



MILLENNIUM
CHALLENGE CORPORATION
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Issue Brief

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Principles into Practice: Gender Equality and Poverty Reduction through Growth

In Principle: MCC's Approach to Gender Equality

Gender equality and the empowerment of women and girls are widely recognized as key dimensions of human progress. Most development institutions and partner governments acknowledge this in laws, policies, institutional structures, and programming. When the Millennium Challenge Corporation developed its Gender Policy in 2006, its mandate was to address gender equality in the context of MCC's focused mission: poverty reduction through economic growth. Rather than adopting a rights-based perspective on gender equality, MCC's Gender Policy recognizes women as economic actors, and that gender inequality can be a significant constraint to economic growth and poverty reduction.

MCC recognizes that the relationships among growth, equality and poverty reduction are complex and multi-dimensional. Critical engagement across disciplines is required to find the best tools and methods for effectively taking these relationships into account in practice. The dynamics among MCC's priority on gender equality and its core principles of country ownership, policy performance and focus on results can also be complex, presenting tradeoffs. This issue brief summarizes a full paper that, like others in the *Principles into Practice* series, describes how MCC and its partner countries address challenges that arise in practice within the context of an agency committed both to its core principles and learning from its experience.

MILLENNIUM CHALLENGE CORPORATION
PRINCIPLES *into* **PRACTICE**

MCC was founded with a focused mandate to reduce poverty through economic growth. MCC's model is based on a set of core principles essential for development to take place and for development assistance to be effective—good governance, country ownership, focus on results, and transparency.

The *MCC Principles into Practice* series offers a frank look at what it takes to make these principles operational. The experiences captured in this series will inform MCC's ongoing efforts to refine and strengthen its own model. In implementation of the U.S. Global Development Policy, which emphasizes many of the principles at the core of MCC's model, MCC hopes this series will allow others to benefit from and build on MCC's lessons.

The series also offers insights into MCC's experience with the technical and operational approaches it uses to support poverty reduction through economic growth. The full *Principles into Practice* series is available at www.mcc.gov/principlesintopractice.

In Practice: MCC's Approach to Gender Equality

MCC was created and evolved from start-up to an established agency in a time when gender equality has been a policy priority. MCC was able to integrate gender analysis into the core elements of its model and to continue to learn, innovate and improve on its approach.

MCC's Gender Policy links gender equality with MCC's mission by defining the roles and responsibilities of MCC and partner countries for gender integration throughout the compact process. The policy also places gender differences and inequalities within the growth and poverty dialogue, providing an unusual opportunity to integrate those interests and perspectives into decision-making. MCC is working with its partner countries to put the policy into practice and is learning about challenges and opportunities embedded in MCC's model and the tools used to apply it. To achieve gender integration, the framework of leadership, mandate, resources, capacity, and accountability, borrowed from the NGO community, has informed organizational change within MCC.

Gender equality is also embedded in the fundamental starting point of MCC's country partnerships -- its country selection criteria. For fiscal year 2012, MCC made additions to the selection system that strengthened its consideration of the economic implications of gender equality. MCC also introduced a Gender in the Economy indicator, strengthening the signal to candidate countries that gender equality matters for poverty reduction and economic growth. The indicator measures a government's commitment to promoting gender equality by providing women and men with the same legal ability to interact with the private and public sectors.

Nine Lessons on Putting Gender Equality into Practice

MCC's approach to gender is maturing and the supportive policy environment is strong. Even with strong policy and agency commitments, as well as tools for gender integration, there are still challenges in practice. MCC's leadership in this area since 2006 provides rich lessons about institutionalizing gender equality and about making it a substantive part of programs that support development. In this issue brief, MCC articulates nine lessons in the spirit of transparency and shared learning. As MCC works to improve its practice and engage in larger conversations about growth, equality and poverty reduction, it hopes that these lessons will stimulate further dialogue and experimentation across the agency and the broader development community.

Lesson 1:

Gender integration requires more than assessing and managing risks.

