

## TC Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Gender and Diversity Mainstreaming in the fiscal area in Latin America and the Caribbean
▪ TC Number:	RG-T3789
▪ Team Leader/Members:	Harper, Leslie Elizabeth (IFD/FMM) Team Leader; Urban, Anne-Marie S (SCL/GDI) Alternate Team Leader; Almeida Oleas, Natalia (LEG/SGO); Calijuri, Monica (IFD/FMM); Cermeno Vargas, Evelyn Cristina (IFD/FMM); Flor Agreda, Maria Jose (SCL/GDI); Kevish, Maria Lorena (IFD/FMM); Piras, Claudia (SCL/GDI); Sanchez Torrico, Daniel Fernando (IFD/FMM) Alternate Team Leader.
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	NA
▪ Date of TC Abstract authorization:	29 Mar 2021
▪ Beneficiary:	IDB Member Countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Social Development(SOC)
▪ IDB Funding Requested:	US\$200,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period:	36 months (which includes execution period)
▪ Required start date:	September 1, 2021
▪ Types of consultants:	Firms and individuals
▪ Prepared by Unit:	IFD/FMM-Fiscal Management Division
▪ Unit of Disbursement Responsibility:	IFD/FMM-Fiscal Management Division
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Diversity; Gender equality

### II. Objectives and Justification of the TC

- 2.1 The main objective of this technical cooperation project is to support the inclusion of the gender and diversity perspective (including women, indigenous peoples, African descendants, Persons with Disabilities (PwD), <sup>1</sup> and LGBTQ+ individuals in fiscal policies and fiscal management programs to promote gender equality, inclusion, and diversity, addressing the social and economic needs of different population groups.
- 2.2 The LAC region is diverse, with people of various ethnic groups, cultures, sexual orientations and gender identities, abilities, and languages. With a population of over 645 million people, half are women, approximately 70 million have some form of disability, one in four is of African descent, 8.3% are indigenous peoples,<sup>2</sup> and it is

<sup>1</sup> The 2006 UN Convention on the Rights of Persons with Disabilities (CRPD) recognizes PWD as including “those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers, may hinder their full and effective participation in society on an equal basis with others.”

<sup>2</sup> [Gender, Diversity and Inclusion IDB](#).

estimated that between 2% and 7% are LGBTQ+. These population groups face multiple common challenges related to exclusion and discrimination. For example, 43% of indigenous households in the region are afflicted by poverty and indigenous persons are 2.7 times more likely to live in extreme poverty when compared with the non-indigenous population,<sup>3</sup> and the employment rates for men and women with disabilities are lower (24% points lower for men, 12% points lower for women) than for people without disabilities.<sup>4</sup> Studies have shown that these population groups have been disproportionately affected by COVID-19.<sup>5</sup>

- 2.3 Policies and programs to promote the inclusion of diverse groups is a critical task for the Latin American and Caribbean region. As pointed out by Banks and Polak (2014), not only is it the right thing to do from a social justice and equality perspective but is also key to countries' economic growth and development. There is growing evidence from around the world that diversity and inclusion spurs economic development,<sup>6</sup> improves business performance and fosters innovation,<sup>7 8</sup> as well as substantial costs—social, political, and economic—persist if exclusion of entire groups of people is not addressed.<sup>9</sup> The most common group identities resulting in exclusion are gender, race, caste, ethnicity, religion, and disability status, and as WB underscores, “Social exclusion based on such group attributes can lead to lower social standing, often accompanied by lower outcomes in terms of income, human capital endowments, access to employment and services, and voice in both national and local decision making”.<sup>10</sup> Equity (fairness) implies encompassing horizontal equity, vertical equity, and intergenerational equity dimensions.<sup>11</sup>
- 2.4 Inclusion of diverse groups in the economy and development processes is also important from an efficiency standpoint. When it comes to public procurement, for example, improving market access for businesses owned by diverse populations leads to an expansion of the government's universe of potential suppliers, which increases competition, and in turn, leads to better prices and quality of goods and services.<sup>12</sup>
- 2.5 The region faces several challenges that hinder the capacity to include a gender and diversity perspective in fiscal programs. First, it is important to note that diversity as a consideration in fiscal policies is relatively new; there is limited information and data regarding the extent and nature of the challenges and the policies and best practices

---

<sup>3</sup> [Indigenous Latin America in the Twenty-first decade.](#)

<sup>4</sup> Duryea, Madrigal and Urquidi (2019). Promoting Disability Inclusion in Latin America and Caribbean Labor Markets.

