledges the existing momentum around financing for gender equality and identifies a clear need for intensified actions. It calls upon all stakeholders, including governments, international agencies and the private sector, to significantly increase efforts in applying a gender-responsive approach to restructure financing. Such approaches are essential for managing funds more effectively and ensuring that public budgets, multilateral and bilateral organizations and investments from the private sector are aligned with gender equality objectives. By enhancing these systems, stakeholders can ensure that financial resources are purposely directed toward actions that address and reduce gender disparities. This strategic alignment and investment are crucial for transforming commitments into actionable,

[7] The Open Budget Survey (2023).

measurable outcomes that advance gender equality and support broader efforts to achieve the Sustainable Development Goals. This thematic report expands on the agreed conclusions from the 68th session of the Commission on the Status of Women (CSW68), highlighting the necessity to broaden fiscal space and fortify institutions to enhance financing for gender equality. It calls for a focus on reducing systemic risks and structural inequalities and advocates for addressing these issues through integrated, coordinated and coherent strategies at all levels.

II. Regional trends and progress

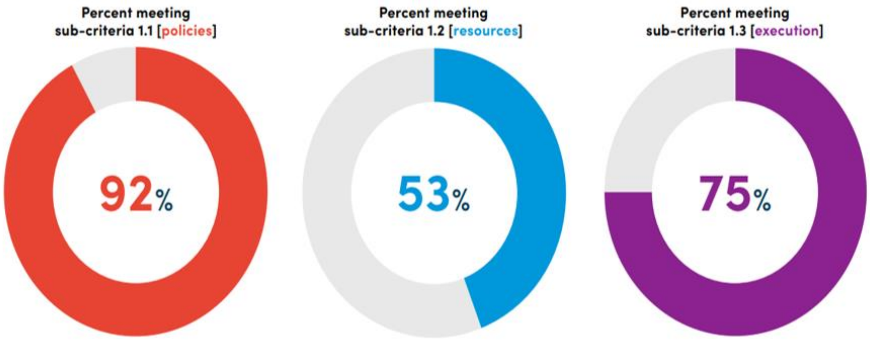
A. SDG 5.c.1 – Financing for gender equality 2018-2021

13. Global progress toward Sustainable Development Goal 5, which aims to achieve gender equality, is lagging. An SDG stimulus targeted at gender equality objectives is critical for transformational impact. An additional $360 billion annually is needed to achieve gender equality and women's empowerment across key global goals, including ending poverty and hunger.[8] Confronted with multiple crises, countries face difficult policy choices and limited fiscal space, complicating efforts to invest in the SDGs and support vital initiatives for creating more equitable and resilient societies. To alter this course, it is imperative to prioritize funding for gender equality.

14. Effective implementation of gender-responsive budgeting, an essential strategic and technical endeavour, hinges on robust public financial management (PFM) systems. However, data collected by UN Women, the OECD and UNDP from 105 countries shows that only a quarter of countries have comprehensive systems to monitor expenditures on gender equality and women's empowerment. Without solid systems, nations struggle to budget, allocate, and utilize funds effectively to uphold national gender equality laws and policies.

15. The SDG indicator 5.c.1 report reveals countries' performance against three sub-criteria under Criterion 1. While 92 per cent of countries have established gender equality policies and programs, only 53 per cent have allocated adequate resources to these programs, indicating a significant funding gap. Furthermore, 75 per cent of countries have adequate procedures for executing these resources according to budget plans (Chart 1). This data highlights a discrepancy between policy development and the practical implementation and funding of gender-responsive activities.

