

# Inclusion and Gender Strategy in MCC Programs

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## INTRODUCTION

The Millennium Challenge Corporation (MCC) is an independent U.S. government development agency that partners with developing countries to reduce poverty through economic growth. MCC recognizes that growth alone will not meet its poverty reduction mandate if its investments are not also inclusive and sustainable. Further, a high level of exclusion or inequality may itself act to constrain economic growth. MCC's commitment to inclusive and sustainable development is thus firmly grounded in its mission.

The term *structural exclusion* refers to the persistent—and often systemic and institutionalized—barriers to economic, social, and political opportunities that certain groups face in a given society. MCC recognizes that structural exclusion is a problem across sectors. Depending on the context, structurally excluded populations may include poor people, women or other marginalized groups. MCC's model of poverty reduction through sustainable, inclusive and private sector–led economic growth means that the agency must consider issues of exclusion in all areas where it works.

The goal of MCC's stepped-up ambition on inclusion and gender is *to expand excluded groups' ability to have access to, participate in or derive benefits from its investments*. For this to happen, MCC's compact, threshold and regional program development processes must explicitly consider exclusion. MCC is actively working to increase the number of its investments that are designed to address exclusion in the relevant sector(s) and that have a core focus on inclusion in their program logic and intended impact.

## MCC'S TRACK RECORD ON INCLUSION AND GENDER

Poverty reduction through economic growth has been MCC's mission since its founding. In recent years, however, research has made increasingly clear that the nature of that growth—its inclusiveness, ability to generate employment, and sustainability—is key to generating strong and lasting impacts on poverty reduction. As a result, the agency has increased its efforts to design projects that aim to expand access to programs for low-income and marginalized groups. MCC has used means such as implementing participatory procedures that accommodate community voices, focusing on last-mile access, and targeting investments to neglected regions of partner countries, while also systematizing methods for understanding how different groups will benefit from MCC investments.

MCC was an early mover in addressing gender-based inequalities in its programming. Building on its *Gender Policy*, first adopted in 2006, the agency has made significant efforts over the years to integrate gender considerations into its analytical approaches, program design and implementation. To operationalize the policy, the agency has devoted increasing resources, staffing and leadership support, and applied innovative social and gender-focused operational requirements, to all its programs. These requirements provide specific operational guidance on inclusion and gender in staffing, analysis, budgeting, project design, monitoring and evaluation, and oversight throughout the program development and implementation process. These efforts have resulted in country programs that address social exclusion and gender inequality in such areas as education, health, agriculture and land tenure, as well as to improve the ability of women and other excluded groups to access and benefit from MCC investments. More recently, MCC has supported a growing number of programs that specifically focus on women's economic security and empowerment.

## VISION

Building on this foundation, MCC aims to significantly deepen its commitment to inclusion and gender equity and equality by routinely and systematically integrating gender and inclusion components into its investments in order to increase the ability of poor people, women and other marginalized groups to access, participate in or derive benefits from its investments. MCC will ensure that programming targeting these groups contributes meaningfully to a project's theory of change and helps to achieve its overarching objective of poverty reduction through inclusive and sustainable economic growth.

Inclusion and economic growth should be complementary. However, in some cases, especially in the short term, there may be trade-offs between the two, particularly with respect to the design of specific projects. MCC's approach must be capable of identifying such trade-offs where they occur, to facilitate fully informed and transparent decision-making.

Consistent with MCC's evidence-based approach to development, MCC will work with country partners to

- increase the depth of attention given to inclusion and gender considerations in the early analysis and project development, including with respect to the creation of employment and livelihood opportunities;
- support policy and institutional reforms that address structural barriers to equity and inclusion;
- promote inclusion across sectors through a range of sector-specific, targeted tools and approaches;
- in project design and implementation, address access to and the affordability of economic opportunities for poor people, women and other marginalized groups;
- amplify opportunities to strengthen women's economic security and empowerment;
- address the disparate impacts of climate change on women, the poor, and other excluded groups;
- support increased learning about MCC's inclusion and gender programming;
- integrate into programming global learning about the most impactful interventions to address exclusion and gender inequalities; and
- leverage partnerships to maximize the gender and inclusion impact of investments on women, poor people and other excluded groups.

The strategy is applicable to all programs in both design and implementation. There are greater opportunities to shape inclusion outcomes through appropriate design at the early stage of development. Careful attention to MCC's program implementation approaches can also help generate more inclusive participation and benefits.

This strategy remains grounded in MCC's founding mission—to achieve poverty reduction through *inclusive, sustainable and private sector-led* economic growth. MCC will continue to use its expansive suite of ex ante analytical tools to identify binding constraints to growth, select sectors or policy areas for intervention, and prioritize project investments.

The agency's progress on implementing this strategy will be reviewed periodically. The strategy may be updated over time, as needed, to consider experiences to date, internal learning and global advances in best practice.

## PROPOSED STRATEGY AND NEAR-TERM OBJECTIVES

*Objective 1: To strengthen the integration of inclusion and gender considerations in its analytical tools, MCC will*

- use quantitative and qualitative evidence to analyze more systematically how structurally excluded groups are affected by the diagnosed binding constraints to growth, as well as how they are affected by—and how their exclusion affects—the underlying root causes of the constraints;
- build upon emerging country examples to adopt a more systematic approach toward integrating gender and inclusion in the root cause analysis and in decision-making about prioritizing constraints;
- develop technical tools to better identify benefits that can accrue to structurally excluded groups to be able to integrate them into program logic and design;
- refine methods for cost-benefit analysis and beneficiary analysis to more consistently account for said benefit streams and costs, including issues of intergenerational equity;
- refine analytical tools to better assess how youth can access, participate in, and benefit from MCC investments, including through opportunities for training and employment;
- refine analytical methods to identify potential trade-offs between growth and inclusion objectives at different stages of the compact process as an input into agency decision-making on investment choice and design; and
- consider and systematically document how gender and inclusion will be addressed in its monitoring and evaluation efforts, thereby contributing to agency learning.

