

A GUIDE TO
EQUITY AND
INCLUSIVITY IN
THE BUDGET
PROCESS



Our Profile

Partnership to Engage, Reform and Learn (PERL)

The Partnership to Engage, Reform and Learn (PERL) is a five-year governance programme, funded by the UK's Department for International Development (DFID). The programme focuses support on governments, citizens, and evidence-based advocacy. PERL provides assistance to governments in the core areas of policy development and implementation. This is done by assisting them in tracking and accounting how these policies, plans and budgets are used in delivering public goods and services to promote growth and reduce poverty to the citizenry. The programme supports citizens to engage with these processes.

The PERL programme is being delivered through three 'pillars' which plan together to support sustainable service delivery reforms: Pillar 1. Accountable, Responsive & Capable Government (ARC); Pillar 2. Engaged Citizens (ECP); and Pillar 3. Learning, Evidencing and Advocacy Partnership (LEAP). The programme works at the federal level, in the partner states of Kano, Kaduna and Jigawa, and through regional learning and reform hubs in the South West, South East and North-East areas of Nigeria.

Disclaimer

The opinions expressed in this guide are those of the authors and do not necessarily represent the views of the Department for International Development.

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Abbreviations and Acronyms

AfDB	African Development Bank
AG	Accountant General
ARC	Accountable, Responsive and Capable Government
AuG	Auditor General
BCC	Budget Call Circular
BPS	Budget Policy Statement
CBO	Community Based Organization
CSO	Civil Society Organization
DFID	Department for International Development (UK)
ExCo	Executive Council
EFU	Economic and Fiscal Update
FSP	Fiscal Strategy Paper
GESI	Gender, Equity and Social Inclusion
GRB	Gender Responsive Budget
IGR	Internally Generated Revenue
IMF	International Monetary Fund
LGA	Local Government Area
M&E	Monitoring and Evaluation
MDA	Ministry, Department, Agency
MDGs	Millennium Development Goals
MoEPB	Ministry of Economic Planning and Budget
MoF	Ministry of Finance
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
OAG	Office of the Accountant General
OSAGI	UN Office of the Special Adviser on Gender Issues and Advancement of Women
PAC	Public Accounts Committee
PFM	Public Financial Management
SHoA	State House of Assembly
VAT	Value Added Tax

Section 1: Introduction

Purpose of this “How To Guide”

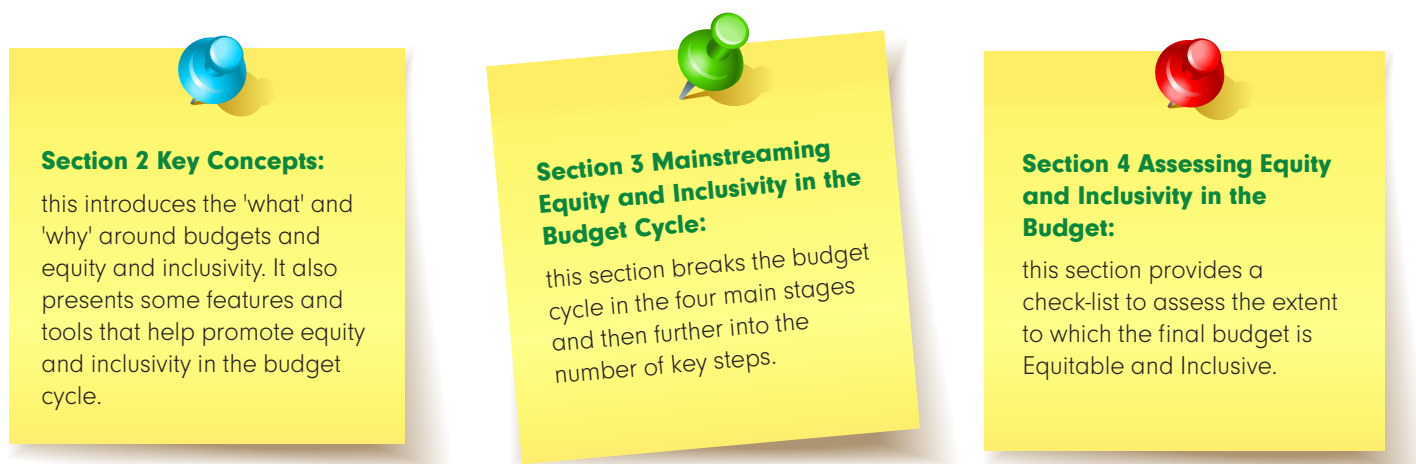
This guide describes practices that Nigerian States can adopt to develop and implement gender equitable and socially inclusive (GESI) budgets and provides step-by-step directions and tools to make the task easier. In order to make the guide useful, descriptions of the budget process and tools are made simple and straightforward.

Who is this Guide for?

This guide will be particularly useful to key government actors with budget development responsibility at different levels. It sets out the important stages in preparing equitable budgets, and describes government processes for planning, preparing, implementing, monitoring and evaluating budgets. An understanding of the stages and processes involved in inclusive budgeting will help government officers to deliver budgets that are equitable so that governance reforms can be effectively implemented to achieve strategic objectives that meet the needs and aspirations of Nigeria’s citizens. The guide also describes the processes in legislative budgetary oversight, together with processes for monitoring and tracking budget performance to ensure transparency and accountability in the use of public resources.

Content

This Guide includes three main sections:



Section 2 Key Concepts:

this introduces the 'what' and 'why' around budgets and equity and inclusivity. It also presents some features and tools that help promote equity and inclusivity in the budget cycle.

Section 3 Mainstreaming Equity and Inclusivity in the Budget Cycle:

this section breaks the budget cycle in the four main stages and then further into the number of key steps.

Section 4 Assessing Equity and Inclusivity in the Budget:

this section provides a check-list to assess the extent to which the final budget is Equitable and Inclusive.

There are also three annexes providing links to further resources and knowledge products, a detailed glossary and budget, equity and inclusivity terms, and a series of exercises that can be used to engage stakeholders in their understanding of the key concepts of budgeting, equity and inclusivity.

Further Reference Materials

Readers and users can find more detailed information in documents and websites listed at the end of the guide. It is recommended that the following are read alongside this guide the following guides:

- Preparing a Policy
- Preparing State Development Plans
- Preparing Medium Term Sector Strategies
- How to Conduct a Sector Performance Review
- How to Prepare Realistic Budgets
- State Budget Manuals

Section 2: Key Concepts

What is a Budget?

All Nigerian states prepare an annual budget – a financial plan that estimates aggregate resources and allocates them to achieve stated policy priorities within a timeframe. Budgets are governments' most important economic policy tool as they translate governments' policies, political commitments and goals into decisions on how to use revenues and other sources of funding to meet the country's competing needs. There are a number of steps – the "budget process" – that translates the aforementioned policies, political commitments and goals into resource estimation and allocation, actual expenditure and ultimately asset creation and service delivery.

While all states prepare a detailed annual budget, some also prepare less detailed, more strategic medium-term budgets – generally known as the Medium Term Expenditure Framework (MTEF). The medium-term approach provides a longer-term view of potential revenue and the funding required for implementing policies than the annual budget approach (usually covering a three-year period), and provides the framework into which the annual budget is prepared.

The "budget cycle" refers to the stages of preparing, approving, implementing and tracking the budget. This is presented in detail in Section 3.

With the endemic nature and pervasiveness of gender inequality and social exclusion in Nigeria, equitable and socially inclusive government budgets are the only way to ensure that governments are committed to equity and socially inclusive values and practices, and that the most pressing needs of the various social groups are satisfied, bearing in mind their differential needs, and priorities.

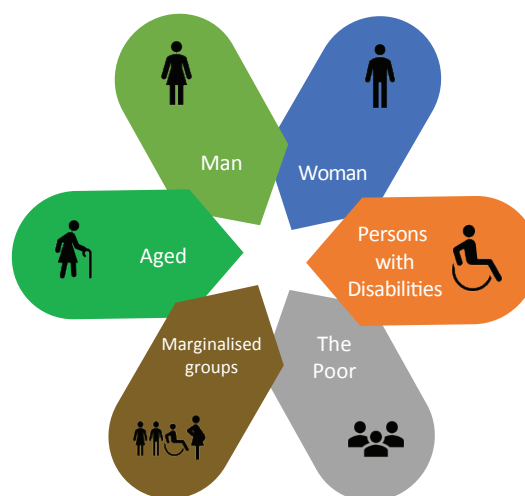
What is an Equitable and Socially Inclusive budget?

As a starting point, anyone who has the responsibility of planning, preparing, executing (collecting revenue and spending government resources) and monitoring government budgets requires a basic understanding of equitable budgeting. This is a budget that takes cognizance of the differential needs of men, women, boys and girls, as well as the excluded population, such as persons with disabilities and other functional needs, the aged, those affected by war or conflict, the marginalized groups and those living in extremely poor conditions.



As a standard global practice, budget managers need to acquire requisite knowledge and skills in equitable budgeting to ensure public goods are delivered to all citizens in an inclusive manner, irrespective of their status or condition. By this, the commonwealth would be fairly distributed and citizens would be reached with the dividends of good and accountable governance.

The basic rule for an equitable and realistic budget is that available resources are equitably allocated to address needs of all categories of citizens as described above. In many instances, however, especially state governments and politicians especially, are under pressure to spend more. For example, in some states, politicians may find it difficult to approve a budget that is smaller than previous years, or less than the budget in an adjoining state without appropriate alignment of available resources with the citizens' needs. However, a budget driven by these perspectives can become unrealistic and undeliverable. In most cases, politicians try to 'balance' unrealistic budgets by including sources of funding, such as grants and loans that will never materialise; while they rarely consider issues of equity in government budgets and expenditures (see the SPARC Budget Realism guide for more information on preparing Realistic Budgets).



Why is Gender Equitable and Socially Inclusive budgeting important?

Gender and socially inclusive budgeting considers the different needs of women, men and other groups of people, recognising the differential impact of policies on each group. The essence of a socially inclusive budget is to ensure that all citizens are catered for in the area of public finance.

Socially inclusive budgeting is essential as it ensures that the needs of the poor, vulnerable, those with disabilities and those who may be marginalised and excluded from the mainstream are better reflected in public policymaking, notably in the government budget.

In practice, a socially inclusive budget process requires the involvement of various participants including civil society organisations at each stage, depending on whether the process is on a national or state level.¹

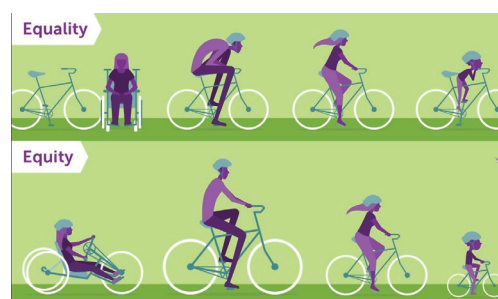
Why Equity?

Equity is a subjective and dynamic concept and not easily measured in the world of public finance. It differs from other measures of budget performance (such as Economy, Efficiency and Effectiveness), in that it is a qualitative measure whereas all other measures can be expressed as quantitative ratios.

In addition to this, an intervention that may be deemed to be equitable in a given context may drive other forms of inequity in other contexts. For example, public sector investment focused on tertiary healthcare interventions may result in benefits for urban dwelling working communities, while at the same time reducing the resources available for addressing the basic/primary healthcare requirements of rural communities. Thus, determination of which equity measure to apply and what indicators to track is, to a large degree, dependent on what marginalised group is to benefit from the intervention.

The most frequently cited factor by OECD countries for introducing gender budgeting is perceived inequalities. Equity is directly correlated with economic growth, and excessive levels of income inequality can make growth more volatile and create conditions for a slowdown in GDP growth (IMF); in addition to this, high levels of inequality can favour the emergence of populist movements and foster political instability. Harmful social outcomes such as crime, infant mortality and low life expectancy are consequences of economic inequality.

There is empirical evidence to the effect that empowering women contributes immensely to the health and productivity of families and communities, which improves the prospects for, and prosperity of the next generations.



Key Features and Tools for an Equitable and Inclusive Budget

Equitable budgets have emerged as an important strategy for assessing how government budgets mobilise and allocate public resources to meet the needs of all segments of the society. The goals of equitable budgets can vary according to the political and social contexts of the country or state. However, equitable budgets should aspire to the following:

1. Raise awareness among stakeholders of equity considerations and impacts embedded in budgets and policies;
2. Make governments accountable for translating their equity commitments into budgetary commitments; and
3. Change budgets and policies to promote equity.

Public Finance and Equity

It is important to understand how equity relates to equitable outcomes, beyond the focus on inequality of income. To do this, inequities must be measured at each stage of the budgeting process in order to understand how inequitable outcomes are generated and how they can be addressed.

Public spending affects inequality both directly and indirectly. Depending on who uses the services, expenditure can benefit various groups of the population and publicly funded services can effectively end up as in-kind transfers to those who use them.



¹ <https://www.shareweb.ch/site/DDLG/ Documents/Concept%20paper%20GRB%20SIB.pdf>

Gender Responsive Budgeting (GRB) Tools

Gender Budgeting can be defined as:

'An application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality.' (Council of Europe, 2009)

A range of technical tools for producing gender-responsive budgeting has been proposed for carrying out gender responsive budget analyses. In general, GRB tools need to be adapted to the respective context. Each initiative needs to choose which tools to apply based on which actors are involved, the nature of the political and budget management systems, and a range of other factors. In addition to technical tools, the gender perspective should be integrated in institutionalized routines, such as forms, guidelines, rules for administrative processes, checklists, etc. Below are suggested tools:

- **Benefit Incidence Analysis (BIA):** measures the distribution of the benefits of a public service, subsidy or social transfer. BIA is applied to measure the equity or public expenditure across income quintiles, gender, geographical areas and ethnic groups.
- **Polarisation Indices:** Focus on inequalities between population groups such as geographic regions or ethnic groups.
- **Household Budget Survey:** used to measure inequality within a society especially in income or consumption. Household Survey Data can be used in the policy planning stage for formulating high level policy objectives on inequality. Indices used in Household Survey Analysis include 1) The Gini Coefficient 2) Quantile Share / Ratios 3) the Palmer Index.