Chart 1: Percent of countries and areas meeting each sub-criteria under Criterion 1

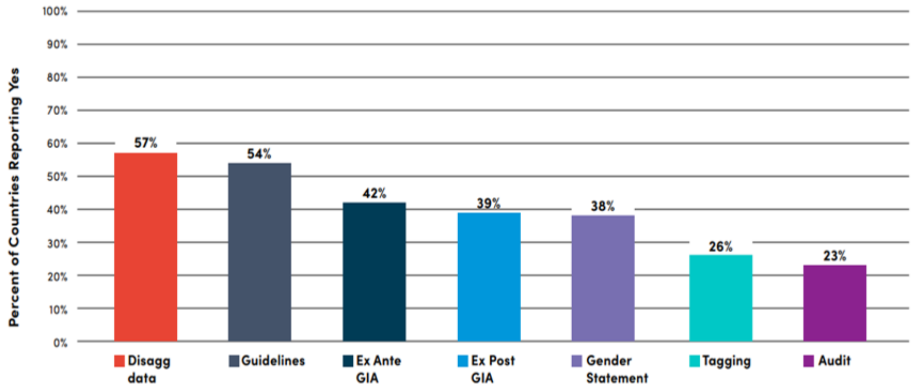


Source: 2018-2021 country reporting on SDG Indicator 5.c.1. Criterion 1
Note: Each percentage represents the total number of countries and areas answering 'yes' to a sub-criterion question out of the total number of responding countries and areas; sub-criterion 1.1 is defined as 'policies and/or programs of the government designed to address well-identified gender equality goals, including those where gender equality is not the primary objective (such as public services, social protection and infrastructure) but incorporate action to close gender gaps'; sub-criterion 1.2 is defined as 'policies and/or programs have adequate resources allocated within the budget, sufficient to meet both their general objectives and their gender equality goals'; sub-criterion 1.3 is defined as 'procedures in place to ensure that these resources are executed according to the budget'.

[8] UN Women (2023), A comprehensive analysis of gender equality progress across all 17 Sustainable Development Goals (SDGs).

16**.** SDG Indicator 5. c.1 data evaluates country performance across seven sub-criteria of Criterion 2, which relate to implementing gender-responsive budgeting. The highest performance is seen in using sex-disaggregated data, with 57 per cent of countries adhering to this practice, suggesting a solid foundation for gender analysis in budgeting. Guidelines for gender-responsive budget allocations are also relatively well-established, with 54 per cent of countries having such directives. However, there are significant gaps in evaluating policies' potential and actual impacts on gender equality, with only 42 per cent of countries performing ex-ante gender impact assessments and 39 per cent conducting ex-post assessments. Additionally, only 38 per cent of countries prepare consolidated gender statements as part of budget documentation, and a mere 26 per cent tag budgetary allocations to track spending against gender objectives. The least implemented practice is auditing, with only 23 per cent of countries rigorously checking whether budgets promote gender-responsive policies. This overall pattern highlights a need for more substantial implementation and monitoring mechanisms to ensure that gender-responsive budgeting effectively addresses gender equality.

Chart 2: Per cent of countries and areas meeting sub-criteria of Criterion 3

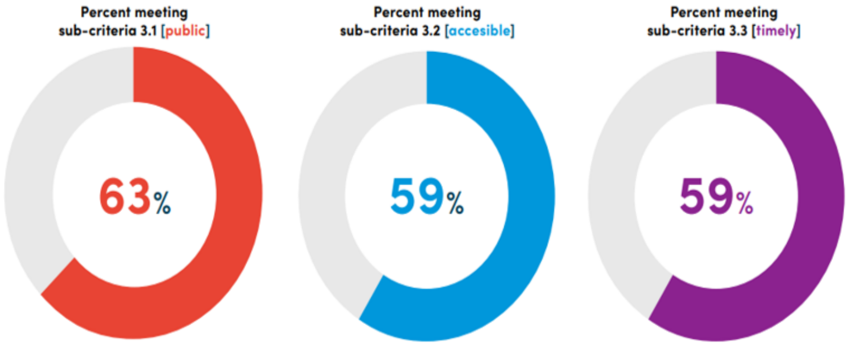


Source: 2018-2021 country reporting on SDG Indicator 5.c.1.

