



# The EU Mutual Learning Programme in Gender Equality


## Gender mainstreaming and gender budgeting in the ESIF and national budgets

Slovakia, 4-5 February 2020

Comments paper - Estonia



*The information and views set out in this paper are those of the author(s) and do not necessarily reflect the official opinion of the Commission. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.*



*This publication is supported by the European Union Rights, Equality and Citizenship Programme (2014-2020).*

*This programme is implemented by the European Commission and shall contribute to the further development of an area where equality and the rights of persons, as enshrined in the Treaty, the Charter and international human rights conventions, are promoted and protected.*

*For more information see: [http://ec.europa.eu/justice/grants1/programmes-2014-2020/rec/index\\_en.htm](http://ec.europa.eu/justice/grants1/programmes-2014-2020/rec/index_en.htm)*

# Towards more transparent governing – activity-based budget and gender

Mari-Liis Sepper<sup>1</sup>

Praxis Center for Policy Studies

## Abstract

This paper discusses gender in the context of Estonian policy making, planning and budgets. Gender becomes part of strategies and budgets in Estonia as a result of a number of legislative acts and guidelines, none of which uses the term gender budgeting. Gender equality is, however, considered as one of the horizontal principles. Estonia is presently carrying out an ambitious policy reform that introduces the activity-based state budget and leaves behind the costs-based budget. This paper gives an insight into how gender is featured in the activity-based budget.

## 1. Background and policy context

### 1.1 Background data

EIGE's gender equality index 2019 indicates that Estonia is halfway towards gender equality (score 59.8 out of 100). The score is lower in the areas of power (34.6), knowledge (55.5) and money (69.4). The low score is caused by low representation rates of women in parliament (27.4%) and government (22.8%), differences in the economic situation of women and men and few male tertiary students in education, health and welfare, humanities and arts. Estonia has the highest gender pay gap in the EU – in 2017 25.6% according to Eurostat. The gender pay gap exists also in sectors where the majority of employees are women: in 2017, the gender pay gap in education was 16.2%, in healthcare and social welfare 27.9%.<sup>2</sup> The Estonian labour market's horizontal segregation is highest in the entire EU (37.94% in 2018).

A gender gaps exist across all areas of life. Women live longer (in 2018 82.44 years compared to 73.86 years for men) and have slightly more years of healthy life (women 55.6, men 52.8 years). Women are more educated, but do not reach high and well paid positions as often as men. In 2018 44.9% of at least 15-year old women and only 26.8% of at least 15-year old men had a higher education degree.<sup>3</sup> There are 1.6 times more men in executive positions than women (15.6% of men are managers and

---

<sup>1</sup> I would like to thank Liivi Pehk for very useful discussions and valuable comments to this paper.

<sup>2</sup> Statistics Estonia: <https://www.stat.ee/pressiteade-2018-053>

<sup>3</sup> Statistikablogi: <https://blog.stat.ee/tag/korgharidus/>

executives, 9.3% of women). There are, however, more women who are working as senior level specialists (27.6%) compared to men (14.6%).

## 1.2 Policy context

The Estonian constitution provides a general prohibition of discrimination on ground of gender but features no principle of gender equality vis-à-vis the governing, parity of representation of women and men in Parliament or other.

The Gender Equality Act<sup>4</sup> from 2004 requires the state and local government authorities to promote gender equality systematically and purposefully (Art 9). They have a duty to change the conditions and circumstances that hinder the achievement of gender equality.

Upon planning, implementation and assessment of national, regional and institutional strategies, policies and action plans, the named authorities must take into account the different needs and social status of women and men and consider how the measures will affect the situation of gender groups in society. In other words, the law requires the authorities to gender mainstream.

**However, there are no laws that would explicitly mention gender in the context of budgets. Gender becomes part of strategic planning and budgeting process through requirements of gender mainstreaming, of impact assessment and of due respect towards gender equality as the horizontal principle.**

Estonia does not have a specific gender equality strategy, instead the Wellbeing development plan 2016-2023 (Heaolu arengukava)<sup>5</sup> includes gender equality as one of the four sub-objectives and consequently, gender equality is the focus of one of the plan's four programmes<sup>6</sup>.