Equity and Inclusiveness Perspective in Policy and Planning

A good budget draws from the overarching policies and plans of the state. Therefore, it is important that equity and inclusiveness considerations be incorporated in the policies and plans of the government so that the budget is not just a knee-jerk response to equity and inclusiveness considerations. Therefore, policy makers should be conscious of equity and inclusiveness during policy formation and development of overarching state plans and sector implementation plans. Embedding equity and inclusiveness considerations in policy, planning and budgeting will ensure that these considerations are squarely mainstreamed in the priorities of the state at every stage of objective setting, and implemented through the instrumentality of the medium term expenditure framework to improve service delivery in the state.

Tools for Assessing Equitable and Responsive Budgeting – PEFA GRPFM

PEFA (Public Expenditure and Financial Accountability) is a partnership program of a number of multi- and bi-lateral development partners (including DFID). The PEFA program provides a comprehensive framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM), budget policy and planning through budgeting, budget execution and oversight, using quantitative indicators to measure performance.

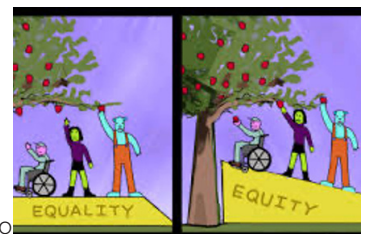
PEFA has developed a supplementary framework for assessing the gender responsiveness of public financial management (GR-PFM) – the PEFA GRPFM framework—is a set of indicators that builds on the PEFA framework to collect information on the degree to which a country's public financial management (PFM) system addresses the government's goals with regard to acknowledging different needs of men and women, and different subgroups of these categories, and promoting gender equality.

The subgroups of the gender categories bring about an expanded understanding of equity, especially in allocation of resources. The differences between men and women are a critical but insufficient indicator, and it is essential that the different subgroups are recognised in themselves for budgetary processes to be equitably administered. Equal allocations of resources will not achieve the same results as equitable allocations to the subgroups of men and women, as is demonstrated in the adjacent picture.

The framework has nine indicators distributed across the budget cycle and can be applied at both national and subnational levels. Assessment is based on a four-point ordinal scale from D to A, in line with the PEFA framework (A is the highest score).

Annex 3 of this guide includes a set of references to the "Best Practice" as described by an A score in the GRPFM. These are linked to the stages and steps in the Budget Cycle as described in more detail in Section 3. As noted above, these should not be considered as the holistic benchmark for equitable budgeting as their scope is narrower (Gender) – albeit most of the indicators and best practice statements could be viewed within the context of the broader definition of Equity and Inclusivity, i.e. beyond gender.

More information on the PEFA GRPFM, including the full Assessment Framework, can be found at in the resources section of the PEFA website.



Section 3: Mainstreaming Equity and Inclusivity in the Budget Cycle

A budget can be defined as:

'A statement of a government's estimated receipts and expenditure for a particular period (normally a year for an annual budget and three years for a medium-term budget). A government budget is the financial mirror of government policies. The budget is an economic and financial management instrument for allocating resources in order to achieve stated objectives.'

A budget is a government tool for achieving policy priorities.






The OECD defines gender equitable budgeting as “integrating a clear gender perspective within the overall context of the budgetary process, through the use of special processes and analytical tools, with a view to promoting gender responsive policies”. As the “budget process” is an annual (or indeed multiannual) event, there are several opportunities across the cycle in which the gender perspective can be brought to bear.

The budget relies on:

- **Estimates - Financial estimates for a specified period to determine:**
 - What a government expects to receive in financial terms (receipts);
 - What a government plans to implement in financial terms (expenditure);
 - Likely impact of such estimates on equity issues and socio-economic conditions of those already earmarked as being vulnerable—women, children, youths, persons with disabilities and other socially excluded groups;
 - What is to be accomplished with the financial resources available (driven by a beneficiary budget analysis).
- **Controls - Controls to check:**
 - How well government has discharged its responsibilities for managing finances and resources equitably in meeting citizens’ needs and aspirations;
 - What has been accomplished with the revenue projected?
 - The outcome of the beneficiary expenditure analysis. How have women, men, boys and girls, irrespective of their social status, benefited?

The budget cycle itself refers to the process of preparing, approving, implementing and monitoring/evaluating the budget on an annual cycle.

In practice, the processes of equitable budgeting typically involve close coordination between a number of government departments and other stakeholders. Key considerations would be:

-  Routine and timely availability of disaggregated data sets which would facilitate design of interventions and evaluation of policy impact. The quality and availability of data is essential to allow for evidence - based analysis of the impact of budget decisions on equity. It is important that the data is disaggregated to identify significant impact on marginalised groups.
-  The level and kind of expertise required to administer the tools. This may involve experts from national academic institutions as well as experts on budgeting processes as well as public finances.
-  The available sources of information. The Household Budget Survey is a key requirement in addition to sector strategies, national development plan, Open Budget Survey and annual budget data.
-  The level and kind of resources allocated to the analysis, including time, money and external support.
-  Which stakeholders should be engaged and how. Stakeholders must represent both technical and political dimensions and ensure that biases such as favouritism or historical divides are addressed.

This section provides a step-by-step guide to the key processes, responsibilities and documents involved an equitable and inclusive budget cycle.

Processes, Documents, Roles and Responsibilities

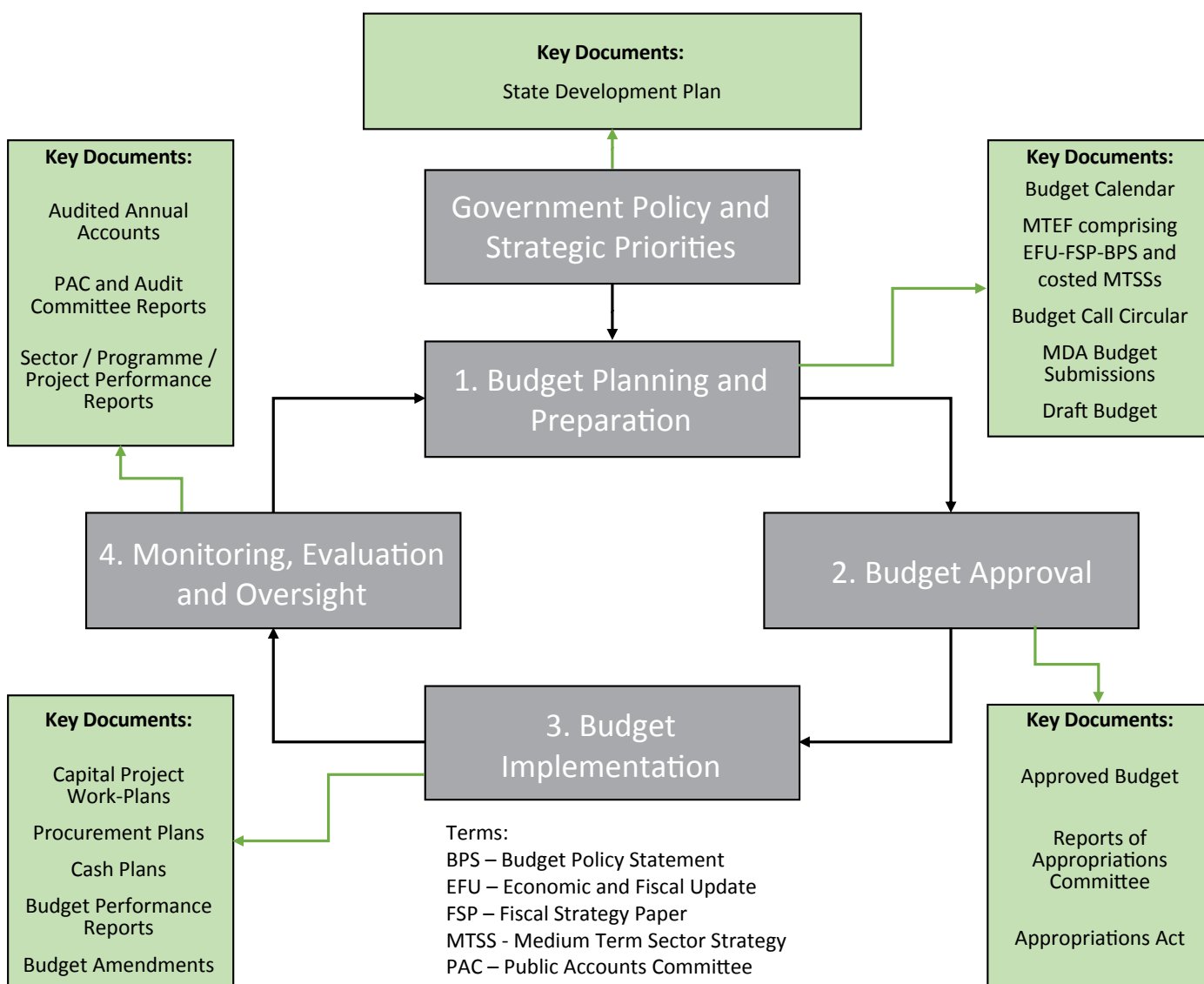
The annual budget cycle (Figure 1 below) takes as its starting point government policies as set out in a state development plan. The state development plan is "an approved public document outlining a state's overarching policy position and the outcomes that the government expects these policies will deliver". This policy position flows into the budget cycle through the MTEF which, as noted previously, is a higher level, more strategic view (budget) of revenues and expenditures over typically a three year period.

The Annual Budget, which flows from the MTEF, is a tool for implementing the development plan and must be gender equitable and socially inclusive if the government is to meet its commitments to empower women and young persons and protect vulnerable groups from poverty.

Once approved, the Annual Budget is implemented through the assessment and collections of revenues (and generation of other receipts – e.g. loans, grants, etc.) and the expenditure needed to run government, deliver services and create and maintain public assets. The final step in the budget cycle provides the feedback loop (into the subsequent budget cycle) and accountability mechanism whereby the budget implementation is monitored, evaluated and reported upon.

It is important to mainstream equitable and social inclusion standards into the budget cycle (see Figure 1).

Figure 1: Budget Cycle



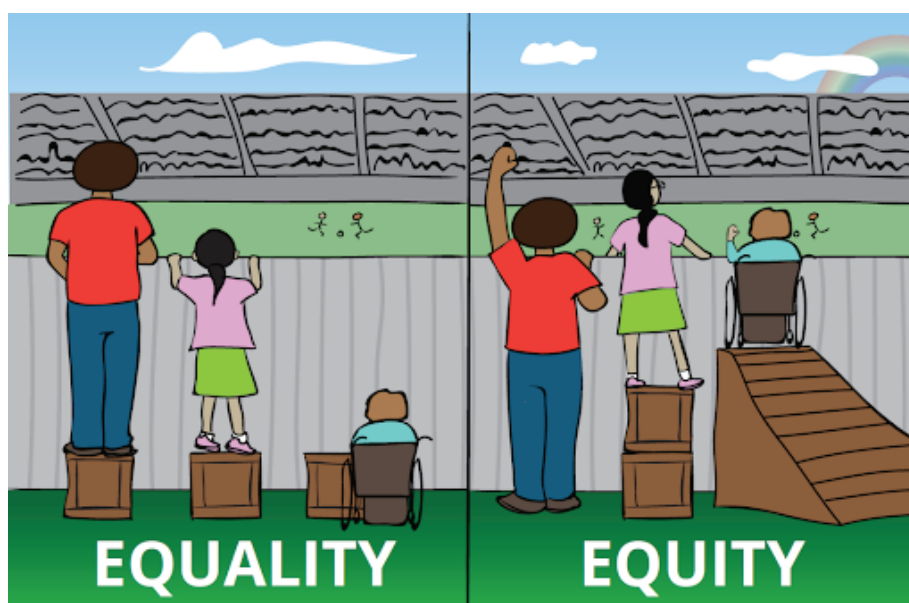
Key Actors in the Budget Process

There are a number of actors in the budget process both within and outside government itself. The main stakeholders are laid out in the table below with a summary of their role in the budget process and their role in ensuring equity and inclusivity in throughout the budget cycle.