<sup>5</sup> UNDP. [The impacts of COVID-19 in Latin America and the Caribbean.](#)

<sup>6</sup> Banks, L. M., & Polack, S. (2014). The economic costs of exclusion and gains of inclusion of people with disabilities: Evidence from low- and middle-income countries. London: International Centre for Evidence in Disability.

<sup>7</sup> Buckup, S. 2009. [The price of exclusion: the economic consequences of excluding people with disabilities from the world of work.](#)

<sup>8</sup> Employment Working Paper No. 43. Geneva: International Labour Office (ILO); Ashraf, Q., & Galor, O. (2011). Cultural diversity, geographical isolation, and the origin of the wealth of nations. NBER Working Paper No. 17640.

<sup>9</sup> World Bank (2013) [Inclusion Matters. The foundation for Shared Prosperity. New Frontiers of Social Policy](#), 81478 (page 2), Washington, D.C.

<sup>10</sup> Idem (page 5).

<sup>11</sup> OECD (2016), The economic cost of gender-based discrimination in social institutions, OECD Development Center.

<sup>12</sup> Hunt, V., Prince S., Dixon-Fyle, S., and Yee, L. 2018. Delivering through Diversity. McKinsey & Company.

to approach them. Second, there is limited information on the types of fiscal policies that would be useful to be addressed. Finally, given that there are limited programs in the region, there is also limited capacity to implement such an approach; fiscal policy as a tool has been under-utilized by Latin American countries in reducing inequality.<sup>13</sup>

- 2.6 Data from 70 countries in 2017, identified the need for more political support and a legal basis for gender budgeting efforts, as well as pointed out challenges such as “lack of guidance on how to incorporate gender considerations into the annual budget, the poor quality of gender analysis and assessments, the lack of gender disaggregated statistical data, and weak coordination across ministries”.<sup>14</sup> Furthermore, it is critical to take into account the fact that “gender impact is harder to analyze because it is camouflaged by household consumption.”<sup>15</sup> Stotsky (2016) also mentions that it is crucial to avoid unnecessary governmental bureaucracies as well as to detect weaknesses in the structure and implementation of the initiatives, besides the need of more progress in setting up relevant administrative machineries or conducting training sessions for public officials.<sup>16</sup>
- 2.7 To address these challenges, this technical cooperation project will support knowledge and capacity building activities that promote support for diverse groups in 1) public expenditure, including public procurement and budgeting; and 2) tax policy and administration. In the case of public procurement, this will include for example programs to promote diverse group’s participation in the public procurement market, in the case of budget, it will focus on programs such as gender budgeting and in tax policy, on policies that place undue hardships on certain populations (see footnote 19).
- 2.8 **Beneficiaries.** The beneficiaries of the program will be the public officials from Latin America and the Caribbean who have the tools and strategies to include the gender and diversity perspective in their fiscal policies and programs, as well as the general population who benefit from those policies and programs.
- 2.9 **Alignment.** The TC is aligned with the Bank’s Second Update to the Institutional Strategy 2020-2023 (AB-3190-2), regarding the cross-cutting themes Institutional capacity and Gender equality and diversity as it will support the cross-cutting issue of gender equality and diversity, specifically activities that include a gender and diversity perspective in fiscal policies. The TC is aligned with the Diversity Action Plan for Operations 2019-2021, specifically the lines of action related to agenda setting, mainstreaming, direct investment and knowledge and dissemination in the fiscal area. The TC contributes to the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12) as it will support the cross-cutting issues of gender equality and diversity. The TC is also aligned with the Update to the Gender Action Plan for Operations 2020 2021 as it will contribute to agenda setting, supporting gender equality and empowerment through Bank operations, and contribute to knowledge