In 2008 a project on gender budgeting was carried out in the context of local government budgets.<sup>7</sup> The first gender-responsive budgeting project by a governmental body, with the aim to start the discussion on gender equality in the context of Estonian state budget, was carried out in 2010-2011 by the Gender Equality and Equal Treatment Commissioner (hereafter the Equality Commissioner). As a result, a textbook on gender budgeting methods<sup>8</sup> was published along with examples of small-scale gender budgeting exercises carried out in the ministries of Justice, Social Affairs, Culture and Interior Affairs (Estonian Rescue Board). The textbook also introduces the Austrian approach to gender budgeting in depth as one of the two

<sup>4</sup> <https://www.riigiteataja.ee/en/eli/516012019002/consolide>

<sup>5</sup> In English: [https://www.sm.ee/sites/default/files/content-editors/eesmargid\\_ja\\_tegevused/welfare\\_development\\_plan\\_2016-2023.pdf](https://www.sm.ee/sites/default/files/content-editors/eesmargid_ja_tegevused/welfare_development_plan_2016-2023.pdf)

<sup>6</sup> [https://www.sm.ee/sites/default/files/Programmid/soolise\\_vordoigusliikkuse\\_programm\\_2020\\_2023.pdf](https://www.sm.ee/sites/default/files/Programmid/soolise_vordoigusliikkuse_programm_2020_2023.pdf)

<sup>7</sup> Project by the Gender Equality Commissioner: [https://www.enut.ee/files/GB\\_ENUT\\_uudiskiri\\_sootundlikud\\_eelarved.pdf](https://www.enut.ee/files/GB_ENUT_uudiskiri_sootundlikud_eelarved.pdf)

<sup>8</sup> S. Quinn (2011), Riigieelarve naistele ja meestele, voliniku kantselei: <http://kompetentsikeskus.volinik.ee/wp-content/uploads/2018/01/Riigieelarve-meestele-ja-naistele.pdf>

possible methods (the other one is the Belgian approach) that could be used in Estonia. A step by step guide on how to determine gender equality related objectives similarly to Austrian approach is provided in the textbook with links to Estonian databases and other gender related resources.

### 1.2.1 Gender impact assessment

In 2012, two important documents were adopted that provide rules and guidance for impact assessment in public policy making. Firstly, the Rules for Good Legislative Practice and Legislative Drafting.<sup>9</sup> Secondly, the guidelines on impact assessment method by Ministry of Justice and Government Office with a chapter on social and demographic impact that includes equal treatment of women and men and gender impact assessment.<sup>10</sup> The methodological guideline introduces a two-step questionnaire to decide whether it is relevant to assess the gender impact of a draft law:

- Does the draft law impact the daily lives of women and men?
- Are there any differences between women and men in the policy area regarding rights, opportunities, resources, participation, values and norms on gender roles or other?

If the answers to the two questions are positive, the gender impact must be assessed. In addition, the guideline enlists a number of other questions to help the civil servants to determine the possible gender relevance. Among them (p 1.6.2.): Does the draft law affect the access of women and men to resources such as money, material goods, information or other?

Only drafts of legislative acts and development plans ought to be assessed as to the possible gender impact. Usually the gender impact assessment is a separate section of the legislative intent (a document planning and explaining the need to legislate) which must, according to the law, include following sections:

- What kind of significant impact may the implementation of the law bring about;
- How will the significant impact be measured and an explanation if the expected impact will not be analysed.<sup>11</sup>

The explanatory notes to the draft laws must also include a section on impact of the draft law, including the social and demographic impact, similarly to the legislative intent.

In case of development plans, according to the recent regulation from 2019, both, the proposal of the development plan as well as the plan must entail an impact

---

<sup>9</sup> <https://www.riigiteataja.ee/en/eli/508012015003/consolide>

<sup>10</sup> [https://www.just.ee/sites/www.just.ee/files/elfinder/article\\_files/mojude\\_hindamise\\_metoodika.pdf](https://www.just.ee/sites/www.just.ee/files/elfinder/article_files/mojude_hindamise_metoodika.pdf)

<sup>11</sup> Governmental decree on good practice of legislative process (in English): <https://www.riigiteataja.ee/en/eli/508012015003/consolide>

assessment.<sup>12</sup> In the annexes of the plan, there should be the overview of impact assessments conducted and the summary of the preliminary impact assessment.