Table 1: Key Actors in the Budget Process

Actor	Role	Equity and Inclusivity Role
Civil Society and Citizens	Users of Services funded by the budget.	<p>Community sensitization and capacity building of those socially excluded to engage in local governance processes.</p> <p>Using available tools to ensure gender responsiveness and social inclusiveness in all stages of the budget cycle.</p>
Legislature (State House of Assembly)	<p>The role of the State House of Assembly (SHoA) is to review and debate the government's draft ex ante budget (and in-year supplementary budgets) and to authorize spending to implement the annual budget plan. SHoA also reviews budget execution. Other steps in which the legislature may be involved include pre-budget debates, review of the government's MTEF, and examination of the report of the external auditor. There may be a number of committees formed within the SHoA to undertake these functions including the Appropriations Committee and the Public Accounts Committee (PAC).</p>	<p>Parliamentary/legislative oversight of the budget cycle includes a number of activities that measure whether public resources have been used appropriately, effectively, and efficiently.</p> <p>SHoA members, as budget oversight agents, should strive to become conversant with the societal issues that drive inequity.</p> <p>These issues can be affected by public policies in general, and public expenditures in particular and will have a knock - on impact on the fairness of policy outcomes.</p>
Executive (Executive Council (ExCo))	<p>The role of the Executive Council (ExCo) is to deliberate on the MTEF (particularly the aggregate resources and sector allocations / MDA ceilings) and then approve government budget proposals for fiscal year in question before they are submitted to the legislature (SHoA).</p>	<p>ExCo members must understand the extent to which equity considerations can be taken into account in the budget approval, and the indicators that will be used in project appraisal and selection.</p> <p>Ensure supplementary budgets provide coverage for identified target/marginalised groups.</p> <p>Promote equity or non-discrimination emphasis if and when clearly stated in state policies.</p> <p>Promote evidence-based policy and planning based on disaggregated data sets.</p>

<p>PFM Oversight Agencies</p>	<p>This includes a number of agencies – Ministry of Finance, Ministry of Economic Planning and Budget (or equivalent), Auditor General, Accountant General, Bureau for Public Procurement. The role of these agencies is to support and oversee the preparation and implementation of plans and budgets, and to support the Executive and Legislature in their decision making. There are often cross-agency mechanisms that are formed to support specific steps in the budget cycle – for example the Budget Planning Committee, Disbursements Committee and Tender Board.</p>	<p>The term “Oversight” quite clearly frames the role that these agencies play in equity and inclusivity.</p> <p>Their role is to provide the tools and guidance to government stakeholders to help ensure equity and inclusivity is embedded in the budget process, to assess the extent to which they have been adopted, and champion the key concepts.</p> <p>They must also work to ensure that external stakeholders are empowered – from a consultative process, to perform their role.</p>
<p>Implementing Agencies (all MDA that collect and/or spend government resources)</p>	<p>Responsible for preparing and implementing the budget in terms of revenue generation / collections, and expenditure to deliver services, create / maintain assets and operate government.</p>	<p>Scrutinize budget proposals for the presence of equity considerations.</p> <p>If potential inequalities are identified as a direct consequence of previous budget outcomes, then adopt suitable performance indicators with a view to reducing these inequalities.</p>
<p>Lenders / Development Partners</p>	<p>Provision of Loans, Grants and in-kind (Goods /Services /Works) support to Government.</p>	<p>Promote Equal opportunity practices.</p>
<p>Contractors</p>	<p>Suppliers of Goods /Services /Works to Government.</p>	<p>Promote Equal opportunity practices in the fulfilment of contractual obligations.</p>

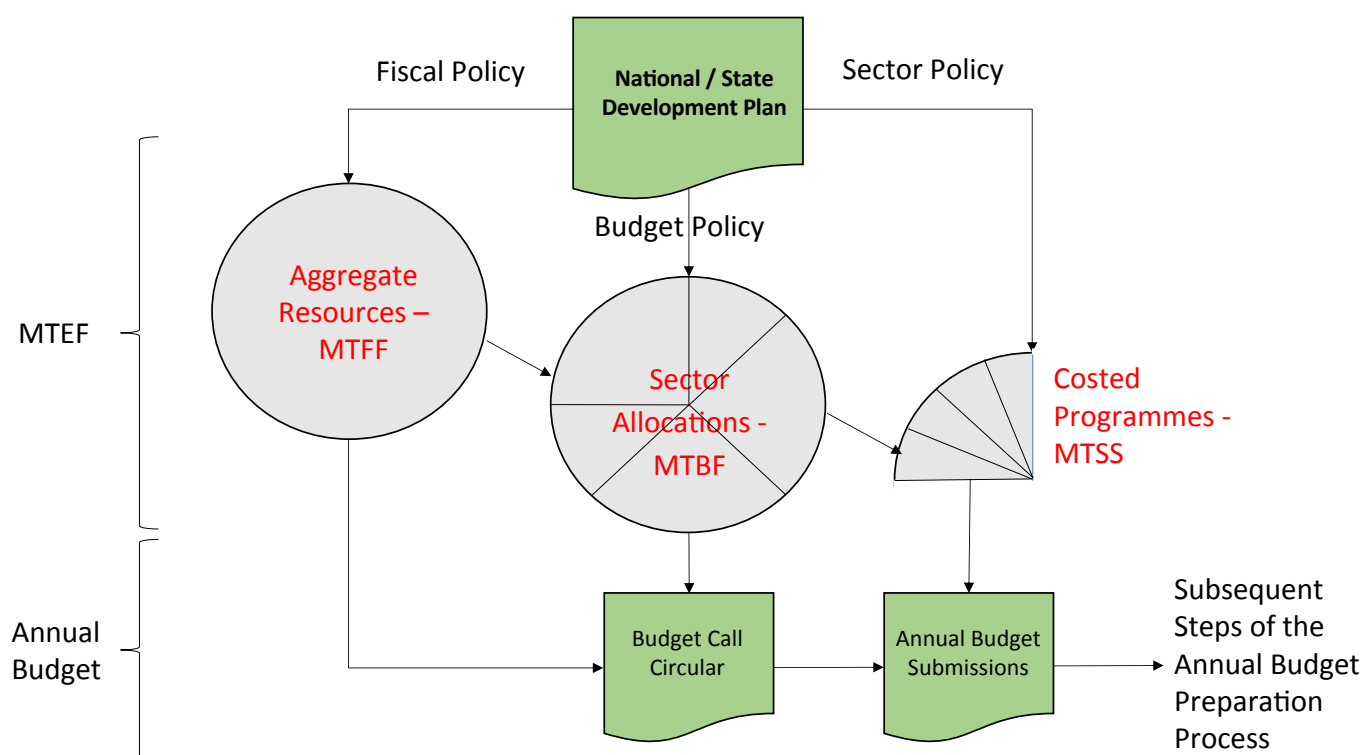


Foundation – National / State Development Plan and Policies

As noted above, the four main stages of the budget cycle are broken down into more detailed steps in the following sub-sections, and the key features and initiatives around inclusive and equitable budgeting are described in more detail. Before looking at the budget cycle itself, it is important to recognise the need for a State (and National) Development Plan that sets out the policy priorities of government and enshrines the concepts of equity and inclusivity – these policies should cover fiscal and sectoral matters, which can, in combination, be manifested in Budget Policy.

Through the above linkage, the State Development Plan feeds directly into the Medium Term Expenditure Framework which itself dictates the key initiating documents of the annual budget (Budget Call Circular and MDA Budget Submissions). This linkage can be seen in Figure 2 below.

Figure 2: Linkage between National / State Development Plan, MTEF and Budget



The key considerations are to ask whether equity or non-discrimination is clearly stated in national policy documents and whether (disaggregated) data is available to inform evidence-based policy and planning. This is done bearing in mind that the definition of who is marginalised will vary from location to location as well as over time. Documents and organisations to be consulted would include national policy documents, national statistics office; national household surveys; research organisations; Open Budget Survey; Public Participation score; strategic planning guidelines; strategic planning sessions minutes.

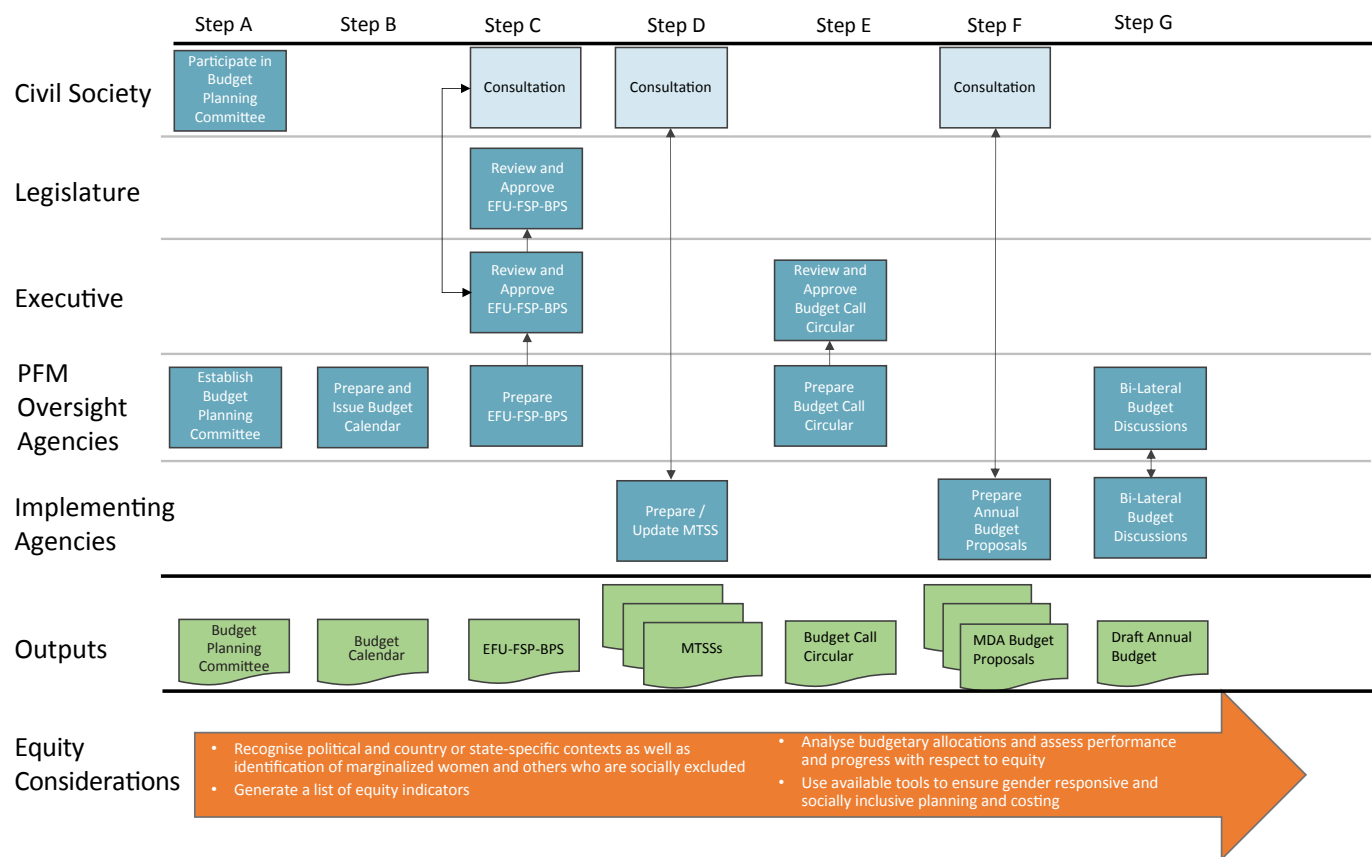
The following sub-sections provide a more detailed description of the four stages of the budget cycle, including the key outputs and the modalities of ensuring equity and inclusivity in the budget and its implementation.

Each stage of the budget cycle is further sub-divided into a number of steps. At the start of each section these steps are laid out in a "Swim Lane" diagram where the steps flow from left to right and the key actors in the process run from top to bottom of the diagram.

Stage 1: Planning and Preparing the Budget

Flowing from the State Development Plan, the process of planning and preparing the Budget can be further broken down into a number of key steps that involve most of the key stakeholders in the budget process. The outcome of this stage is a Draft Annual Budget (and associated MTEF) that are ready for presentation to the Executive Council. From an equity perspective, it is critical to analyse the extent to which specific target groups are featured in national or state policy and planning documents, as well as sector strategies. It is also necessary that these documents are available for civil society groups and other stakeholders to access, collate and disseminate as well as raise awareness on equity issues and their policy and budgetary implications. On their part, the CSOs and research institutions can provide evidence on policy outcomes and give marginalised groups the opportunities to be heard. The key steps are laid out in Figure 3 below.

Figure 3: Key Steps in Planning and Preparing the Budget



Step 1A: Setting up an equitable and inclusive Budget Planning Committee

The Budget Planning Committee directs budget planning and preparation. If one does not already exist, the first step is to set up a Budget Planning Committee. Ensure that the Budget Planning Committee has technical competence in mainstreaming equitable and inclusion issues into the budget process; and that women and men are represented on this committee. They will review existing policies and plans, updating them and developing new ones where necessary. They will also define and analyse the extent to which target groups feature in policies and plans. Critical questions that define this stage of the budgeting process are:

- Is equity or non-discrimination clearly stated in national policy and national planning documents?
- Is the necessary disaggregated data available to inform evidence-based policy and planning?

Planning the budget starts with setting up a Budget Planning Committee made up of representatives from:

- Ministry of Economic Planning and Budget (MoEPB) or the equivalent (note the term MoEPB is used throughout this guide for consistency).
- Ministry of Women Affairs and Social Development (to ensure their oversight function for inclusiveness of budget processes).

- Ministry of Finance (MoF).
- Board of Internal Revenue.
- Office of the State Auditor General (AuG).
- Office of the State Accountant General (AG).
- Office of the Head of Service.
- State Civil Service Commission.
- GESI Budget Committee of the SHoA.
- Civil society organizations (CSOs) and key state stakeholders.

The Budget Planning Committee should have a clear mandate and technical capability for drawing up gender equitable and social inclusive plans and realistic budgets.

Step 1B: Budget Calendar

The Budget Planning Committee prepares, agrees and publishes the budget calendar. The calendar provides the timetable for budget planning and preparation, and approval. The calendar shows what has to be done, when and by whom to ensure that the budget is signed into law before the beginning of the financial year (see excerpts from an example budget calendar in Table 2).

Delay in approving the budget (i.e. the budget being passed after the 31st December of the preceding year) can be self-perpetuating as delays in one-year spill over into the next year. It also reduces the ability of the government to implement policies.

It is the responsibility of civil society groups who wish to engage with the budget process to be aware of the budget calendar and plan their engagement strategy accordingly. They will use available tools to ensure gender responsive and socially inclusive planning and costing (e.g. policy appraisals, disaggregated beneficiary assessments and public expenditure analysis, responsive budget statements, assessment of Medium-Term Expenditure Frameworks).

Table 2: Budget Calendar Excerpt

Stage	Description	Role	Equity and Inclusivity Role
2.3	Preparation and Submission of Budget Proposals by MDAs.	MDAs.	July to August.
2.4	Bilateral budget discussions with MDAs.	Budget Planning Committee.	August.
2.5	Consolidation of Draft Budget.	MoEPB.	September.
2.6	FEC review and approval of Executive Budget.	ExCo.	September.