Note: Sub-criterion 2.1 is defined as 'the Ministry of Finance/budget office issuing call circulars, or other such directives, that provide specific guidance on gender-responsive budget allocations'; sub-criterion 2.2 is defined as 'key policies and, proposed for inclusion in the budget, subject to an ex-ante gender impact assessment'; sub-criterion 2.3 is defined as 'sex disaggregated statistics and data used across key policies and programs in a way which can inform budget-related policy decisions'; sub-criterion 2.4 is defined as 'the government provides, in the context of the budget, a clear statement of gender-related objectives (i.e. gender budget statement or gender responsive budget legislation)'; sub-criterion 2.5 is defined as 'budgetary allocations are subject to "tagging" including by functional classifier to identify their linkage to a gender-equality objectives'; sub-criterion 2.6 is defined as 'key policies and programs are subject to ex post gender impact assessment'; sub-criterion 2.7 is defined as 'the budget as a whole is subject to independent audit to assess the extent to which it promotes gender-responsive policies'.

17**.** Chart 2 shows that 63 per cent of countries and areas have published data on gender equality allocations (Sub-criteria 3.1: Public). 59 per cent have made this data accessible on official websites or bulletins (Sub-criteria 3.2: Accessible). Another 59 per cent have published this data in a timely manner (Sub-criteria 3.3: Timely). Most countries are making gender equality allocation data public, which is a positive trend towards transparency. However, the slight drop in performance when ensuring the data is both accessible and timely indicates room for improvement. Nearly 40 per cent of countries are not meeting these criteria, suggesting a need for enhanced efforts in making gender budget data both public and accessible. The similar percentages across the three sub-criteria (Chart 3) imply that improving one aspect could positively impact the others.

Chart 3: Per cent of countries and areas meeting sub-criteria of Criterion 3



Source: 2018-2021 country reporting on SDG Indicator 5.c.1. Criterion 1

Note: Each percentage represents the total number of countries and areas answering 'yes' to a sub-criterion question out of the total number of responding countries and areas; sub-criterion 3.1 is defined as 'data on gender equality allocations is published'; sub-criterion 3.2 is defined as 'If published, has this data been published in an accessible manner on the Ministry of Finance (or office responsible for budget) website and/or related official bulletins or public notices'; sub-criterion 3.3 is defined as 'If so, has the data on gender equality allocations been published in a timely manner'.

18**.** In the ECE region, although gender equality (SDG5) is improving, most targets are likely to fall short by 2030 at the current pace. Progress can be measured for less than half of the targets. Improvements in policy and legal frameworks to combat discrimination and support gender equality (Target 5.1) remain slow. Gender disparities in domestic responsibilities (Target 5.4) must also narrow much faster. However, the share of women participating in political and economic life (Target 5.5) is increasing in nearly every country in the region. The proportion of elected seats held by women in parliaments and local governments (Indicator 5.5.1) has seen significant growth and, if sustained, could exceed one-third by 2030, though still short of parity. In technology, the target for women's empowerment through universal mobile phone ownership (Indicator 5.b.1) is well on track to be achieved.[9].

B. Gender responsive budgeting approach to restructuring finance for gender equality

19. Gender responsive budgeting (GRB) has seen advancements across regions, including in the ECE region, with countries integrating gender-responsive approaches into their budgetary processes[10] and analysing and restructuring expenditures and revenues to support gender-responsive objectives. GRB is being integrated into the public finance management system reforms,[11] ensuring the strategic inclusion of gender considerations in mid-term and annual budget planning, public procurement, public investments management, and internal and external audits.[12] GRB is increasingly integrated into financial policies and procedures, aligning more closely with broader socioeconomic policy planning.[13] While there has been less focus on the revenue side—such as taxes and other forms of revenue—the recognition of its importance is increasing.

20. Many countries have established legal and institutional frameworks and included GRB requirements in organic budget laws. There is growing awareness and implementation of systems to track financial allocations for gender equality. However, data collected by UN Women, the OECD and UNDP from 105 countries shows that only a quarter have comprehensive systems to monitor expenditures on gender equality and women's empowerment. Countries struggle to budget, allocate and utilize funds effectively to uphold

[9] Sustainable development in the UNECE Region: Facing a Headwind in 2024.
[10] IMF (2021). Working paper: Gender Budgeting in G20 countries.
[11] Republic of Moldova.
[12] Austria, Serbia, Albania and Belgium.
[13] UN Women (2023), Technical Brief Strengthening public finance management systems for gender equality.

national gender equality laws and policies. According to the United Nations, progress toward achieving SDG 5 remains insufficient and behind schedule.

