

# Assessing the role of gender in DfID and Sida challenge funds

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## KEY FINDINGS

- Corporate actors are now playing an important role in international development and contributing new ideas to development aid.
- Corporate–donor partnerships represent unique opportunities to combine the experience of donors with the innovative business knowhow of corporate actors.
- The United Kingdom’s DfID and Sweden’s Sida are increasingly allocating aid through a new aid modality known as ‘challenge funds’ which are designed to bring together the mutual interests of business and donors in achieving development.
- Two such challenge funds are DfID’s Business Innovation Facility (BIF) and Sida’s Innovations Against Poverty (IAP), both have the ultimate goal of making a positive social impact.
- Neither the BIF nor the IAP provides an adequately robust response to the structural constraints to gender equality and women’s empowerment.

Corporate actors are playing an increasingly important role in international development. Social entrepreneurs, venture philanthropists, and multinational executives are now confronting a wide range of development issues and contributing innovative approaches to development issues by providing unique business models, financial instruments, and partnership mechanisms. Corporate involvement in development has evolved from a focus solely on profit and the delivery of specific goods and services to a new concentration on global policy-setting, mobilizing financial resources, and the provision of technical assistance.

Donors have taken note of the new role of business in development and, in some cases, are combining the experience of traditional donors with the business knowledge of corporate entities in new partnership modalities, such as challenge funds which encourage companies to compete for support and investment in much the same way that academics seek out research funding. While this new aid modality has great potential, it is essential to examine the extent to which it integrates important social development agendas—such as gender—into their agenda.

### Assessing the challenge funds focus on gender

DfID’s Business Innovation Facility (BIF) programme is a challenge fund designed to develop or scale up innovative, inclusive business models. Sida’s Innovations Against Poverty (IAP) programme is a challenge fund that aims to catalyse private sector innovation in products, services and business models that contribute to the fight against poverty and climate change by involving the poor as innovators, entrepreneurs, producers, consumers, and distributors. Both programmes ostensibly mainstream gender concerns into their respective programmes—but to what extent are they successful?

From a gender perspective, these programmes should seek to foster women’s economic empowerment by increasing incomes, returns on labour, and by ensuring a greater balance between paid and unpaid work. Improved education, training and awareness could also contribute to skill development and increased access to opportunities.



### BIF

The BIF has no clearly outlined set of eligibility criteria to assess a business in terms of potential contributions to development, and gender focus is not a primary consideration for the selection of participating businesses. Most projects are selected by country managers who rely on their personal knowledge and networks to identify projects. Projects have a rather vague target of ‘large-scale development impact’ meaning that selected businesses should have the commercial viability and potential scalability to reach large numbers of people. This has the unintended effect of pre-selecting companies where scale is prioritized over quality; the chances of an ambitious gender-related project being selected are therefore small.

## IAP

In contrast to the BIF, the IAP formally and openly solicits proposals from companies. The projects must satisfy transparent, well-delineated eligibility criteria to be selected by the Sida selection committee. Businesses must focus on creating direct benefits or systemic change for disadvantaged populations, including women. The selection process therefore has some orientation toward gender in terms of accomplishing social aims as well as generating socio-political transformation. Direct output effects on women are important as are the depth and quality of potential development benefits.

### The role of gender in BIF and IAP project assessment

The role gender plays when challenge fund projects are assessed by Sida and DfID is difficult to evaluate due to the fact that both still have numerous projects at the operational stage. At this point, it is most useful to concentrate on the degree to which gender is mainstreamed into project monitoring and impact evaluations.

BIF impact evaluations appear to be largely quantitative and focus on 'how many' and 'how much' rather than on rights-based approaches, livelihood option issues, and empowerment. Any progress on gender and development issues is likely to be largely instrumental rather than structural. Additionally, many BIF-supported businesses have not conducted effective evaluation data collection, which can be due to lack of experience or lack of interest.

The IAP performance assessment protocol is largely similar to that of the BIF, with the exception of requisite annual reports for long-term projects and semi-annual progress reports for grants with multiple disbursements. Although the IAP requires its selected projects to consider development impacts and potential monitoring and evaluation indicators,

there are no specific questions about gender issues, despite the fact that gender features prominently in the IAP's Guide for Applicants.

A preliminary analysis of the BIF and IAP suggests that both funds pay some attention to gender issues, but not to any significant degree. There is a greater consideration and integration of a holistic, multidimensional gender agenda within the IAP than in the BIF. Neither, however, provides a robust response to the structural constraints in gender equality and women's empowerment. Any ultimate improvement in women's empowerment is often more a result of fortuitous circumstances rather than the actual agenda. There is an urgent need to consider the management and organization of the challenge fund modality so that it can deliver results that tackle the root causes, not just the symptoms, of under-development.

TABLE 1: COMPARING THE INTEGRATION OF GENDER WITHIN BIF AND IAP MODALITIES

	BIF	IAP
Selection criteria	<ul style="list-style-type: none"> <li>Highly limited gender focus, mainly output-based</li> <li>No transparent selection process</li> <li>No clear eligibility criteria</li> <li>No distinction between inclusive and social business</li> <li>Projects must address a specific operational constraint facing the business</li> </ul>	<ul style="list-style-type: none"> <li>Specific gender objectives, output and outcome based with some focus on higher-order systemic effects</li> <li>Transparent selection process</li> <li>Clear eligibility criteria</li> <li>Some distinction made between inclusive and social business</li> </ul>
Performance assessment	<ul style="list-style-type: none"> <li>No required gender focus</li> <li>Development additionality assessed on the basis of quantitative indicators mainly</li> <li>Limited support by companies for M&amp;E</li> <li>No identified input from intended beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>No required gender focus</li> <li>Development additionality assessed on the basis of quantitative, qualitative and casual mechanisms</li> <li>Pre-existing buy-in for M&amp;E by companies</li> <li>No identified input from intended beneficiaries</li> <li>Consideration of losers/negative effects</li> </ul>

Source: Author's illustration on WIDER Working Paper 2013/43.

## IMPLICATIONS

- DfID and Sida need to consider the management and organization of the challenge fund modality so it can deliver results which tackle the root causes, not just the symptoms, of under-development.

*This Research Brief is based on WIDER Working Paper 2013/43 'The challenge fund aid modality: Assessing the potential for tackling gender challenges in development' by Nilima Gulrajani.*