Step 1C: Top Down MTEF: Fiscal Strategy Paper and Budget Policy Statement

Medium-term budgeting, often referred to as the Medium Term Expenditure Framework (MTEF), is budgeting for more than one year – usually three years – so as to provide a longer-term view of the programme activities of the government and the funding required to carry out the activities. Medium-term budgeting is useful because annual budgets only deal with shorter-term government spending, but programmes and projects to implement policies often take much longer than one year to complete, and there are ongoing operation and maintenance costs associated with newly created assets.

The MTEF provides:

- A top-down estimate of total resources available for public spending;
- A bottom-up costing of sector programmes;
- A reconciliation of needs with resources allocated to sectors;
- A process to ensure that annual budget submissions and budget execution reflect agreed medium-term plans;
- Established government's commitment or otherwise to Gender Equity and Social Inclusion issues.

The MTEF contains three inter-linked elements as previously presented in Figure 2 (page 9). The first two elements are collectively known as the "Top Down" element of the MTEF:

- Medium Term (Macro-) Fiscal Framework (MTFF) - establishes realistic macroeconomic projections of total available resources. The MTFF is laid out within the Fiscal Strategy Paper (FSP) which also contains the policy.

- Medium Term Budget Framework (MTBF) - establishes sector ceilings/resource envelopes consistent with available resources and government policy priorities for the medium-term period. The MTBF is laid out within the Budget Policy Statement – this defines the expenditure priorities of government and articulates this into a set of sector or MDA envelopes;
- The third element of the MTEF is the bottom up aspect – Medium Term Sector Strategies (costed). MTSSs are prepared based on the sector envelopes articulated in the Medium Term Budget Framework. The broader Budget Policy Statement also provides further guidance on the MTSS process. MTSS preparation is covered under Step 1D below.

Fiscal Strategy Paper (FSP)

Ministries of budget and planning at state and federal levels estimate the overall financial resources available to a government in the medium-term. In other words, the ministries estimate the size of the financial 'cake'. The planning and budgeting ministries then 'cut the cake' and allocate 'slices of the cake' to sectors and MDAs.

In order to accurately forecast and allocate resources, the planning and budgeting ministries consider the federal/states' fiscal and economic performance in preceding years. The ministry then collates and analyses data on fiscal and economic performance (including expenditure beneficiary analysis) and produces an economic and fiscal update (EFU).

Preparing the fiscal framework is the first stage of the top-down budgeting process; the fiscal framework sets out:

- Key fiscal and policy targets, such as debt ratios (how much the state can reasonably afford to borrow), Internally Generated Revenue (IGR) and the ratio of recurrent expenditure to capital expenditure;
- Three-year forecasts for revenue and expenditure.

Budget Policy Statement (BPS)

The BPS shows allocations by sector, explains and justifies the allocations, including clear policy statements showing government commitment to equity issues and concerns. The BPS describes:

- The key policy objectives of the budget, including equity and inclusion related objectives.
- The MTBF showing how the overall envelope is split into sector envelopes based on:
 - Government policy priorities, including commitment to equity and inclusion concerns.
 - Historical trends in expenditure by sector (it is not advisable to drastically alter a sector budget over a short period of time; the transition should be gradual).
 - Ongoing projects (many capital expenditure projects run over several budget years; those in progress should be completed and those that are finishing will need funds for operations and maintenance).
 - External grant and loan funding (funds that are usually tied to specific projects or programmes).

The three-year envelopes set out in the BPS guide medium-term sector strategies (MTSSs) and annual budget ceilings.

The BPS may consider the following:

- The criteria for including capital projects in the budget;
- The ceilings for increments to personnel and overheads;
- Compliant criteria for ensuring gender equity and social inclusion in budget allocations and ceilings; and
- Other key considerations.

The budget, planning and finance ministries prepare the BPS and, as with the FSP, present it to ExCo and SHoA for review and approval.



An equitable and inclusive budget policy statement (BPS) sets out the budget framework (MTBF, if it covers more than one year) and allocates resources by sector and with clear statements on equitable indicators. The BPS not only shows the allocations by sector, but also clearly explains and justifies the allocations, including giving priority to equitable indicators to ensure inclusive impacts on women and other vulnerable groups (youths, elderly, the physically and the mentally challenged, etc).

Step 1.D: 'Bottom-up' MTEF: Medium Term Sector Strategies

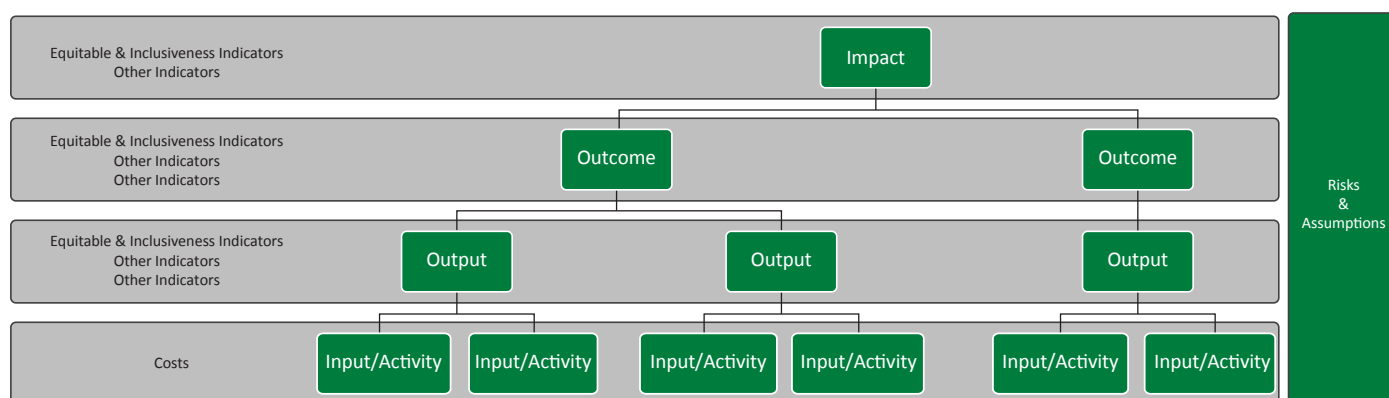
Bottom-up budgeting starts with sectors and MDAs undertaking a review of performance in the previous year. Following this review, sectors update their medium-term sector strategies in line with the results of the top-down planning process. It is important to build capacity for gender equitable and social inclusive budgeting at this level.

A medium-term sector strategy (MTSS) links policy, planning and budgets. Whereas state policies define the big picture and long-term goals, medium-term strategies set out specific inputs and activities to deliver specific outputs in the medium-term.

The medium-term sector strategies should reflect equitable and social inclusion concerns through evidence generated from a regular budget-beneficiary analysis.

The MTSS should have a monitoring and evaluation logical framework that maps the hierarchy of objectives from input to impact with appropriate indicators (see Figure 4 below). The inputs and activities that are identified must be those that help to deliver the outputs; and must be costed and prioritised within the resource constraints imposed by the medium-term revenue framework, and sector allocations.

Figure 4: Monitoring and Evaluation and logical frame for the MTSS



The outputs should lead to outcomes and eventually to impact. The relevant assumptions and risks must be identified, and possible mitigating measures incorporated in the sector strategy. The M&E framework in the MTSS should enable the government to determine how well policy objectives are being achieved through the annual budgets; and this framework will be the basis for the annual sector performance reviews.

Step 1E: Prepare and Issue Budget Call Circular (BCC)

The annual BCC initiates the preparation of annual MDA budgets, and should have clear equitable and social inclusion headings and themes. It is informed by the fiscal analysis in the EFU and FSP, and the annual aggregate, should include the budget preparation calendar, and detailed templates and instructions for preparing the MDA budget proposals.

The State Budget Committee then reviews the circular and the Hon. Commissioner, MoEPB, approves it before it is circulated to the MDAs.



Tip: Early discussions with the Executive Council and State House of Assembly Budget and Appropriations Committees encourage buy-in to the equitable and inclusive realistic budget.

Engaging politicians at an early stage in the budget process to explain fiscal issues, equity and inclusion concerns relating to the budget makes it more likely they will accept and buy-in to the budget when it is finalized.

Step 1F: Preparing an Equitable, Inclusive and Realistic Budget

Guided by the BCC, all MDAs prepare revenue and expenditure estimates for the coming budget year, usually within a ceiling (upper expenditure limit) and possible target (for revenue) as contained in the BCC.

MoEPB provides a team of officers to support and backstop MDAs. MDAs complete their equitable, inclusive and realistic budget proposals and submit them according to the schedule in the budget calendar, and based on the relevant segments of the Chart of Accounts:

- Administrative
- Economic
- Function
- Fund
- Location
- Programme

The budget submissions should be consistent with the MTSS, and should include all supporting documentation (for example, project appraisals for capital expenditure or personnel data for salary costs) as required by the BCC.

Consulting stakeholders for an equitable, inclusive and realistic budget means that, as well as planners and service providers in MDAs, pre-budget consultations involve legislators, traditional rulers, and representatives of the private sector, unions, Women's Organizations; Gender Experts, civil society organizations (e.g. community-based organizations [CBOs]) including representatives of socially excluded communities (persons with disabilities). The consultations are an opportunity for stakeholders to comment on the proposed thrust of the budget as set out in the BPS, and to provide feedback. It is important at this stage to ensure that performance indicators address equity concerns.



Tip: Make sure pre-budget consultations are inclusive

Take particular care to ensure that socially excluded communities, especially those affected by particular sectors, take part in pre-budget consultations. Feedback and contributions from the consultations are important in preparing realistic budgets; this feedback must be informed by an:

- Equity and Social Inclusion beneficiary analysis.
- Equity and Social Inclusion expenditure analysis.
- Equity and Social Inclusion budget statement.

Step 1G: Bi-Lateral Negotiations

When MDAs have completed their budget proposals, MoEPB scrutinizes and analyses the financial estimates to ensure that they comply with the sector ceilings set out in the BCC. It is important to ensure that financial estimates also comply with equitable and inclusion mainstreaming processes. This preliminary review checks that MDAs have completed the templates provided in the Circular properly, and that the projects and programmes included in their proposals comply with state policy objectives and priorities.

In the bilateral discussions and negotiations, participants correct and adjust equitable, inclusive and realistic budget proposals to comply with the findings of the MoEPB review. The Ministry can allocate funds from the planning reserve, usually about 3% of total projected annual revenues, to deal with needs for incremental adjustments to MDA estimates. Likewise, the Ministry may allocate funds from a contingency reserve, about 5% of total projected annual revenues, to provide a supplementary equitable, inclusive and realistic budget to fund unforeseen needs.

Sector experts analyse the extent to which target groups feature in sector strategies, agree ministry goals and objectives and define program interventions that can guide budget preparations. In certain circumstances it may be important to be specific on a certain percentage of the budget that is spent on equitable and inclusion programmes and projects.

When the bilateral discussions and negotiations have been completed, MoEPB consolidates all the equitable and inclusive realistic budget proposals into a first draft of the Annual Budget.

Assessing the Budget Planning and Preparation stage for Equity and Inclusion

The three Check-lists included on the following pages will help to assess the extent to which the budget planning and preparation stage of the budget cycle includes Equity and Inclusion considerations.

Checklist: Budget regulation framework

	YES	NO
■ Is there a published budget timetable?	<input type="checkbox"/>	<input type="checkbox"/>
■ Do the Legislative and the Executive arm have adequate knowledge of mainstreaming equity and inclusion concerns into the budgeting regulatory framework?	<input type="checkbox"/>	<input type="checkbox"/>
■ How is authority for equitable and inclusive realistic budgets shared between the executive and legislative arms of government?	<input type="checkbox"/>	<input type="checkbox"/>
Does the:		
■ Legislative arm have the power to propose spending?	<input type="checkbox"/>	<input type="checkbox"/>
■ Legislative arm have the power to amend equitable, inclusive and realistic budgets?	<input type="checkbox"/>	<input type="checkbox"/>
■ Legislative arm have the power to ensure that equity and inclusion concerns are mainstreamed to budgets?	<input type="checkbox"/>	<input type="checkbox"/>
■ Executive arm have the power to limit spending below appropriations?	<input type="checkbox"/>	<input type="checkbox"/>
■ Executive arm have the power to ensure that all MDAs mainstream equity and inclusion concerns into realistic budgets?	<input type="checkbox"/>	<input type="checkbox"/>
■ How is the agenda for setting equitable and inclusive realistic budget negotiations determined?	<input type="checkbox"/>	<input type="checkbox"/>
■ Who has the power to veto the structure of negotiations?	<input type="checkbox"/>	<input type="checkbox"/>
■ How are equitable and inclusion projects and activities funded?	<input type="checkbox"/>	<input type="checkbox"/>
■ How are equitable and inclusive budgeted activities funded?		
■ Revenues?		■ Borrowing?
■ Extra budgetary mechanisms?		■ Multiple funds?
■ Contingency funds?		■ Special funds?
■ Are there any legislative limits on?		
■ Expenditure?		■ Deficits?
■ Borrowing?		■ Carry-over of spending to next year?
■ Is there ring fencing or earmarking of:		
■ Special or hypothecated (funds earmarked for particular uses) funds?		
▶ Include: Any funds earmarked for equity and inclusion across sectors?		
■ Constitutional or legal commitments for specific public services (education, health, housing, environment)?		