21. Supreme audit institutions (SAIs) are intensifying their efforts to promote gender equality, a goal yet to be achieved worldwide. The International Organization of Supreme Audit Institutions (INTOSAI) underscores[14] this persistent challenge, pointing to the World Economic Forum's forecast of 131 years needed to reach gender parity, which is worsened by setbacks from the COVID-19 pandemic and other crises. INTOSAI underlines the critical role of SAIs in monitoring and enforcing gender equality through national efforts to assess and enhance gender-responsive budgeting and policies. There is an emphasis on increasing the capacity of SAIs to conduct gender audits and integrate gender considerations into their broader audit frameworks. This is part of a more considerable effort to strengthen the role of SAIs in supporting gender equality through enhanced public financial management.[15] Supreme Audit Institutions are becoming more involved in auditing the implementation of gender-responsive policies and budgeting.[16] For example, in the Western Balkans, UN Women is strategically working with SAIs to increase their capacities for gender audits. In close cooperation, SAIs from Bosnia and Herzegovina, Montenegro and Serbia have conducted a regional parallel performance audit[17] of SDG 5 on gender equality and women's empowerment.[18]

C. The private sector's expanded role in bridging gender gaps and achieving the SDGs

22. In today's capital markets, some instruments have the potential to address gender inequalities.[19] The global bond market in 2022[20] totalled $133 trillion[21] and covered a variety of debt instruments, including government and corporate bonds. Within this landscape, the sustainable bonds market is rapidly growing. It includes green bonds, social bonds, sustainability bonds and sustainability-linked bonds that finance projects with environmental and social benefits, such as renewable energy, healthcare and education. Integrating gender considerations into bonds could potentially increase financing for gender equality.

23. In October 2013, International Financial Institutions (IFIs) harmonized development results indicators for Private Sector Investment Operations (HIPSO).22 However, only in 2019 a Gender Work Stream was established to ensure that HIPSO has an updated and good scope of gender-related metrics that are fit for purpose in the development impact landscape. These developments can further enhance private-public partnerships, leveraging the vast resources of the capital markets while ensuring sustainable and responsible investment practices.

24. Gender equality is a powerful driver within the environmental, social and governance (ESG) framework, pivoting into sustainable and responsible business practices. As a fundamental aspect of the social dimension of ESG, gender equality ensures that businesses prioritize fair pay, fair treatment, diversity and inclusion.[23]

[14] INTOSAI (2024), Letter from the Chair.

[15] 2021 INTOSAI Development Initiative. Global Stocktaking Report 2020.

[16] The State Audit Institution conducted a performance audit titled "Establishment of Gender-Responsive Budgeting in the Republic of Serbia" in the period from May to November 2023.

[17] UN Women (2024). Regional Parallel Performance Audit, Sustainable Development Goal 5 - Achieving Gender Equality. Sarajevo, Bosnia and Herzegovina.

[18] Ibid., in early 2023, the SAIs agreed to conduct a parallel performance audit based on the legislation governing the organization and functioning of the signatories to the Agreement and International Organization of Supreme Audit Institutions (INTOSAI) professional pronouncements, with the content and structure of the Agreement aligned with INTOSAI GUID 9000.

[19] IFC (2021), Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender Equality.

[20] https://www.visualcapitalist.com/ranked-the-largest-bond-markets-in-the-world/

[21] With the largest share, over USD 51 trillion, held by the United States.