### 1.2.2 Horizontal principles in development plans

In 2014, guidelines on horizontal principles in development plans<sup>13</sup> were adopted. The guidelines propose how to pay attention to five horizontal themes, decided by governmental decree, one of which is the principle of equal opportunities. The equal opportunities section in turn is divided into four pillars: gender equality, equal treatment on ground of age, disability and ethnicity. In order to assess whether the planned policy measures in a development plan have gender relevance the guidelines reiterate the two-step questionnaire of the aforementioned impact assessment method:

Does the planned measure impact lives of women and men?

Are there any differences between women and men in the policy area?

According to the guidelines, the development plan must be preceded by the thorough impact analysis. The impact of the policy measures vis-à-vis the horizontal principles should be assessed to ensure that the measures are in line with these principles.

These guidelines aim to help the policy makers to analyse the connections between the planned policy and gender equality and to design measures that would contribute to achieving the objectives connected to gender equality.

Over the years, the quality of the sections on horizontal principles in the development plans have improved. There is still room for improvement for the impact assessment to become more substantial content-wise. One good example of describing well the connections between the policy area and equal opportunities is the preparatory work for the National Health Plan.<sup>14</sup>

## 2. The new activity-based budgeting policy

Starting from year 2020, the Estonian state uses activity-based budgeting, a reform that has been prepared since ten years and which is part of the wider state reform that aims to make the governing more efficient.<sup>15</sup> Until recently the state budget featured costs according to their types (staff costs, investments etc.) and no direct links were apparent between the costs and the national strategies and policy objectives.

Objectives and target levels of (policy) indicators became part of the state's budget strategy in 2006, when Estonia started to implement strategic development plans. The

<sup>12</sup> <https://www.riigiteataja.ee/akt/123122019005>

<sup>13</sup> <https://www.rahendusministeerium.ee/sites/default/files/lcbivad-teemad-valdkonna-arengukavas.pdf>

<sup>14</sup> Rahvastiku tervise arengukava 2020-2030: [https://www.valitsus.ee/sites/default/files/content-editors/arengukavad/rahvastiku\\_tervise\\_arengukava\\_2020-2030\\_koostamise\\_ettepanek.pdf](https://www.valitsus.ee/sites/default/files/content-editors/arengukavad/rahvastiku_tervise_arengukava_2020-2030_koostamise_ettepanek.pdf)

<sup>15</sup> <https://www.rahendusministeerium.ee/et/tegevuspohine-riigieelarve-mis-see>

activity-based budget allows to see the amount of resources allocated to a specific gender equality programme, but it is still difficult to assess whether the budget expenditure contributes to achieving horizontal objectives such as gender equality or, in other words, whether gender is mainstreamed across different policy areas.

According to the recent amendments to the State Budget Act<sup>16</sup>, the constitutional institutions and the authorities must break down the funds specified in the state budget according to economic content or **based on activity** in their budget (Art 31 (3)). In the budget, the expenditures are classified on the basis of performance areas and programmes (Art 26 (5)). As the general rule each performance area has only one development plan<sup>17</sup>, but may have several programmes.

The **programme** is a development document that determines the measures, indicators, activities and financing scheme targeted at the achievement of a sub-objective of a performance area or a development plan (Art 19 (5)). The programme is prepared in compliance with the budget strategy period and has to be approved by the minister.

**According to the laws and regulations the programme does not have to refer to, nor consider any of the horizontal principles. However, according to the guidelines prepared by the Ministry of Finance<sup>18</sup> the programme must be drafted according to the governmental decree on impact assessment method that features content on gender impact assessment.**

The named guidelines, moreover, point out that the programme document must explain the connections between the programme and the other performance areas and the horizontal principles, if the programme contributes to them or if the success of the programme is dependent on them.