Exercise: Budget Planning Committee

YES

NO

Does the Budget Planning Committee have a clear mandate to:

- | | | |
|---|--------------------------|--------------------------|
| ■ Evaluate the performance of the budget in the previous and current year?
▶ This should include the equity and inclusion beneficiary analysis. | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Appraise sector programmes?
▶ Appraisal should include the level of equity and inclusion mainstreaming where appropriate | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Fix appropriate planning and contingency reserves? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Determine an equitable, inclusive and realistic budget consistent with the state's sustainable fiscal deficit threshold? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Determine detailed fiscal targets for the state budget based on budget performance reports and trends in global, national and state economic indices and data? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Determine sector spending ceilings? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Link the state's medium-term fiscal targets to annual fiscal priorities?
▶ Fiscal priorities should include commitment to equity and inclusion concerns | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Consult with stakeholders and formulate the thrust of the annual budget policy and sector priorities so that they are consistent with the state medium-term plan that is equitable and inclusive. | <input type="checkbox"/> | <input type="checkbox"/> |

Note: The answers you have given will indicate whether the Budget Planning Committee has a clear mandate and point to areas where the mandate may need clarification. Answers given will also show whether the Budget Planning Committee is inclusive, and has understanding of gender equitable and social inclusive budgeting.

Check-list: Pre-budget consultations

YES

NO

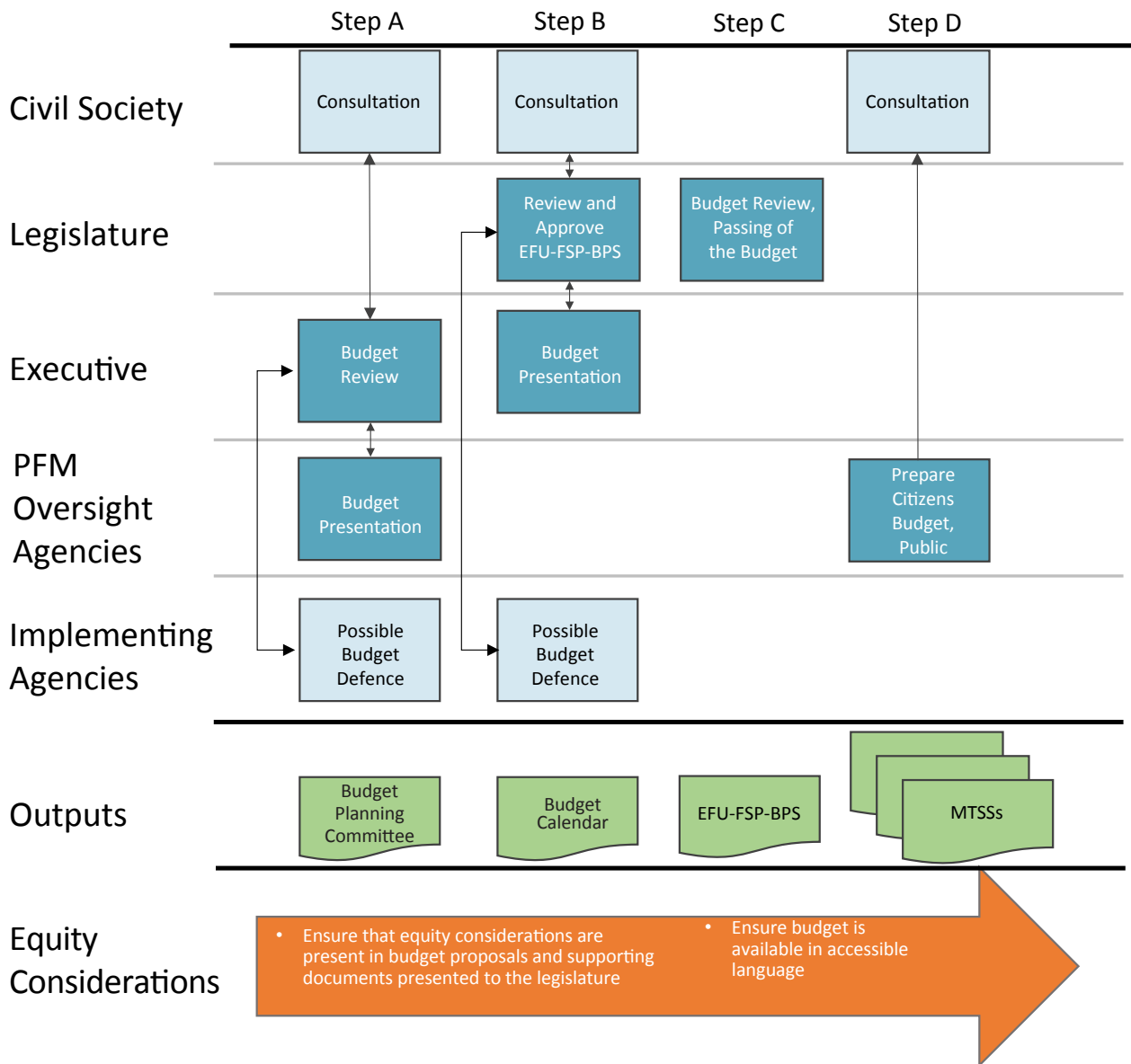
Which of the following stakeholders need to be involved in pre-budget consultations to ensure an equitable and inclusive realistic budget?

- | | | |
|--|--------------------------|--------------------------|
| ■ MDA planners? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ MDA service providers? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Legislators? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Traditional rulers? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Private sector representatives? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Union representatives? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Civil society organization representatives? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Community-based organization representatives? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Socially excluded groups / communities? List any others below: (Women's Organizations, Persons with Disabilities and others) | <input type="checkbox"/> | <input type="checkbox"/> |

Stage 2: Reviewing and Approving the Budget

The Executive (ExCo) and the Legislature (SHoA) play a key role in reviewing and approving the budget (and any subsequent amendments). The main steps in reviewing and approving the budget are laid out in Figure 5 below.

Figure 5: Key Steps in Approving the Budget



Step 2A: Executive Council Review of the Annual Budget

MoEPB presents a draft budget for ExCo to review and approve. From an equity point of view, the quality of project appraisal and selection before inclusion in the budget process determines the extent to which equity considerations will be taken into account. Each ExCo member should be able to answer questions about the extent to which equity considerations have been taken into account by their Ministry, Departments and Agencies.

Performance indicators must be checked again to ensure that they are designed to reduce potential inequities that may have been discovered when analysing budget outcomes.

The budget approval stage starts when the governor presents the MTBF and draft state budget estimates to the Speaker of the SHoA as an Appropriation Bill.

Step 2B: Presentation of the Executive Budget Proposal to the State House of Assembly

The House Appropriations Committee reviews the MTBF and the draft state budget estimates. It is important that the presentation of the draft budget conveys the extent to which equity and inclusivity have been embedded in the budget planning and preparation process.

The Executive may sometimes use its involvement in the budget process to engage Civil Society and other external stakeholders.

Step 2C: Budget Review and Passage

The House then debates the Appropriation Bill and, when agreed, passes it. Civil society organisations facilitate open budget hearing and social accountability dialogue by participating in the public hearing processes before the bill is passed. After the SHoA has passed the bill, the governor signs it into law.



Tip: Establish a Legislative Budget and Research Office

A good practice is to establish a Budget and Research Office, or equivalent, to support the Public Accounts Committee (PAC), Budget Committee, Appropriation Committee and House members as they scrutinize and analyse budget proposals from an equitable and inclusive perspective. This office can also provide budget and policy research to support the preparation of equitable, inclusive and realistic budgets.

It is important for the governor to sign the Appropriation Bill approving the budget before the beginning of the financial year in order that budget implementation might commence from the beginning of the financial year, usually January 1st in Nigeria.

Step 2D: Publication of Budget

The presentation and analysis of the approved budget should be published for consumption by stakeholders including, but not limited to the Media, Civil Society Organisations, Professional Organisations, Academia, Trade Unions, the organised private sector, etc. In consultation with other PFM oversight agencies, civil society groups prepare and present a Citizens' Budget. The Citizens' Budget (where available) is a key document that supports the annual budget in providing critical and relevant information on equity considerations. It presents key financial information to the general public in simple and accessible language and helps the person on the street to understand how public funds are being managed.

The rationale for this is to inform the public about the final budgetary assumptions and expenditure plans and the overall implications for macroeconomic stability on one hand, and for economic growth and service delivery on the other.



Tip: Communicate the equitable, inclusive and realistic budget

A good practice is to arrange for the governor or his/her designate (usually the Commissioner in charge of Budget and Planning) to present the state budget at a press briefing, and to follow up the briefing by publishing and disseminating the budget through the media and the state website.

Checklist: Analyzing budget responsiveness to gender equitable and social inclusion

YES

NO

Does the equitable and inclusion element of the overall realistic budget:

- | | | |
|--|--------------------------|--------------------------|
| ■ Describe the effects on gender and other social inequalities? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Indicate the causes of gender and other social inequalities? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Identify emerging equity and inclusion issues? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Identify the budget implications of equity and inclusion issues through budget items that directly reflect focused KPIs? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Ensure that the needs, priorities and constraints of males, females and socially excluded groups are recognized and addressed in planning and budgeting processes? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Disaggregate data by factors such as sex, age and local government area? | <input type="checkbox"/> | <input type="checkbox"/> |

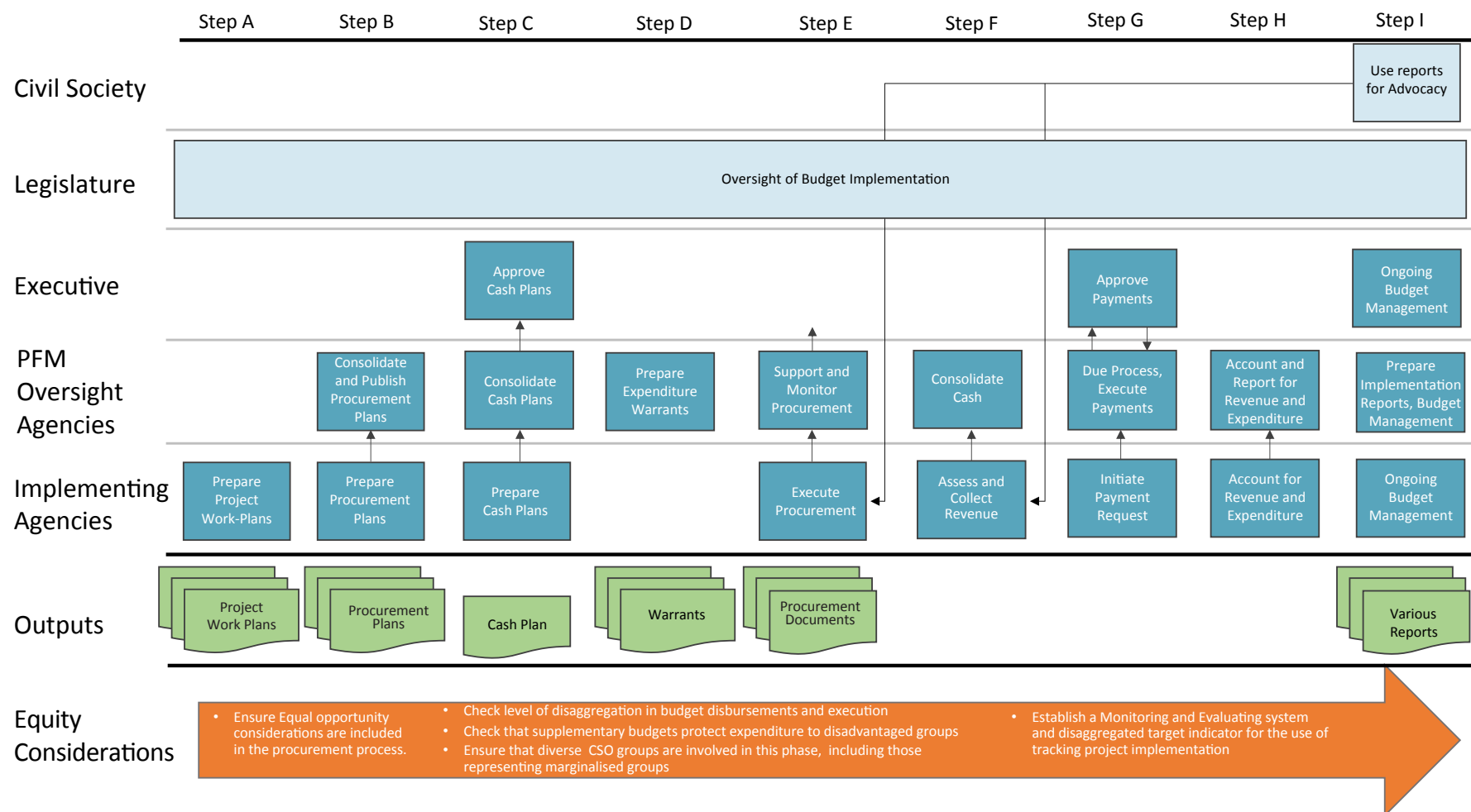
Stage 3: Implementing the Equitable and Inclusive Realistic Budget

Budget Implementation should commence on the 1st January of the given budget year, or as soon as the budget is approved (there are special arrangements to continue recurrent expenditure in the case that the budget is not approved before 1st January). If the budget is approved significantly before 1st January some of the initial steps (A-E below) might actually commence before implementation starts.

From an equity perspective, this is the most critical stage. The budget must be executed as approved by the State House of Assembly for it to deliver equitable outcomes. Budget execution data must be collected with as much care and disaggregation as the budget was prepared.

The main steps of Budget Implementation are laid out in Figure 6 below.

Figure 6: Key Steps in Implementing the Budget



Step 3A: Prepare Project Work Plans

After the governor has signed the Appropriation Bill, and ideally before the start of the financial year, each MDA must prepare and submit a quarterly work plan for capital projects. In some instances, this is required to be submitted along with the annual budget proposals during the budget preparation process. But at the very least, work-plans should be prepared as soon as the budget is passed. The work-plans will feed into both the procurement plans and the cash plans.

Step 3B: Preparing procurement plans

The procurement officers in each MDA prepare a procurement plan in line with the State Public Procurement Law and Fiscal Responsibility Act. Again, this might be required as part of the annual budget submissions, but as a minimum this should be prepared as soon as the budget is passed.

Equal opportunity considerations should be included in the procurement plans and submitted to the State Public Procurement Bureau (or equivalent).