---

<sup>13</sup> IDB (2019), Splitting the Bill: Taxing and Spending to Close Ethnic and Racial Gaps in Latin America, (page iii), Lustig, N., Morrison, J. and Ratzlaff, A. Inter-American Development Bank.

<sup>14</sup> IMF (2020), Women in the Labor Force: The Role of Fiscal Policies, Strategy, Policy, and Review Department, Page 11, International Monetary Fund, Washington D.C.

<sup>15</sup> Navarro-Perez, G., Harding, M. (2021). [In tax, gender blind is not neutral, how tax policy in the time of COVID-19 must consider women](#), OCDE presentation, March 21<sup>st</sup>, 2021.

<sup>16</sup> Stotsky, J. (2016), [Gender Budgeting: Fiscal Context and Current Outcomes](#), IMF WP 16/149 (page 4, 6).

development and capacity building. Specifically, it will contribute to the thematic area institutional capacity to address gender equality, including (iii) supporting women's participation in the public procurement market; (iv) promoting gender equality in tax policy and administration; (v) including the gender perspective in government budgeting. The TC is also aligned with the Ordinary Capital Strategic Development Program (GN-2819) as it will support the OC-SDP priority area of mainstreaming gender and diversity in fiscal program. It is aligned with the Strategy on Social Policy and Productivity (GN-2588) as it will support the Banks sector policy related to social policy for equity and productivity, specifically the area of strategic engagement with tackling cross-cutting gender and diversity issues.

- 2.10 This TC will support the inclusion of gender and diversity mainstreaming in fiscal operations that are both under preparation and provide assistance for activities in loans that are under execution that targeted these areas. The TC program will also complement technical assistance programs under execution such as Program to Support Women in Public Procurement in Honduras ([ATN/WE-18392-HO](#)), and Digitalization of Public Procurement: Promoting Innovation, Gender inclusiveness and Transparency at the Sub-National Level ([ATN/AA-16486-RG](#)).

### III. Description of activities/components and budget

- 3.1 In order to achieve the TC objective of strengthening government's capacity to include a gender and diversity perspective in their fiscal policy and programs, the technical cooperation program will include the following components:
- 3.2 **Component 1. Research and knowledge management (US\$40,000).** The objective of this component is to contribute to the body of knowledge on gender and diversity in the fiscal area (particularly public expenditure and tax policy and administration) in Latin America and the Caribbean.<sup>17</sup> It will include the following activities i) review literature on fiscal policy and diversity and gender (i) creation of indicators and baseline<sup>18</sup> to serve as an initial contribution and foundation of knowledge for future reforms; (ii) research on existing programs to promote gender and diversity in the fiscal area and systematize lessons learned; and (iii) an assessment of the legal and regulatory environment and capacity of countries to implement inclusive policies.<sup>19</sup>
- 3.3 **Component 2. Strategic planning/Agenda setting (USD\$40,000).** The objective of this component is to develop a strategic plan for the region to guide the countries in the development of policies to support diversity mainstreaming in fiscal policies and programs.<sup>20</sup> This component will support: (i) preparation of a handbook to implement activities/policies to promote diversity-inclusive fiscal policy and management for authorities in the region.

---

<sup>17</sup> Covering IDB Latin American and the Caribbean Member Countries.

<sup>18</sup> This activity will leverage several studies carried-out by other donors and organizations, such as the IMF.

<sup>19</sup> For example, in tax policy it is common to see high taxes on products used only by women (such as for menstruation) that places a hardship particularly on women of limited economic means. The TC will do a mapping of policies in the region and identify areas which governments could consider improving.