In order to exemplify how the activity-based budget system features gender in practice, the paper will in the following discuss briefly the state budget strategy for 2020-2023.

## 2.1 Gender in the state budget strategy 2020-2023

The state budget strategy (SBS) is composed of the direction of the budgetary policy for four years, the economic prognosis, the governmental priorities, the overview of the situation in performance areas, the policy objectives with the indicators, the main policy reforms and the financing plan of the policy areas.

---

<sup>16</sup> <https://www.riigiteataja.ee/en/eli/513112019002/consolide>

<sup>17</sup> Valdkonna arengukava ja programmi koostamise, elluviimise, aruandluse, hindamise ja muutmise kord: <https://www.riigiteataja.ee/akt/123122019005>

<sup>18</sup> Strateegilise planeerimise ja finantsjuhtimise käsiraamat <https://www.rahandusministeerium.ee/et/programmi-juhend>

In the state budget strategy 2020-2023, the government has set five priorities: family-friendly Estonia, a cohesive society, a knowledge-based economy, efficient governance, and a free and protected state.

Gender equality is presented under the performance area Social security (section 2.8). The objectives of this performance area are decreasing gender inequality and poverty, increasing gender equality and social cohesion. This performance area has three indicators one of which is the gender pay gap with the target rate for 2023 at 18.5%.

Under the performance area, there are three programmes, one of which is the gender equality programme designed to implement the Wellbeing development plan 2016-2023. The programme has three gender specific indicators: number of women with a degree in STEM per thousand 20-29-year-old women, number of inhabitants who perceive gender pay gap as a big or very big problem in the society and Estonia's score of EIGE's gender equality index.

However, the named indicators are not the only gender specific indicators of the SBS. The programme of children and families uses as one of the three indicators the employment gap of 20-49-year-old women and men with children under the age of two. The labour market programme indicators are gender disaggregated (labour force participation rate of women and men). So are the indicators for the health programme that uses two indicators: life expectancy and healthy life years at birth. One could claim that the gender disaggregation of an indicator is not enough, because the considerable gender gap in life expectancy of women and men (82.3 and 73.7 years) will not decrease if the objective is not to bridge the gender gap.

SBS also features examples where a ministry has no specific gender equality programme nor indicators but has planned an activity that promotes gender equality. For example, the Ministry of Defence has the programme of defence policy design, the objectives and indicators of which are formulated in gender neutral terms, but it has the initiative to attract more women to the defence forces.

In conclusion, the state budget and its strategy do not feature gender equality as an obligatory element. Different ministries may use gender specific objectives and indicators or gender disaggregated indicators if they wish to do so. Even in policy areas where the gender gaps are well documented, such as in education, the programmes may be referred in the SBS without any reference to gender. Presently the obligation to compose programmes in line with the impact assessment method, even if gender impact is assessed, will not ensure the gender sensitivity of the state budget.

## **2.2 Transferability of the Austrian approach**

As pointed out above, the Austrian approach has already inspired Estonian gender budgeting initiatives. The Austrian gender budgeting method, which is about each ministry and supreme state organ being required to define a maximum of five outcome objectives including one gender equality objective standard, could be used also in Estonia. One possibility would be to modify the approach by requiring the ministries



to plan at least one activity under each programme which would tackle the gender gap or, if more relevant, some other inequality in the society. As the obligatory element each programme should, in addition, be accompanied by the description of the most prevalent inequalities in the policy area. Consequently, the policy maker would have to design measures or activities that would aim at overcoming the most significant inequalities.

Main constraints to adopt such a gender budgeting approach are:

- Lack of political will or supportive legislation in force.
- No national gender equality strategy that would cover all policy areas and would allow to guide equality promotion in other areas outside the gender equality policy area.
- Lack of awareness of gender equality and inequalities as well as gender mainstreaming tools and methods among policy makers.

### 3. ESIF and gender

In 2013 the Equality Competence Centre for the Use of the Cohesion Policy Funding (hereafter the competence centre) was created at the Equality Commissioner's office, the national equality body, to provide support for the policy-makers and implementers for gender mainstreaming and complying with the principle of equal treatment (including accessibility) in the process of planning, implementation, monitoring and evaluation of ESIF (ESF, ERDF, CF) programmes and projects. In 2019, the centre was transferred to the Ministry of Social Affairs.