Step 3C: Cash Planning

Again, after the governor has signed the Appropriation Bill, and ideally before the start of the financial year, MDAs, the Treasury and the Office of the Accountant General (OAG) begin planning cash flow based on the above work-plan and procurement plans. Coordinated by MoEPB, each MDA profiles revenues (cash in-flows) and expenditures (cash out-flows) month-by-month for the whole year.



Tip: Plan cash flow to avoid problems in implementing the equitable, inclusive and realistic budget

Planning cash flow is very important for an equitable, inclusive and realistic budget to be executed properly. A cash flow plan will show when cash will be scarce and when there will be a surplus. This will enable the Treasury to take action before cash flow crises arise, for example, rearranging payment schedules or proposing adjusting project implementation.

MDAs that generate revenue must also submit forecasts of quarterly cash inflow detailing all sources of revenue to the Treasury and OAG. The quarterly work plan must make clear commitment to gender equitable and social inclusion activities.

Based on MDA monthly expenditure projections and the consolidated quarterly revenue forecast, OAG then prepares a draft aggregated cash flow forecast for the year. OAG should ideally prepare a draft aggregated cash flow forecast within one month of the approval of the budget. The draft aggregated cash flow forecast for the year must include commitment to equitable and inclusion mandate.

The AG then submits the aggregated cash flow forecast to the Treasury Board or Cash Management-Cash Allocation Committee for approval. It is important for the Treasury Board or Cash Management-cash Allocation Committee to include women, and to have adequate knowledge of mainstreaming equity and inclusion mandates.

Step 3D: Issuing Expenditure Warrants

The authorizing commissioner, usually the Hon. Commissioner MoF, issues the warrants for approved budget expenditure. It is important that the warrants are disaggregated as much as possible. There are two types of expenditure warrants:

- **Monthly warrants** - Monthly warrants for recurrent expenditure are based on approved cash requirement forecasts.
- **One-off warrants** - These are warrants for specific capital expenditure as set out in the Appropriation Act. Responsible MDAs obtain due process certification for these warrants in accordance with the State Procurement Law.

Step 3E: Procuring goods, works and services

To procure goods, works and services, the State Public Procurement Agency draws up bid documents and contract agreements in line with the State Procurement Law.



Tip: Best practice for procurement

Best practice for procurement is competitive bidding and tendering.

It is suggested that the procurement system be engendered i.e. ensuring that both men and women and other socially excluded persons have equal access to procurement opportunities. CSOs must check the level of disaggregation in budget disbursements and execution and ensure that diverse CSO groups are involved in this phase, including those representing marginalised groups. Two critical questions for consideration are:

- Does the procurement system take equity considerations into account?
- Are CSOs representing the rights of the most marginalised involved in this stage of the process?

Step 3F: Assessing and Collecting Revenue

Revenues, both Tax and Non-Tax, are assessed (either directly or indirectly) by government based on a standing legal obligation (e.g. PAYE, CIT) or the provision of a service or some other transfer by Government. Associated revenues are collected and deposited in the accounts of Government, ideally the Consolidated Revenue Fund (CRF).

Capital Receipts, which include loans, grants, sale of state assets and refunds/reimbursements, are not Revenue as such; however, they follow a similar path insofar as there are some explicit actions taken by Government which trigger the basis for a receipt, after which funds are received. In some instances, particularly when grants or loans are earmarked, the funds are received into dedicated budget accounts not directly under the purview of the state treasury.

Step 3G: Executing Payments

Before authorizing payments, the practice in Nigeria is for the State Central Internal Audit to undertake a pre-payment audit. The pre-payment audit ensures that all payment vouchers comply with financial instructions, and that the necessary documents are present, correct and attached to payment warrants.

MDAs forward authorized expenditure warrants to OAG, which issues the release mandate to the MDA and to the bank.

The Treasury or OAG prepares a monthly statement of recurrent expenditures (personnel and overhead costs) for monthly releases.

Step 3H: Recording and Accounting for Expenditure and Revenue

Standard government financial instructions require each budget unit to record all revenue transactions by source and all expenditure transactions by line item.

Each MDA prepares monthly returns for revenues and expenditures by budget line and forwards the returns to the Treasury, OAG and MoEPB.



Tip: Making and recording payments

To ensure good resource management and accountability, entrench transparent payment and recording procedures and controls in the budget implementation process.

Step 3I Preparing "Budget Implementation" Reports

Budget Implementation Reports are used in this context as a broad term covering the various financial and non-financial reports prepared by PFM Oversight Agencies and Implementing Agencies. The three most common types of reports are:

- **Budget Performance Reports** – periodic financial reports on actual revenue collections and expenditure, ideally monthly if not quarterly, are prepared based on transactions and commitments recorded in the Financial Management Information Systems (FMIS) of government. These reports are usually produced based on key segments of the chart of accounts (e.g. Economic, Administrative, Function, potentially Location and Programme) and compare actual performance against budget.
- **Programme / Project Implementation Reports** – the Project Implementation Unit, usually a unit in the Governor's Office or MoEPB, working with a designated desk officer in the spending MDA, prepares a project implementation report for each project. This report assesses a project's value for money, taking into consideration assumptions, context and procurement. The Project Implementation Unit does not get involved in evaluating bids, selecting contractors and awarding contracts. It must however operate within equitable and inclusion values. In some instances, also, the ministry responsible for planning and budget prepares project implementation reports as an accompaniment to the in-year budget performance reports.

- **Annual Financial Reports (Annual Accounts / Financial Statements)** – these are the statutory reports produced by the Accountant General after the completion of the budget year. They are subsequently audited by the Auditor General and transmitted to the SHoA for the consideration of the PAC and action by the House.

All of the above should be made available to Civil Society and other external stakeholders.

Budget Management

Although not included as an explicit step, MoEPB manages the budget during the course of budget implementation in terms of virements (budget amendments) and supplementary budgets. A supplementary budget means an appropriation made after a regular annual Appropriation Act, when the amount appropriated in the Appropriation Act for any purpose is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Act. Therefore, supplementary appropriation will be made to provide funding for emergencies, such as disaster relief, or other needs deemed too urgent to be postponed until the enactment of next year's regular appropriation law. The process of preparing and passing a supplementary budget should ideally follow similar (albeit sometimes curtailed) steps to those presented in Stages 1 (Budget Planning and Preparation) and 2 (Budget Approval).

Budget amendment or virement is the mechanism used to modify the regular or working annual budget to reflect changes that occur throughout the fiscal year. Budget amendment or virement will be for the purpose of reallocating funds in a regular or working annual budget and usually include moving funds between MDAs and/or Expenditure Classes.

Assessing Budget Implementation of Equity and Inclusivity

The two Checklists below help to assess the extent to which the budget implementation stage of the budget cycle includes Equity and Inclusion considerations.

Checklist: Membership of the Treasury Board or Cash Management-Cash Allocation Committee

(The Gender National Machinery – represented by the Permanent Secretary may need to be in this commitment because of the Ministry of Women Affairs & Social Development's oversight functions.)

	YES	NO
■ Governor or governor's nominee (chairman)	<input type="checkbox"/>	<input type="checkbox"/>
■ Commissioner of Finance	<input type="checkbox"/>	<input type="checkbox"/>
■ Permanent Secretary, Ministry of Finance	<input type="checkbox"/>	<input type="checkbox"/>
■ Accountant General	<input type="checkbox"/>	<input type="checkbox"/>
■ Chairman, State Board of Internal Revenue	<input type="checkbox"/>	<input type="checkbox"/>
■ Permanent Secretary, MoEPB Permanent Secretary, MWASD	<input type="checkbox"/>	<input type="checkbox"/>

All the officials (or their equivalents) listed here need to be members of the Board or Committee.

Checklist: Procurement and Cash Release

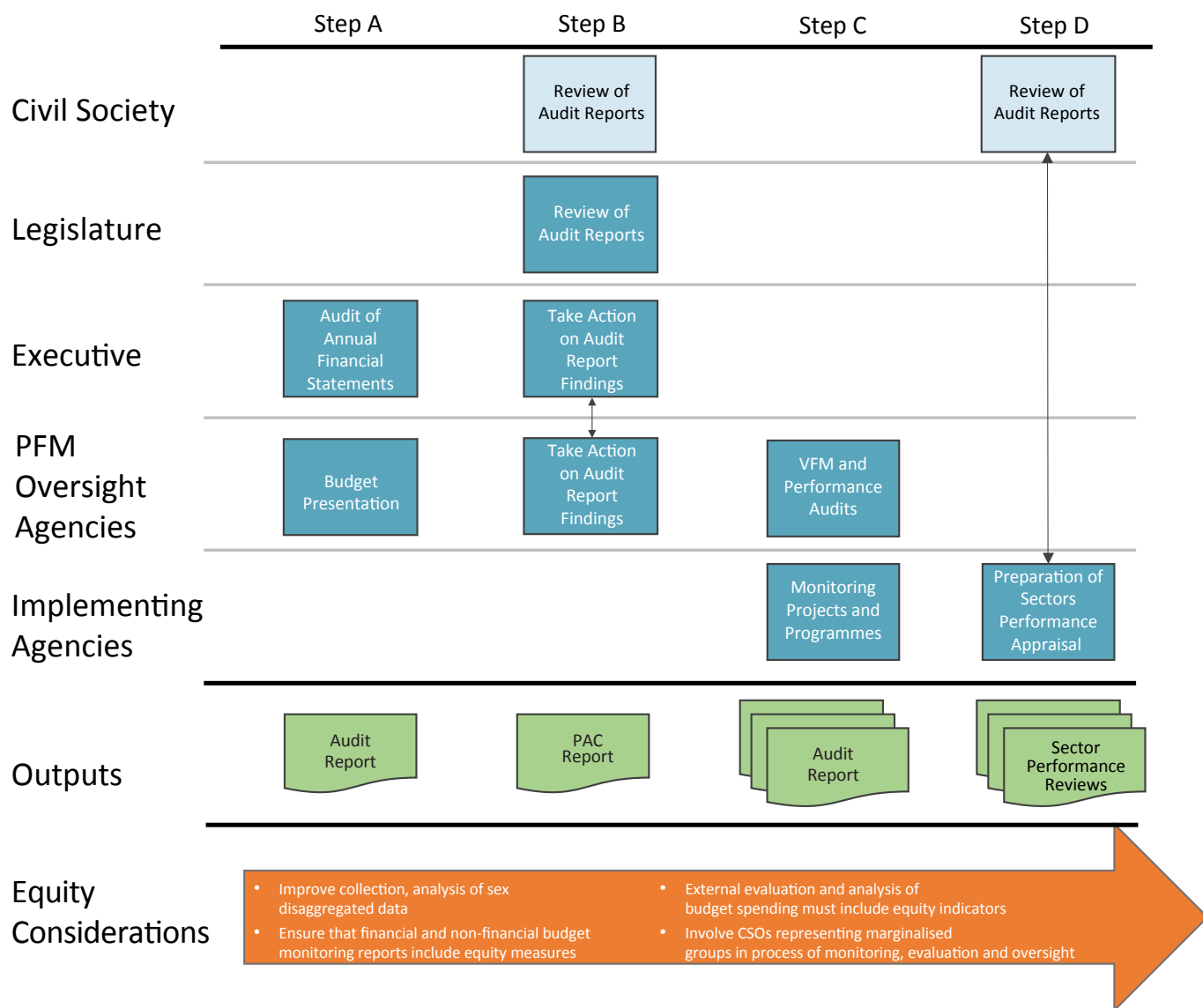
	YES	NO
Are procurement documents openly available to all groups of suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
Are the evaluation criteria used in procurement of goods, services and works pro-inclusivity?	<input type="checkbox"/>	<input type="checkbox"/>
Is contract information published including beneficial ownership of suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
Does government collect and publish information on suppliers related to its workforce (e.g. gender, age, disability)?	<input type="checkbox"/>	<input type="checkbox"/>
Are warrants and cash releases approved objectively and based on rules that do not disadvantage particular groups?	<input type="checkbox"/>	<input type="checkbox"/>
Are civil society groups able to track actual expenditure according to services delivery and location?	<input type="checkbox"/>	<input type="checkbox"/>

Stage 4: Tracking and Evaluating the performance of a budget

Tracking and evaluating the performance of the budget is essential to help ensure Value for Money and ensuring that expenditure reflect policy priorities. It feeds directly into the subsequent budget cycle (and can also inform decision within the current implementation). From an equity perspective, it is important to monitor and analyse whether the money is being spent on programmes that are designed for targeted marginalised groups.

Whilst most of the steps in this stage are undertaken after the end of the budget implementation period, some may happen during budget implementation. The steps are laid out in Figure 7 below.

Figure 7: Key Steps in Tracking and Evaluating Budget Performance



Step 4A: Auditing and Reviewing Budget Performance

MDAs should ensure internal controls and accounting procedures capture and record all income and expenses accurately in the appropriate account books. Also, they must ensure that financial and non - financial budget monitoring reports include equity measures and that external evaluation and analysis of budget spending must include equity indicators. Regular, monthly reports of revenues and expenditure enable service units, MDAs, and the central budget and finance ministries to review actual income and expenditure against budgeted income and expenditure. Publishing monthly reports on the state website enables CSOs and other interested stakeholders to monitor progress. Equity and inclusion indicators are important for monitoring change.



Tip: Make monthly reports publicly available

Transparent reporting, for example publishing monthly reports on the state website, allows stakeholders to monitor implementation of the budget. It is important that this report is presented with clear equity and inclusion indicators.

The Office of the Auditor General (AuG - the state's external auditor) checks that MDAs have controls and procedures in place to record financial transactions. Proper controls and procedures minimize fraud and embezzlement and ensure timely and accurate recording. The Office of the AuG, an independent arm of government, is responsible for auditing financial transactions and reporting to the State House of Assembly. The AuG submits a report on the accuracy and adequacy of the financial reports prepared by the AG within six months of the end of each financial year. The AuG's report is based on the annual financial statements of the state prepared by the Accountant General. It is important that this report presents equitable and inclusion perspectives.