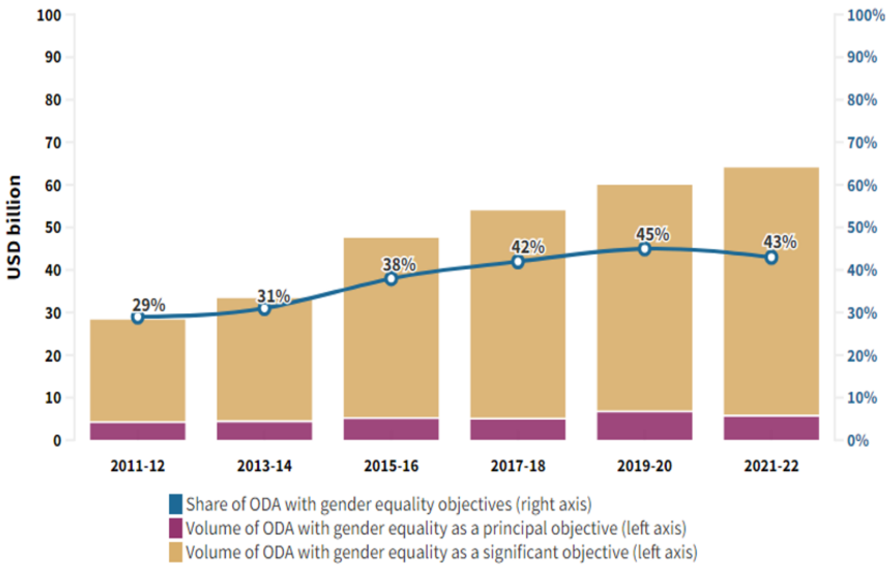
[22] Memorandum regarding IFIs Harmonized Development Results Indicators for Private Sector Investment Operations among the International Financial Institutions https://indicators.ifipartnership.org/indicators/joint-impact-indicators-jii/gender-jii/?

[23] https://www.equalsalary.org/gender-equality-a-catalyst-for-accelerating-esg/

D. Aid financing flows for gender equality and the empowerment of women in the ECE region

25. In 2021-2022, 43 per cent of bilateral allocable official development assistance (ODA) (USD 64.1 billion) included gender equality as a policy objective (chart 4), a slight decrease from 45 per cent in 2019-2020. Most of this funding (USD 58.3 billion or 39 per cent) supported programmes in which gender equality was one of several objectives. Only 4 per cent of ODA was dedicated to programmes with gender equality as the principal objective, consistent with previous years.

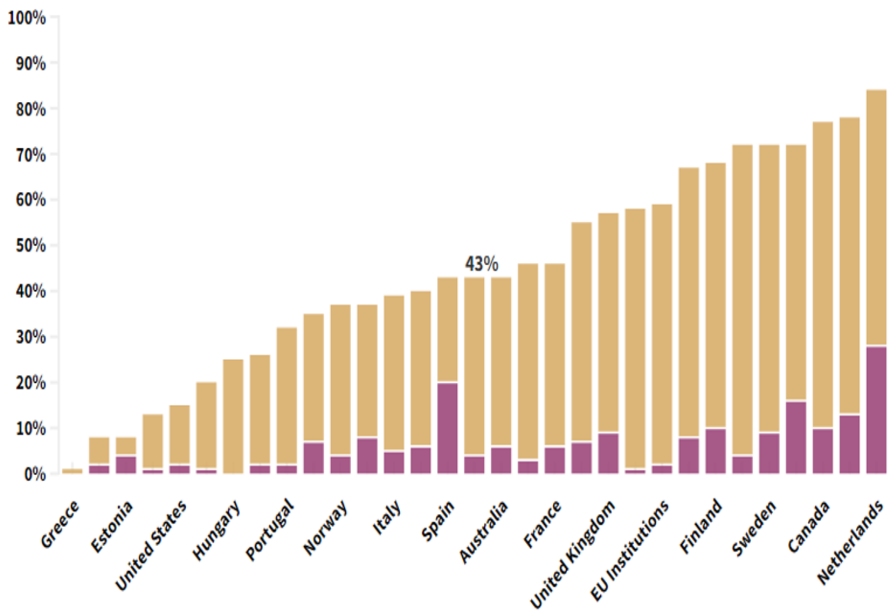
Chart 4: Volume and share o ODA with gender equality and women's empowerment as policy objective, 2011-2022



Source: Creditor Reporting System, OECD-DAC statistics.

Note: Gender focused includes both principal and significant.

Chart 5: Share of ODA with gender equality and women's empowerment as policy objectives, per DAC member, average 2021-2022



Source: Creditor Reporting System, OECD-DAC statistics.

Note: Poland and Lithuania are not included as coverage was below 50 per cent.