The centre engages in awareness raising activities, consultations and orders analyses and studies. With the efforts of the competence centre, gender equality is more present in the use of ESIF than in the state budget.

The 2014-2020 Structural Assistance Act<sup>19</sup> provides that the list of measures must include information about whether the measure or activity has an impact on the objectives of equal opportunities, so called horizontal themes. Promotion of equal treatment and gender equality is also stipulated in the Partnership Agreement for the use of European Structural and Investment Funds 2014-2020<sup>20</sup>, according to which all measures that have relevance in regard to equal opportunities must be mapped and analysed to strengthen their impact. The guidelines on horizontal principles in development plans (see Chapter 2) are also used for ESIF 2014-2020 planning, monitoring and reporting to ensure the measures are in accordance with horizontal principles.

---

<sup>19</sup> <https://www.riigiteataja.ee/en/eli/ee/531102014003/consolide/current>

<sup>20</sup> [https://www.strukturifondid.ee/sites/default/files/partnership\\_agreement\\_for\\_the\\_use.pdf](https://www.strukturifondid.ee/sites/default/files/partnership_agreement_for_the_use.pdf)

In practice this means that in the **planning phase** all the conditions for support have been checked and confirmed by the responsible body for equal opportunities (unit at the Ministry of Social Affairs), since these are adopted as ministerial decrees that are sent to be commented to all the ministries.

In the **implementation phase**, the competence centre participates in the public information events to give guidance about the horizontal theme of equal opportunities to potential applicants. Furthermore, the centre reviews the application forms and selection criteria of projects. The centre has also created a variety of information materials, including thematic factsheets and guidelines for implementing agencies, intermediate bodies and users of the funds and organised trainings to support their efforts. In addition, the centre co-ordinates the work of an equal opportunities network to support a practical co-operation in promoting gender equality and equal opportunities on other grounds in the use of ESI Funds.

The Equality Commissioner has the seat at the national **monitoring** body.

During the ESIF 2014-2020 period, there were no specific gender equality measures in place. Gender equality is promoted through gender mainstreaming.

## 4. Suggestions

### European level

- Clear rules should be adopted regarding ESIF and gender budgeting. Ideally, the European Commission should demand MS to follow a target for gender equality and evaluate the proportion of ESIF used to promote gender equality, similarly to assessment on whether the financed measures contribute to climate neutrality.
- Under the European Pact for Gender Equality 2011-2020 the Council reaffirmed its commitment to governance through gender mainstreaming by integrating the gender perspective into all policy areas. Although the Commission and the Council have integrated gender into the Country-Specific Recommendations, the suggestion to adopt the strategy of gender budgeting in order to alleviate structural gender inequalities is rarely made to the MS. The Commission and the Council should actively promote gender budgeting to MS as one of the means to promote gender equality.

### National level - Estonia

- In addition to performing the two-step exercise needed to assess the expected gender impact, programmes should be accompanied by the explanation how the measures contribute to gender equality (for example by foreseeing a specific gender related activity).
- Guidelines on the horizontal themes should be linked to the national gender equality objectives, because without the national objectives it may be difficult for the policy makers to come up with measures that would promote gender equality in their area of work.

- Each state budget strategy or the explanatory note to the state budget should contain a short analysis of the state budget from gender perspective.
- In the new multiannual financial period (2021-2027) the ESIF conditions for support should continue to have a requirement that the impact of planned measures on horizontal themes must be described.
- The existence of support structure, the Equality Competence Centre for the Use of the Cohesion Policy Funding in Estonia, who supports gender mainstreaming and equal treatment in all ESIF funds is crucial to make the gender expertise available to the implementers. It is important to provide necessary resources from the technical assistance to continue such support in the period 2021-2027.
- Gender budgeting as a method should be incorporated in ESIF funds usage in different stages, including the monitoring. The new period should introduce the system to track funding for gender equality in funded programmes in Estonia.