In its early years, MCC essentially took a 'do no harm' perspective on gender. Based on lessons learned, MCC shifted this perspective on gender to 'do better.' Rather than seeing gender analysis as a tool for preventing negative impacts on participants and beneficiaries, MCC now uses it to improve design and to

reduce or remove social inequalities that limit growth and poverty impacts. This change has implications for operational guidelines, approaches, staffing, and country team structures. MCC's operational assumptions evolved to recognize that when poverty reduction is the end goal, both environmental and social dimensions of project development are important from the very beginning of the process. This led to a more proactive approach to gender equality and social inclusion and the creation of a social and gender assessment group.

Lesson 2:

Gender integration is more than a focus on women.

Societies, institutions and economies are shaped by the social relations of power. For this reason, women's empowerment, rather than just a programmatic focus on women, is necessary to remove the distortions that impede development. On the surface, gender integration and a focus on women and girls may appear to be completely compatible; however, in practice, several challenges emerge. There are many examples where a small women-in-development (WID) project was either irrelevant or contradicted by a larger, so-called gender neutral investment that excluded women or neglected to understand and avoid the potential for negative impacts on women and families. Women-focused projects do not compensate for a lack of gender integration in large projects. They also may not be successful without gender analysis. *See the full paper for how MCC and partner countries used gender analysis and a focus on policy and institutional reforms to strengthen programs in Indonesia, Nicaragua and Zambia.*

Lesson 3:

Gender-neutral design is not neutral.

One of MCC's earliest lessons is that there is no gender-neutral design. It is an axiom in the gender and development community that if a project involves people, gender differences and inequalities are relevant. Yet, some early MCC project designs initially reflected an assumption of gender neutrality, and required corrective action during implementation. Progress on gender during implementation resulted from MCC's thorough oversight and performance monitoring and its growing commitment to its gender policy mandate. While changes can be made during implementation so that the projects are better able to meet women's needs and interests, earlier gender analysis can be more efficient and intensive and results in better design than taking corrective action. *See the full paper for examples from Armenia, Honduras, Mali, and Nicaragua.*

Lesson 4:

Country ownership can present challenges for social inclusion.

In the context of gender equality, country ownership presents some challenges based on a country's gender norms and assumptions, institutional structures, cultures, hierarchies, and expectations about the role of donors. Gender differences and inequalities play out in the institutions and processes of development, including those institutions involved in developing a compact. Thus, who represents the country in engaging MCC can be a challenge. MCC is also very clear that country ownership is inclusive and extends

beyond national governments to include local governments, civil society, the private sector, and potential program beneficiaries. MCC's Gender Policy recognizes that the consultative process is the first and an ongoing tool for addressing gender inequalities. In early compacts, both MCC and its partner countries may not have met policy objectives because of challenges in commitment and capacity, but in newer compact development processes, MCC and its partner countries have provided more expertise, consistent guidance and oversight of consultations, helping them become more targeted and effective. *See the full paper for examples from El Salvador, Lesotho, Nicaragua, and Zambia.*

Lesson 5:

Tackling the relationships among growth, poverty reduction and gender equality in compact development is a challenge.

MCC's model is based on a commitment to evidence-based decision-making that uses rigorous tools for economic analysis in assessing proposed projects, making investment decisions and measuring impact. These tools present practical challenges and may have some inherent limitations with respect to recognizing the complexities of gender and poverty dynamics. Challenges include how to integrate gender into economy-wide analysis of constraints to growth used in project selection and conducting intra-household analysis in the context of determining economic rates of return (ERR) on projects. MCC has taken a number of steps to integrate gender into its tools for economic analysis, as well as complementing these tools with additional analytical tools such as the new Social Constraints to Poverty Reduction Analysis, but a number of challenges remain. Some of the issues discussed in this lesson advance a broader debate and associated questions about the relationships among growth, poverty reduction and gender equality. *See the full paper for a discussion of gender integration in MCC's constraints analysis, ERR analysis and beneficiary analysis.*

Lesson 6:

Pushing the policy envelope advances gender equality.