26. The Netherlands led OECD Development Assistance Committee (DAC) members, with 84 per cent of ODA focused on gender equality, followed by Ireland, Canada, Iceland, Sweden and Switzerland, each above 70 per cent (chart 5). Humanitarian aid and energy sector aid had the lowest shares for gender equality objectives (18 per cent and 30 per cent, respectively). Support for women’s rights organizations and government institutions decreased to USD 631 million annually, down from USD 891 million in 2019-2020. Funding to end violence against women and girls averaged USD 563 million annually, less than 1 per cent of total bilateral allocable ODA.

III. Challenges

A. Shrinking fiscal space to address gender gaps systematically and lack of gender responsiveness in emergencies

27. A challenge in addressing gender disparities and achieving SDG 5 is the shrinking of fiscal space for gender equality actions due to global crises such as climate change, armed conflicts and public health emergencies like the COVID-19 pandemic. In 2022, Official Development Assistance (ODA) to Ukraine increased significantly from $1.3 billion in 2021 to $18.9 billion. However, 90 percent of this funding, amounting to $17.1 billion, did not include gender equality objectives. Only $44 million was specifically allocated to efforts to advance gender equality as the principal objective. As governments navigate these emergencies, they face increased fiscal pressures, and the allocation of emergency funds is not subject to gender-responsive planning, resulting in failure to address or the potential to worsen existing gender inequalities. The challenge, therefore, is not only to advocate for the application of gender responsiveness in all fiscal circumstances but also to correct the misunderstanding of its utility and importance, ensuring that gender considerations are integral to all financial decisions, particularly in times of crisis where the risks to gender inequality are heightened. This strategic integration can help maintain, if not expand, the commitment to gender equality even when fiscal pressures are most severe.

28. To successfully achieve SDG 5, along with all 17 SDGs, there is a pressing need for ambitious restructuring of funding mechanisms. This entails a comprehensive realignment of resources towards these goals to ensure their full realization. Without a solid commitment to comprehensive and ambitious reforms where the gender budgeting approach is well applied, efforts to finance the achievements of SDG 5 and other SDGs can remain fragmented and ineffective. A lack of ambition can manifest in weak legislative frameworks, inadequate funding and limited integration of gender perspectives into broader macroeconomic policies and financial priorities.

B. Inadequate resources allocated to build and sustain gender-responsive planning and budgeting within PFM systems

29. One significant barrier to effectively expanding fiscal space to address gender gaps is inadequate resources for developing gender-responsive PFM systems (legal framework, rules, procedures, guidelines, templates, capacities). This shortfall hinders the integration of gender requirements across all phases of budget planning, implementation, reporting, auditing and the building of gender-responsive public investment management and procurement. There is also a critical need for technical assistance and investment in IT system improvement for budget planning to facilitate gender-responsive inputs, consolidation, tracking of allocated finances and reporting.

30. Compared to public financial management (PFM) reforms, which can take a decade to implement and typically receive substantial resources, gender-responsive budgeting as a part of PFM is often expected to yield significant results unrealistically quickly, sometimes within just a year or two. This expectation can lead to a misunderstanding that minor adjustments will lead to major changes, which often results in disappointment. Additionally, if PFM reform and the development of gender-responsive PFM are treated as separate, unlinked processes, the outcomes are generally unsatisfactory because these systems need to be closely integrated.

Without this crucial integration, efforts run on parallel tracks without achieving the desired impact.

31. Another obstacle is the slow progress of comprehensive PFM reforms, which would enhance planning and alignment between policies and budgets, implementation, monitoring and evaluation, and performance reporting and make the process more transparent. GRB is not isolated from these processes and can stay within the quality of the overall system.

C. Cross-cutting issues and lack of inter-sectorial coordination

32. The challenge of cross-cutting issues in gender-responsive financing, similar to the difficulties faced by green financing, highlights the complexities of addressing broad societal issues that transcend single sectors and demand cooperation across multiple areas. This requires a concerted effort to integrate and coordinate diverse policy fields, ensuring that gender considerations are woven into all sectors' financial planning and decision-making processes. These cross-cutting issues necessitate simultaneous budget allocations from multiple sources, which can be hindered by siloed approaches and a lack of communication among different sectors. Effective coordination thus becomes critical, requiring robust mechanisms for interdepartmental communication and joint planning to ensure that gender-responsive measures are comprehensive and uniformly implemented across all relevant areas. This approach demands a shift from traditional, compartmentalized strategies to a more interconnected and holistic strategy that aligns diverse resources and actions toward common gender equality objectives.