<sup>20</sup> Due to varying levels of development within countries, the strategic plan will take in consideration different degrees of capacity and advances in the area.

- 3.4 **Component III. Capacity building (US\$60,000).** The objective of the component is to provide training to government officials in the region on how to promote gender and diversity programming in fiscal policies and administration. It will include (i) development of a training program; and (ii) development of training workshops.<sup>21</sup>
- 3.5 **Component IV. Dissemination and awareness building (US\$30,000).** The objective of this component is to disseminate the knowledge generated by the project among key networks in the region, such as the Inter-American Network on Government Procurement (INGP), so that it has maximum impact. This component will also support knowledge exchange and partnerships with other MDBs and international organizations. It will include: (i) the publication of the results of the program; (ii) knowledge activities in regional and sub-regional conferences; and (iii) a final regional dissemination event at the end of the program to present the results, (iv) a discussion paper.
- 3.6 **Expected results.** After the program's outputs are successfully implemented, the region will have increased capacity to include gender and diversity in their fiscal policies and programs.

**Table 1. Indicative Budget (US\$)**

Component	Description	IDB	Total Funding
Research and knowledge management	Contribute to cutting edge research on including diversity fiscal programs	40,000	40,000
Strategic planning/ agenda setting	Strategic plan for the region how to include gender and diversity in fiscal programs	40,000	40,000
Capacity building	Training on how to include gender and diversity in fiscal policies	60,000	60,000
Dissemination and awareness building	Activities to promote awareness about the results from the program	50,000	50,000
Final Evaluation	Evaluation at conclusion of activities	10,000	10,000
<b>Total</b>		<b>200,000</b>	<b>200,000</b>

- 3.7 This TC will be executed by the Bank through the Fiscal Management Division (IFD/FMM), in collaboration with the Gender and Diversity Division (SCL/GDI).
- 3.8 The program will include a final evaluation and the conclusion of the activities.

#### **IV. Executing agency and execution structure**

- 4.1 Given the substantial experience and knowledge that the IDB has regarding the design and implementation of the type of products that are under the scope of this TC, its regional dimension, and the lack of adequate regional entities with capacity to carry out the Bank will be the executing agency through the Fiscal Management Division

<sup>21</sup> The workshops will be virtual (at least in 2021) and include at least one in Spanish and one in English.

(IFD/FMM), which is in accordance with the GN-2629 Appendix X literal (d). Bank execution will enable the program to consider the variety of experiences and lessons learned from the diverse governments in and outside the region which is critical for the program.

- 4.2 **Procurement.** The activities to be executed within the scope of this operation will follow: (a) for the contracting of individual consultants, the Bank project team will observe Human Resource selection procedures (AM-650); (b) in the case of non-consulting services contracts, the Corporate Procurement Policy and Procedures (GN-2303-28) will be applied; and (c) for consulting firms, the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4) and its Operational Guidelines (OP-1155-4) will be used.
- 4.3 **Risks and other issues.** For the activities to be successful, this program will require on-going participation and commitment on behalf of the countries. There is a risk that competing priorities will slow the process down. There is also the possible risk of limited response of beneficiary entities to participate in due to the limited knowledge of the program or its benefits. This will be mitigated by the awareness building activities of the program, as well as through existing networks that work with the countries on gender and diversity inclusion.<sup>22</sup>

## **V. Exceptions to Bank policy**

- 5.1 No exceptions to Bank policy are expected.

## **VI. Environmental and Social Strategy**

- 6.1 No negative environmental impact is anticipated from this technical cooperation. Based on the Environment and Safeguards Compliance Policy (OP-703), the Safeguard Screening Form this technical cooperation has been classified as category "C".

## **Required Annexes:**

[Results Matrix - RG-T3789](#)

[Terms of Reference - RG-T3789](#)

[Procurement Plan - RG-T3789](#)

---

<sup>22</sup> For example, the Inter-American Network on Government Procurement and the Budgeting for Results Network.