MCC is increasingly proactive about prioritizing a substantive review of sector policies that constrain growth in the compact development process. Sector and cross-sectoral analysis of the policy and institutional environment continues during project appraisal and due diligence and can result in additional interventions or policy conditions. MCC has struggled with how and when to address social inequality at the policy level in compact design. Even so, MCC has some powerful examples of policy reforms that matter to social inclusion broadly and to the quality of MCC's specific investments. To complement the Constraints to Growth Analysis, MCC added the requirement that a Social Constraints to Poverty Reduction Analysis be conducted at the beginning of the compact development process and be completed prior to the submission of concept papers for compact development. MCC also recognizes that institutions and their staff embody and operationalize policies. Therefore, MCC understands the need to ensure sufficient attention to social inclusion in its support for institutional reform and capacity development. *See the full paper for examples of policy and institutional reforms that matter to social inclusion broadly and to the quality of MCC's specific investments in Benin, Cape Verde, Indonesia, Lesotho, and Zambia.*

Lesson 7:

Systematic and early gender integration is critical in infrastructure projects.

Gender integration in large infrastructure projects has posed a difficult set of challenges. First, gender integration in agriculture, land and human capital projects is an easier fit because projects in these sectors tend to target specific, identifiable groups of people. In infrastructure, beneficiary groups are more broad-based. Second, while the implications of infrastructure decisions on people's lives can be profound, they may be less apparent, and women's roles are less readily visible than they are in other sectors. MCC has faced significant challenges but also made good progress in integrating gender into its infrastructure projects. This is a result of having requirements articulated in MCC's Gender Integration Guidelines and through lessons learned in the course of implementation. These include the importance of implementing the required steps from the very start, so that cooperation and learning also develop early, as infrastructure decisions and designs are harder to change at later stages. A strong analytical foundation and mutual education across disciplines involving MCC, MCA and contractors are also important parts of the process. Social and gender analysis must become core principles, not add-ons or check-the-box requirements, if real integration is to take place and infrastructure projects are to reduce inequalities and provide opportunities for all sectors of society. MCC's progress and lessons in this area are useful to the agency and external audiences moving forward. *See the full paper for examples from Cape Verde and the Philippines of how MCC is integrating gender into operational practice for infrastructure projects.*

Lesson 8:

Gender analysis is important to understanding results.

Independent evaluations are a cornerstone of MCC's results management system and are designed to foster accountability and learning. Gender analysis in monitoring and evaluation (M&E) starts with analyzing the effects of projects on different beneficiary populations. From there, reflecting gender in MCC's M&E work requires adding new variables and indicators into the M&E framework, increasing collection and analysis of sex-disaggregated data, asking new questions, and complementing quantitative techniques with qualitative methods. MCC's teams have worked together to do this more regularly at the project level and to incorporate some of these approaches into M&E policy. A challenge to gender integration relates to MCC's primary interest in realizing household income gains, whereas a focus on cash income alone may not generate or detect improvements in certain measures of well-being, such as nutrition, food security or health, which in turn may have significant long-term income effects. MCC is examining new evaluation methodologies to meet these challenges. MCC's M&E program has made substantial progress integrating gender in recent years. The agency's challenge going forward is to increase the integration of gender into program design in a manner designed to produce gender-relevant impacts, and then to effectively monitor progress and to improve evaluation designs to detect these impacts. *See the full paper for examples from Mali, Moldova and Mongolia.*

Lesson 9:

Making a Gender Policy operational really does matter.

MCC's 2006 Gender Policy has, in practice, been a useful and focused tool for gender integration. The most important development since the Gender Policy is the approval in 2011 of MCC's Gender Integration Guidelines. These describe specific institutional requirements, operational procedures and milestones for gender integration from the earliest stages of compact development through compact closeout. With clear requirements for gender integration, including requirements that can condition financial disbursements, MCC has moved into a space occupied by few, if any, other donors. MCC's progress on gender integration has also uncovered challenges and met with competing priorities. MCC is committed to exploring how best to reconcile these and to steadily improve its practices.

MCC learned that gender integration requires ongoing assessment and recommitment from leadership and staff. It also requires serious engagement across staff with different areas of expertise to address the challenges presented in the paper. In turn, this requires the willingness to go deeper and further to ensure that gender and social equality are part of poverty reduction through economic growth. MCC will continue to be an exemplary development partner, engaging substantively in tackling the challenges that come in addressing the relationships among growth, gender equality and poverty reduction, and sharing what it learns to improve both global policy and practice.

See the full paper at:

<http://www.mcc.gov/pages/results/principlesintopractice>