D. Incomplete integration of gender-responsive approaches in bilateral and multilateral financial frameworks

33. A significant challenge in advancing gender equality through bilateral and multilateral organizations' financial decisions and performance reporting is the lack of a fully integrated, comprehensive gender-responsive approach. These organizations often treat gender considerations as supplementary additions rather than integral components of their planning and budgeting processes. This fragmented implementation results in financial allocations that do not consistently contribute to gender equality. The approach to gender analysis needs to be deeply embedded so that all funding decisions actively support and promote gender equality rather than being seen as peripheral or optional enhancements to existing frameworks. Without a strategic and systemic integration of these gender considerations, the potential impact on reducing gender disparities remains underutilized.

E. Rise of the multiple budgeting approaches

34. Budgeting is critical to effective governance, ensuring that resources are allocated efficiently to meet society's diverse needs. However, the rise of multiple specialized budgeting approaches—such as child budgeting, SDGs, and green budgeting—presents a unique challenge. While these approaches are valuable for addressing specific issues, they can lead to fragmentation and a lack of coherent and unified policy direction. Instead of a coordinated strategy that addresses multiple dimensions of social and environmental issues, the government might end up with fragmented initiatives that do not effectively support each other. Competing priorities among different budgeting approaches can create conflicts in resource allocation, and the lack of integration among these specialized budgets can result in misaligned policies that undermine the overall strategic vision of governance. Additionally, managing multiple specialized budgets requires extra administrative resources, leading to inefficiencies and higher operational costs, and tracking their effectiveness can be complex and resource-intensive, complicating overall impact assessment.

F. The lack of strategic integration of a gender-responsive approach across all financial instruments

35. A significant challenge in advancing gender-responsive approaches within the financial sector is the need for more strategic integration across all financial instruments, not just gender-

specific bonds. The primary focus often remains on creating niche products like gender bonds, which may only capture a small market segment. This narrow focus neglects the necessity of incorporating gender perspectives into mainstream financial products like traditional and sustainable bonds. The real challenge lies in persuading private sector investments to adopt a gender-responsive approach as a standard practice across all investment activities. This shift requires a strategic, comprehensive reform in how gender considerations are integrated into the financial systems, ensuring that traditional investments contribute effectively to the SDGs, particularly SDG 5 on gender equality.

IV. Priority actions

A. Amplify commitment and ambition and restructure fiscal space to achieve SDG 5 and beyond

36. To effectively achieve SDG 5 and the broader Sustainable Development Goals (SDGs), funding must be substantially restructured to align with these objectives. A strategic, gender-responsive approach to financing these goals should be integrated into broader macroeconomic policies, with significantly increased support for gender equality to ensure lasting, comprehensive impacts. This includes strengthening institutions and expanding fiscal space to support equitable, high-quality, inclusive, affordable, and accessible public services that promote the rights of all women and girls and foster gender equality.

37. Increasing public investment to develop human capabilities, address unpaid care work, and support decent work for all women should be prioritized. Stakeholders, including policymakers and financial planners, should recognize that a gender-responsive approach to financial decisions is fundamental for achieving the SDGs. This requires a decisive shift in prioritizing and executing financial commitments, ensuring that gender considerations are integrated across all scenarios, particularly in emergencies such as armed conflict, climate change, or global health crises.

38. The reforms are urgently needed to support all countries in mobilizing and spending resources for sustainable development. Long-standing deficiencies in the international financial architecture have become more visible in a crisis-afflicted and unequal world. Reforms to the global financial safety net and strengthened international tax cooperation, focusing on combating illicit financial flows, tax evasion, and avoidance, are urgently needed to expand fiscal space for investment in ending women's and girls' poverty.