CSOs are expected to participate in audit and performance reviews, and as they do so, embark on a process of improving the collection and analysis of sex disaggregated data for use in subsequent budget cycles.

Step 4B: PAC Review of the Audit Reports

The Auditor General's Report is sent to the State Assembly, which after considering the report, sends its findings to the executive arm for any necessary corrective actions and sanctions. The Public Accounts Committee (PAC) of the SHoA is the body charged with the detailed consideration of the Auditor General's report and makes recommendations to the plenary of the entire House, the outcomes of which are then communicated to the state governor for follow-up actions and sanctions where necessary.

Step 4C: Monitoring and Evaluating the Budget

Monitoring and evaluation assess the effectiveness of the budget (did the budget achieve what was intended?) and how efficiently the budget was implemented. The findings guide future budgeting decisions. Clear equity and inclusion indicators are also needed to measure progress and gaps.

Reviewing budget performance: Every month, each MDA prepares a detailed account of actual revenue and expenditure compared to the budgeted revenue and expenditure, together with an explanation of variances. The MDAs submit these reviews to MoEPB.

CSOs must establish a Monitoring and Evaluating system and disaggregated target indicators for the use of tracking project implementation. They should also monitor government expenditure and using findings to inform advocacy activities.

Monitoring capital projects and programmes

Monitoring capital programmes and projects tracks progress, ensures that projects match designs and specifications, and that the inputs deliver the expected outputs. MDAs should produce monthly reports reflecting equitable and inclusive mandates and send them to MoEPB Monitoring and Evaluation (M&E) Unit. **The M&E Unit must:** Engender its own processes and collect and/or collate gender and inclusiveness statistics in the sector. MDAs should also inform the Treasury and OAG of progress on capital programmes, and particularly of any delays so that they can adjust cash forecasts and demands for funds accordingly.

Consolidating monthly and quarterly budget performance reports: MoEPB compiles MDA monthly performance reports and produces a consolidated monthly performance report. The consolidated monthly performance report allows the Ministry to compare inputs and outputs.

At the end of each quarter, the Ministry reviews MDAs' monthly reports and produces a quarterly report, which the Hon. Commissioner, Ministry of Economic Planning and Budget, presents to stakeholders. The monthly and the quarterly reports should include gender responsive beneficiary assessment reports, etc.

Preparing consolidated project monitoring reports: The MoEPB M&E Unit receives monthly project monitoring reports from MDAs. MoEPB M&E reviews and compiles the reports and produces a consolidated quarterly M&E report showing overall resource inputs compared to outputs.



Tip: Correcting potential revenue shortfalls, surpluses and under- and over- spending

Senior management in MDAs, and in the Treasury and Office of the Accountant General should review budget performance reports for potential revenue shortfalls, surpluses, and under and over- spending and, if necessary, take corrective action. Corrective action may involve virements, transfers between equitable and inclusive budget heads, or supplementary budget proposals.

Preparing monthly internal audit reports: Internal auditors in MDAs should produce monthly summaries of internal audit operations. These monthly internal audit reports are compiled into consolidated quarterly internal audit reports.

Reviewing internal audit reports: A Legislative Audit Committee should be established to review internal audit reports. If necessary, the Legislative Audit Committee makes recommendations for corrective action to ExCo.

Preparing, auditing and publishing annual accounts. The AG prepares state government accounts and financial statements for the fiscal year:

- The AG forwards financial statements and annual accounts to the Office of the AuG for examination and opinion.
- The Office of the AuG is required, usually within ninety days of receipt of the AG's Financial Statement and Annual Accounts, to report to the SHoA. The House tasks the PAC to consider the report in line with Section 125(5) of the 1999 Constitution.

The Public Accounts Committee: This committee must include those with interest in equitable and social inclusion – leaders of women's organizations and Gender Experts. The PAC scrutinizes the report of the AuG, obtains additional technical information from experts if necessary and asks apposite questions. On completion of the scrutiny, the Committee presents its report to the SHoA for deliberation and approval, as prescribed by the Rules of the House.

The Office of the AuG ensures publication and wide dissemination of the approved State Audited Financial Statement and Annual Accounts.

Step 4D: Sector Performance Reviews

This step involves gathering and analysing information on how the sector has performed over the course of the previous budget implementation (and potentially further back). The review will be based on financial and non-financial data relative to the objectives and targets laid out in the MTSS and actual expenditure.

The current situation in the sector needs to be described as thoroughly as possible and areas where further information may be needed should be identified, which can be included as a developmental area in the MTSS. These sector performance reviews will feed into the subsequent budget cycle in terms of planning and preparing the budget.

It is important that the reviews assess equity issues resulting from budget allocation and execution and prepare them for next budget cycle.

Assessing Equity and Inclusivity in the Performance Tracking and Evaluating stage of the budget

The Checklist below will help to assess the extent to which the monitoring, evaluation and oversight stage of the budget cycle includes Equity and Inclusions considerations.

Checklist: Monitoring Equitable, Inclusive and Realistic Budget Implementation

	YES	NO
■ Are appropriate gender disaggregated systems for recording revenue in place?	<input type="checkbox"/>	<input type="checkbox"/>
■ Are revenues recorded monthly and disaggregated by male/female?	<input type="checkbox"/>	<input type="checkbox"/>
■ Is revenue reported on time?	<input type="checkbox"/>	<input type="checkbox"/>
■ Are appropriate systems for recording expenditure in place?	<input type="checkbox"/>	<input type="checkbox"/>
■ Are expenditures recorded monthly and disaggregated by gender?	<input type="checkbox"/>	<input type="checkbox"/>
■ Is expenditure reported on time?	<input type="checkbox"/>	<input type="checkbox"/>
■ Is actual income and expenditure recorded against budgeted income and expenditure?	<input type="checkbox"/>	<input type="checkbox"/>
■ Are reports of actual income and expenditure compared to budgeted income and expenditure available on the state website?	<input type="checkbox"/>	<input type="checkbox"/>
■ Is beneficiary expenditure analysis report available by gender?	<input type="checkbox"/>	<input type="checkbox"/>



Section 4: Assessing Equity and Inclusivity in the Budget

The following checklist can be used to analyse the extent to which equity considerations are reflected in the budget. It may also help to answer questions related to how public spending affects the various dimensions of equity or inequity present in the society in different contexts.

Checklist: How Equitable and Socially Inclusive is your budget?

YES

NO

This checklist helps to determine whether the state has clear (policy) commitments to equity and social inclusion that are specific, measurable and attainable?

The following questions will give an indication of how equitable the budget is and may identify gaps in need of further attention.

- | | | |
|--|--------------------------|--------------------------|
| ■ Are there any processes, controls and rules integrated into the budget process that address gender equity and social inclusiveness as a goal? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are responsibilities for preparing, approving, implementing and monitoring the budget clearly defined and inclusive? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are equity issues considered in defining annual budget aims and targets? Are state's targets for revenue generation, expenditure and borrowing considered when outlining budgetary ambitions? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Does the budget cover all government operations, plans, and commitments to social inclusion? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is all revenue pooled in a common fund and allocated according to the current priorities of the government driven by existing gender equitable and social inclusion gaps? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Do policies and expenditures clearly link to programme structure setting out strategic goals, objectives, key performance indicators and budget categories that are equitable and inclusive? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is the budget published with clear commitment to equitable and social inclusion priorities? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is there meaningful public and other stakeholder involvement in setting the budget, including socially excluded groups, and representation from women and men? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is the budget based on a realistic macroeconomic framework that is engendered and inclusive? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are estimates based on reasonable revenue projections with clear indicators for social inclusion? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are the financing provisions realistic, cost effective, equitable and inclusive? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is there a realistic, equitable and inclusive costing of policies and programmes and hence, expenditures (for example, are clear assumptions made about inflation, exchange rates, and a beneficiary budget analysis, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are future cost implications (for example ongoing costs of operating schools, hospitals, and beneficiary expenditure analysis, etc.) taken into account to reflect social Inclusion? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Is the distinction between Inclusive and non-Inclusive policies clear? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are spending priorities determined and agreed under equitable and inclusive budget process? | <input type="checkbox"/> | <input type="checkbox"/> |

Note: The more 'yes' boxes you tick, the more equitable, realistic and inclusive your budget is. A gender equitable and socially inclusive realistic, budget would tick all the 'yes' boxes.

Annex 1: Useful Websites and Documents

Document	Link
African Development Bank Group (AfDB) Checklist for gender mainstreaming in governance programmes.	http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Checklist%20for%20Gender%20Mainstreaming%20in%20Governance%20Programmes%20EN.pdf
The website of the International Budget Partnership, which collaborates with civil society around the world to use budget analysis and advocacy as a tool to improve effective governance and reduce poverty.	http://internationalbudget.org
International Monetary Fund (IMF) blog site providing the views of public financial management (PFM) practitioners on a range of PFM issues, including budget realism.	http://blog-pfm.imf.org/pfmblog/
IMF Guidelines for Public Expenditure Management – Section on Budget Preparation.	http://www.imf.org/external/pubs/ft/expend/guide3.htm
SPARC Report. Working with ministries of women affairs for gender and social inclusion-sensitive medium-term sector strategies and budgets: Final project report (March 2014). This report describes a project to support ministries of women affairs and planning and budget in five states to support MDAs to develop G&SI-sensitive MTSSs and budgets.	https://intranet.sparc-nigeria.com/index.php?action=document&id=4689
UN Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI) Mainstreaming gender perspectives in national budgets.	http://www.un.org/womenwatch/osagi/gmtoolsnatlbudgets.htm
Ministry of Planning and National Development with the support of GTZ (2003): Analysis of the Budget from a Gender Perspective. The Case of the Ministry of Agriculture in Kenya, Nairobi.	http://www2.gtz.de/gender-budgets/english
Pyatt and Round, (1985) A World Bank Symposium.	http://www.un.org/en/development/desa/policy/mdg_workshops/eclac_training_mdgs/pyatt_round_1985_sams.pdf
Reinert and Roland-Holst, (1997).	http://www.i4ide.org/people/~francois/docs/chapter11s.pdf

A wide range of documents and blogs can be found by using an internet browser to search for the following terms:

- Public financial management
- Budget transparency
- Budget realism
- Public sector budgeting
- Public sector budget execution
- Public expenditure management
- Gender equitable and Social inclusion budget
- Women empowerment
- Girl child education

Annex 2: Glossary of Terms

Appropriation. An authorization to a specific agency or programme to make expenditures/incur obligations from a specific fund for a specific purpose and period.

Balanced budget. When total revenues and total expenditure for a fiscal year balance.

Budget deficit. When total revenue is less than total expenditure for a fiscal year.

Budget profiling. Budget profiling is the allocation of the annual budget across the months of the year when expenditure is anticipated.

Budget surplus. When total revenue is more than total expenditure for a fiscal year.

Capital expenditure. Government expenditure on goods and services intended to create future benefits, such as investment in infrastructure or research spending.

Capital receipts. Capital receipts refer to government receipts, broadly categorized as recovery of loans, borrowings (internal and external) and other receipts, for example funds raised from disinvestment.

Contingency reserve. These are in-year expenditures above appropriations – primarily for handling genuine contingencies (or unforeseen eventualities, e.g. a flood or an outbreak of disease), and therefore not appropriated.

Executive. That part of a government that is responsible for making certain that laws and decisions are acted upon.

Equitable means application of fairness and justice in the allocation, distribution and execution of resources for a common good.

Fiscal target. Government revenue (taxation) and spending objectives.

Gender. A concept that refers to the social differences between women and men that have been learned, are changeable over time and have wide variations both within and between cultures. (European Commission, 1998)

Gender Analysis. Gender analysis is a systematic analytical process used to identify, understand, and describe gender differences and the relevance of gender roles and power dynamics in a specific context. Gender analysis typically involves examining the differential impact of development policies and programmes on women and men and includes the collection of sex disaggregated and gender sensitive. Gender analysis examines the different roles, rights, and opportunities of men and women and the relationships between them. It also identifies disparities between men and women, examines why such disparities exist, determines whether they are a potential blocker to achieving results, and looks at how these disparities can be addressed. (DFID, 2004²)

Gender and budgets. Budgets are the most important policy tools available to a government and reflect its political priorities. Although the numbers and figures compiled in the budget documents might seem gender-neutral, empirical findings show that expenditure patterns and the way that a government raises revenue have a different impact on women and girls as compared to men and boys, often to the detriment of the former. This is due to the socially determined roles that women and men play in society, the gendered division of labour, different responsibilities and capabilities, and the different constraints that women and men face, which normally leave women in an unequal position in relation to the men in their community, with less economic, social and political power.

Gender Audit. The analysis and evaluation of policies, programmes and institutions in terms of how they apply gender-related criteria. (European Commission, 1998)

Gender-aware policy appraisals³. Gender-aware policy appraisals help analyse policies and programmes funded through the budget from a gender perspective by asking in what ways policies and their associated resource allocations are likely to reduce or increase gender inequalities.

² <https://www.ukaidirect.org/wp-content/uploads/2016/04/UKAD-Guidance-Gender.pdf>

³ Sources: Budlender, D., Sharp, R. and Allen, K.: How to Do a Gender-sensitive Budget Analysis: contemporary research and practice, Canberra: Australian Agency for International Development and London: Commonwealth Secretariat, 1998; Elson, D.: Gender Budget Initiative Tools, London: Commonwealth Secretariat, 1999

Gender-aware beneficiary assessments. Gender-aware beneficiary assessments of public service delivery and budget priorities are designed to collect and analyse the opinions of men and women on how far current forms of public service delivery meet their needs and how far current patterns of public expenditure accord with their priorities.

Gender-aware budget. Gender-aware budget statements review the budget from a gender perspective and summarize its implications for gender equality with different indicators.