39. For example, the launch of the Alliance for Gender-Responsive and Inclusive Recovery at the 2024 Ukraine Recovery Conference represents a dedicated effort to enhance funding and financing for gender equality in Ukraine's recovery. One of the key commitments is to integrate gender perspectives into funding and resources. This includes increasing the share of funding for projects that advance gender equality and protect women and girls, applying the OECD DAC's gender policy marker, and ensuring transparent monitoring and reporting of fund allocations. This could serve as a model for other recovery financing efforts.

B. Enhance resources and comprehensive integration of gender-responsive approach in PFM

40. A priority action to secure and increase finance for gender equality would be to increase the resources allocated to building and sustaining gender-responsive budgeting systems and to approach the public financial management (PFM) system comprehensively. This integration should occur gradually and methodically, ensuring that GRB principles are legally mandated and incorporated into mid-term and annual budget planning, performance reporting, implementation and performance audits. Additionally, GRB principles should be applied across all complementary aspects of the PFM system, such as revenue collection, debt management, public investment management and procurement. Additionally, multiple specialized budgeting approaches, such as child, SDG, green, and gender budgeting, could lead to fragmentation and a lack of coherent and unified policy direction. Moving to an integrated approach that aligns these specialized budgeting frameworks with overarching national strategies and spending priorities would be recommended to mitigate these risks. This should involve ensuring that the

frameworks are compatible and mutually reinforcing, optimizing resource use and enhancing the coherence of government policies and budgets.

C. Extend the gender-responsive approach to bilateral and multilateral organizations' budgeting planning and performance reporting

41. A strategic priority would be to extend the gender-responsive approach to bilateral and multilateral organizations' budgeting planning and performance reporting to leverage substantial influence over funding use in various public sector reforms. By strategically integrating gender principles into their planning and financial operations, these organizations could ensure that their financial resources are used to support actions that reduce gender disparities, both directly and indirectly. Implementing a gender-responsive approach at this level would not only enhance the effectiveness of aid and development funds in addressing gender gaps but also set a standard for gender awareness in global financial practices. This would encourage recipient countries and partner institutions to adopt similar practices, amplifying the impact across various levels of governance and sectors.

D. Integrate gender-responsive approach into financial instruments and private sector investments

42. A strategic approach to advancing gender equality would involve embedding gender-responsive approaches into financing instruments, including traditional bonds, sustainable bonds and other financial instruments. By doing so, issuers could leverage existing frameworks rather than creating entirely new gender bonds, which might only capture a small fragment of the market. For example, incorporating gender-specific targets and key performance indicators (KPIs) in sustainability-linked bonds would align with SDG 5. Additionally, addressing cross-cutting gender issues within other sustainability goals could maximize the impact of these financial instruments. This approach would enhance the effectiveness of sustainable finance and ensure broader, more inclusive access to resources. Additionally, providing training and resources to the private sector could educate stakeholders about the benefits of gender-responsive investments and more effectively support gender equality and the SDG agenda.

E. Invest in the development of gender-focused information systems and the accessibility and user-friendliness of data platforms to inform policy decisions

43. To advance policy decisions to address gender gaps, investments should be made in developing gender-focused information systems. Substantial resources ought to be allocated to collect, analyse and disseminate gender-disaggregated data. These efforts should aim to expand the volume and variety of data and enhance the accessibility and user-friendliness of data platforms. Additionally, improved data systems are necessary to support the monitoring and evaluation of progress towards gender-related SDGs, driving accountability and targeted interventions.

F. Intensify gender audits of budget allocation against SDG Indicators and tracking of allocations for gender equality and women's organizations and collectives

44. To effectively support gender equality and the broader SDGs, particularly SDG 5, it's crucial to intensify gender audits of budget allocations. This involves conducting detailed gender audits to critically assess and transparently report on how investments and budget allocations impact gender equality outcomes. These audits should evaluate whether funds are effectively used to achieve gender equality and empower women and girls across various sectors. Additionally, it is essential to systematically track and ensure transparency in the allocations earmarked explicitly for gender equality and the support of women's organizations and collectives. This process would not only support the fulfilment of SDG 5 but also strengthen the overall efficacy of gender-responsive funding of the SDGs.