Gender-aware medium-term economic policy framework. Gender-aware medium-term economic policy framework incorporates gender variables into models on which medium-term public expenditure planning is based. This might be done by disaggregating variables that refer to people by sex (e.g. labour supply), thus incorporating differentiated roles of men and women in economic activity, or by including new variables to represent the unpaid care economy.

Gender-aware social accounting matrices (GASAM). A GASAM is a comprehensive, economy-wide data framework, typically representing the economy of a nation. It is a particular representation of the macro - and meso-economic accounts of a socio-economic system, which capture the transactions and transfers between all economic agents in the system (Pyatt and Round, 1985; Reinert and Roland-Holst, 1997). It is a useful tool for policy analysis. The SAM can be made to be gender sensitive by allowing gendered policy simulations and disaggregating data gender

Gender blind. Ignoring/failing to address the gender dimension (as opposed to gender sensitive or gender neutral). (European Commission, 1998).

Gender equality. The concept meaning that all human beings are free to develop their personal abilities and make choices without the limitations set by strict gender roles; that the different behaviour, aspirations and needs of women and men are considered, valued and favoured equally. (European Commission, 1998)

Gender equitable and social inclusion (GESI). Gender refers to socially defined roles for men and women, girls and boys (as opposed to 'sex', which refers to biological characteristics). Please also refer to the social inclusion definition below.

Gender equity. Fairness in women's and men's access to socio-economic resources. A condition in which women and men participate as equals and have equal access to socio-economic resources. (European Commission, 1998)

Difference between gender equality and gender equity. DFID draws a distinction between equality of opportunity and equity of outcomes. Equality of opportunity means that women and men should have equal rights and entitlements to human, social, economic and cultural development, and an equal voice in civil and political life. Gender equity means that the exercise of these rights and entitlements should lead to outcomes which are fair and just. This distinction is important because it underlines the rights of women to define for themselves the objectives of development and to seek outcomes which are not necessarily identical to those sought and enjoyed by men. Equality does not mean that everyone has to be the same. Diversity enriches human life and should be a cause for celebration not a basis for discrimination.

Gender equality means equal visibility, empowerment and participation of all sexes in all spheres of public and private life. It puts both women and men at the heart of policy-making and takes into account the diversity among men and women to ensure good governance and development.

Gender gap. The gap in any area between women and men in terms of their levels of participation, access, rights, remuneration or benefits. (European Commission, 1998). Gender impact assessment examining policy proposals to see whether they will affect women and men differently, with a view to adapting these proposals to make sure that discriminatory effects are neutralised and that gender equality is promoted. (European Commission, 2001)

Gender Needs. The roles of men and women in existing societies and institutions are generally different. Thus, their needs vary accordingly. Two types of needs are usually identified: Practical needs arise from the actual conditions which women and men experience because of the gender roles assigned to them in society. They are often related to women as mothers, homemakers and providers of basic needs, and are concerned with inadequacies in living and working conditions, such as food, water, shelter, income, health care and employment. For women and men in the lower socio-economic strata, these needs are often linked to survival strategies. Addressing them alone only perpetuates the factors which keep women in a disadvantaged position in their societies. It does not promote gender equality. Strategic needs are the needs required to overcome the subordinate position of women to men in society and relate to the empowerment of women. They vary according to the particular social, economic and political context in which they are formulated. Usually they concern equality issues such as enabling women to have equal access to job opportunities and training, equal pay for work of equal value, rights to land and other capital assets, prevention of sexual harassment at work and domestic violence, and freedom of choice over childbearing. Addressing them entails a slow transformation of the traditional customs and conventions of a society. (ILO, 2000b)

Gender Neutral. Gender neutral means having no differential positive or negative impact for gender relations or equality between women and men. (European Commission, 1998)

Gender Planning. An active approach to planning which takes gender as a key variable or criteria and which seeks to integrate an explicit gender dimension into policies or action. (European Commission, 2001)

Gender relations. The relations and unequal power distribution between women and men which characterise any specific gender system. (European Commission, 1998)

Gender sensitive. Addressing and taking into account the gender dimension. (European Commission, 1998)

Gender responsive budgeting. Gender responsive budgeting is an approach designed to mainstream the gender dimension into all stages of the budget cycle. In general, gender responsive budgeting aims at analysing the different impacts of a state's national and local expenditure as well as revenue policy on women and girls, and on men and boys, respectively. In addition to the impact analysis, gender responsive budgeting comprises making proposals to reprioritise expenditures and revenues, taking into account the different needs and priorities of women and men. Depending on the country-specific context, other factors of inequality may also be focused on, such as age, religious or ethnic affiliation, or the place of residence (urban/rural, different provinces)

Gender responsive budgets. The gender responsive budgeting process aims at producing gender responsive budgets. These budgets (which are synonymous with gender-sensitive budgets, gender budgets and women's budgets) are not separate ones for women, but rather government budgets that are planned, approved, executed, monitored and audited in a gender-sensitive way (GTZ, 2006).

Gender-sensitive Monitoring and Evaluation. Method of gender mainstreaming that integrates gender equality concerns into the evaluation objectives but also into the evaluation methodology, approaches and use.

Sex. The biological characteristics which distinguish human beings as female or male. (European Commission, 1998)

Sex-disaggregated analyses of the impact of the budget on time use. Sex-disaggregated analyses of the impact of the budget on time use allow the impact of government resource allocation on the amount and the way that time is spent in households to be analysed.

Sex-disaggregated public expenditure benefit incidence analyses. Sex-disaggregated public expenditure benefit incidence analyses aim at estimating the distribution of budget resources (or changes in resources) among males and females. By this means, the extent to which men and women, girls and boys benefit from expenditure on publicly-provided services can be analysed.

Sex-disaggregated revenue incidence analyses. Sex-disaggregated revenue incidence analyses focus on the different effects on women and men produced by the kind of revenues raised by governments (direct/indirect taxes, user fees, etc.).

Sex-disaggregated statistics. The collection and separation of data and statistical information by sex to enable comparative analysis. (European Commission, 1998)

Legislature. The group of people in a country or part of a country who have the power to make and change laws.

Macroeconomic indicators. These describe economy-wide phenomena such as changes in unemployment, national income, rate of growth, gross domestic product, inflation and prices.

Medium-term fiscal framework. A framework that integrates fiscal policy and budgeting over the medium-term by linking a system of aggregate revenue

Medium-term sector strategy. Medium-term strategies set out specific inputs and activities to deliver specific outputs in the medium-term (three years).

Outcome. The result or effect of an activity, particularly insofar as it affects people.

Planning reserve. A sum (usually two or three percent of total aggregate spending) set aside, which a Ministry of Economic Planning and Budget later plans to allocate to new programmes (or to augment allocated resources) if necessary above sector resource envelopes during budget bilateral meetings with MDAs. The balance of the reserve at the conclusion of the budget bilateral meetings should be zero.

Policy. A course or principle of action adopted or proposed by a government, party, business or individual. Policymaking is the process by which governments translate their political vision into programmes and actions to deliver 'outcomes' – desired changes in the real world. Policy can take a range of different forms, including non-intervention, regulation, for instance by licensing, or encouraging voluntary change, as well as by providing public services.

Programmes. The activities of an organization or function grouped on the basis of common objectives. They are comprised of elements, which can be further divided into components and tasks/activities.

Project. A piece of planned work or an activity completed in a set period and intended to achieve a particular aim.

Recurrent expenditure. Government expenditure on goods and services for current use to directly satisfy individual or collective needs of the members of the public, such as wages and salaries and expenditure on consumables – stationery, drugs for health services, bandages etc.

Revenue receipt. Revenue receipts are the revenues received by the Government and are classified as tax revenue and non-tax revenue.

Sector allocation/ceiling/resource envelope. A distribution of funds, or an expenditure limit established for an organizational unit or function.

Social inclusion. Social inclusion refers to processes to ensure that people who are socially excluded (e.g. due to poverty, disability, ethnicity, age), gain the opportunities and resources necessary to participate fully in economic, social and cultural life, and to enjoy a standard of living and wellbeing that is considered normal in the society in which they live.

Stakeholders. People, such as employees, customers or citizens, who have a stake, share or interest in something such as an organization, project, society, etc., and therefore have responsibilities towards it, and benefit from it.

Virement. An administrative transfer of funds from one part of a budget head to another within a specific MDA.

Annex 3: PEFA GRPFM Best Practice Statements

PFM Cycle Step	Indicator	Description / Guiding Question	Dimensions	Best Practice Requirement (A Rated)
1.D	GRPFM-1 Gender Impact Analysis of Budget Policy Proposals	Does the government's analysis of proposed changes in expenditure and revenue policies include information on gender impacts?	GRPFM-1.1 Gender impact analysis of expenditure policy proposals	Most (75% or more) proposed changes in expenditure policy include an assessment of gender impacts.
1.C	GRPFM-1 Gender Impact Analysis of Budget Policy Proposals	Does the government's analysis of proposed changes in expenditure and revenue policies include information on gender impacts?	GRPFM-1.2 Gender impact analysis of revenue policy proposals	Most (75% or more) proposed changes in revenue policy include an assessment of gender impacts.
1.G	GRPFM-2 Gender Responsive Public Investment Management	Does the government analyse the impacts of major public investment projects on gender as part of the economic analysis of investment proposals?	GRPFM-2.1 Gender responsive public investment management	Economic analyses, conducted in line with national guidelines, to assess all major investment projects include analysis of the impacts on gender and the results are published. The analyses are reviewed by an entity other than the sponsoring entity.
1.E	GRPFM-3 Gender Responsive Budget Circular	Does the budget circular(s) require budgetary units to include information on the gender-related impacts of their spending proposals?	GRFM-3.1 Gender responsive budget circular	The budget circular requires budgetary units to provide information on the gender impacts of new spending proposals and proposed reductions in expenditures. The budget circular also requires the analysis to include sex-disaggregated data on the planned outputs and outcomes for service delivery.
2.D	GRPFM-4 Gender Responsive Budget Proposal Documentation	Does the government's budget proposal documentation include information on gender priorities and budget measures aimed at strengthening gender equality?	GRPFM-4.1 Gender responsive budget proposal documentation	The government's published budget documentation as submitted to the legislature for scrutiny and approval includes all three of the following types of information: <ul style="list-style-type: none"> • an overview of government's policy priorities for improving gender equality • details of budget measures aimed at strengthening gender equality • assessment of the impacts of budget policies on gender equality.

2.D	GRPFM-5 Sex-Disaggregated Performance Information for Service Delivery	Do the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs?	GRPFM-5.1 Sex disaggregated performance plans for service delivery	Sex-disaggregated information is published annually on the planned outputs and outcomes for most (75% or more) service delivery ministries.
2.D	GRPFM-5 Sex-Disaggregated Performance Information for Service Delivery	Do the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs?	GRPFM-5.2 Sex-disaggregated performance achieved for service delivery	Sex-disaggregated information is published annually on the planned outputs and outcomes for most (75% or more) service delivery ministries.
3.I	GRPFM-6 Tracking Budget Expenditure for Gender Equality	Does the government have the capacity to track gender equality-related expenditure?	GRPFM-6.1 Tracking budget expenditure for gender equality	Expenditure is tracked against budget allocations that are specifically classified in the government's chart of accounts as being associated with targeted gender outcomes.
3.H	GRPFM-7 Gender Responsive Reporting	Do the governments published annual reports include information on gender-related expenditure and the impact of budget policies on gender equality?	GRPFM-7.1 Gender responsive government annual reports	The government publishes annually a report that includes at least three of the following types of information: <ul style="list-style-type: none"> • a report on gender equality outcomes • data on gender-related expenditure • assessment of the implementation of budget policies and their impacts on gender equality • sex-disaggregated data on budgetary central government employment.
4.C	GRPFM-8 Evaluation of Gender Impacts of Service Delivery	Does the government include an assessment of gender impacts as part of evaluations of efficiency and effectiveness of service delivery?	GRPFM-8.1 Evaluation of gender impacts of service delivery	Independent evaluations of the efficiency and effectiveness of service delivery that include an assessment of gender impacts have been carried out and published for most ministries within the last three years.
2.B	GRPFM-9 Legislative Scrutiny of Gender Impacts of the Budget	Does the legislature's budget and audit scrutiny include the examination of the gender impacts of the budget?	GRPFM-9.1 Gender-responsive legislative scrutiny of budgets	The legislature's budget scrutiny includes a review of the gender impacts of service delivery programs. The gender scrutiny includes public consultation. Internal organizational arrangements, such as legislature committees, technical support, expert advice of gender advocacy groups, negotiation procedures, or others, are employed to perform scrutiny.

4.B	GRPFM-9 Legislative Scrutiny of Gender Impacts of the Budget	Does the legislature's budget and audit scrutiny include the examination of the gender impacts of the budget?	GRPFM-9.2 Gender responsive legislative scrutiny of audit reports	The legislature's scrutiny of audit reports includes a review of the gender impacts of service delivery programs. The legislature issues recommendations on actions to be implemented by the executive and follows up on their implementation.
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Annex 4: Exercises

Exercise: The importance of an Equitable Budget

In the space below, give a brief explanation of why you think it is important for budgets to be equitable and socially Inclusive.

Exercise: The advantages of equitable budgets

In the space below, list what you think are the advantages of a realistic and equitable budget.

Exercise: Making the budgeting process in your state equitable and socially inclusive

In the space below, give a brief explanation of the current budgeting process in your state, and how you can mainstream equitable indicators into this process and/or make it more inclusive.

Exercise: Implementing an equitable and inclusive realistic budget

List the activities in implementing an equitable and inclusive realistic budget.

Exercise: Tracking and evaluating the performance of an equitable and inclusive realistic budget

In the space below, give reasons why it is important to track and evaluate the performance of the budget, with due consideration for its extent of equity and social inclusiveness.

Exercise: State government actions to improve the situation of women and socially excluded groups.

List some of the government policies and strategies that take account of gender equitable and social inclusion issues.



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