*Objective 2: To fully integrate inclusion and gender considerations into all stages of program development and implementation, MCC will*

- identify and integrate specific measures to increase access, economic opportunity and sustained results for structurally excluded groups in all sectors, including infrastructure;
- incorporate into program designs implementation modalities that alleviate the barriers faced by poor people and other excluded groups in benefiting from MCC investments, including, among others, expanding the use of digital solutions, digital literacy, and digital access to deliver more cost-effective services;
- increase the input of diverse voices and stakeholders into MCC investments by strengthening engagement with women, local communities, and other diverse local stakeholders;
- proactively identify and address or mitigate risks and programming opportunities related to gender-based violence in the context of MCC programs;

- reflect in the program logic any explicit targeting or other critical program design elements intended to benefit structurally excluded groups;
- deepen and expand the range of sector-specific approaches, learning and information sharing on how to increase inclusion and gender impacts in sectoral work, and incorporate these into sector-specific guidance and approaches;
- increase support for women’s economic security and empowerment, with an emphasis on quality, well-paying jobs, female entrepreneurship, and the dismantling of systemic gender barriers in the enabling environment;
- more systemically incorporate analysis and opportunities to address barriers to women’s employment and entrepreneurship in projects, including barriers related to childcare, other care burdens, and mobility constraints;
- comprehensively integrate inclusion and gender considerations into climate-related activities and programming, and proactively support economic opportunities for vulnerable groups to increase their resilience in the face of the negative economic impacts of climate change;
- build upon and strengthen ongoing practices under the Performance Standards of the International Finance Corporation for successful mitigation of social and gender-related risks, such as trafficking in persons, sexual exploitation and harassment, disability- and gender-related impacts of resettlement;
- regularly assess how power dynamics, political economy, social norms and intersectionality impact the ability to deliver equitable opportunities through MCC-funded programs;
- support Millennium Challenge Account entities to ensure that their boards and staffing structures, and to the extent possible those of their partners, are diverse, including creating opportunities for women and other excluded populations to be represented in leadership positions and within governance structures;
- consider how MCC’s and partner countries’ procurement mechanisms, outreach and engagement approaches can be leveraged to allow a more diverse set of participants, including women-owned and local businesses, to participate in employment and business opportunities through MCC-funded program procurements and related supply chains.

***Objective 3: To support policy and institutional reforms to enhance the inclusion and gender impacts of MCC investments, MCC will***

- identify policy, legal, administrative and regulatory constraints to equity, equality and inclusion, and support partner countries to reduce systemic barriers, including customary social norms and informal institutions that limit the ability of women and excluded groups to be equal economic actors and would inhibit equitable participation in MCC-funded programs;
- support institutional strengthening and capacity building on inclusion and gender equity and equality to facilitate the achievement of MCC project objectives;



- improve practice and the sharing of lessons on MCC’s experience in supporting policy and institutional reform interventions related to inclusion and gender; and
- support improved capacity for the collection and analysis of data, disaggregated by key variables (such as sex, region, income, age, or others), so that government counterpart agencies more systematically and routinely incorporate inclusion and gender into their planning and policy.

***Objective 4: To catalyze private capital for investments that promote inclusion and gender to help achieve MCC project objectives, MCC will***

- leverage, de-risk and increase commercially oriented funding for increased inclusion and gender impacts in programs by using blended finance tools; and
- identify opportunities for blended finance, grants and public-private partnerships to support MCC’s programming on women’s economic security and empowerment, including programming to promote improved access to finance for women and for micro, small and medium-size enterprises.

***Objective 5: To leverage partnerships to support its inclusion and gender objectives, MCC will***

- harness new partnerships to deliberately increase the role, voice, inputs, and agency of local actors and civil society, including those that represent poor people, women and youth in program development and implementation;
- engage with a wide range of actors, including United States government agencies, universities, foundations, nongovernmental organizations and local organizations in partner countries to increase the agency’s and partner countries’ access to cutting-edge research, knowledge, data, networks and expertise on inclusion and gender programming; and
- use partnerships to support systematic learning to help MCC and partner countries understand the state of the art, best practices and evolution of effective approaches in the inclusion and gender fields.

## **IMPLEMENTING THE STRATEGY**

Successful implementation of this strategy will require engagement and action across MCC. Based on the goals and objectives in this strategy, MCC departments, divisions and practice groups will orient their work in support of the strategy and, as appropriate, integrate specific actions into agency planning processes.

The Gender and Social Inclusion Practice Group will provide technical support and leadership to country teams and MCC staff on inclusion and gender. Country teams will report to management through regular management touchpoints on work streams that support this strategy. MCC will aim to aggregate and share lessons learned to help refine future programs, relying on independent evaluation findings as well as other qualitative and quantitative products.

MCC’s leadership team will oversee the implementation of the strategy through regular management touchpoints. In addition, the leadership team may ask for progress updates as needed from the relevant MCC division or department. Leadership will provide timely direction to teams on managing any

emerging trade-offs (i.e., cost-effectiveness versus broader impact) between growth and inclusion so that these considerations can be built into program development. They will work with the Gender and Social Inclusion Group and relevant departments to ascertain that the objectives of this strategy are aligned with practice group guidance, sector or other guidance for sectoral work, and compact development and implementation guidance. They will also work with the relevant departments to determine and prioritize necessary resources, including those needed for capacity building and staff training within MCC and its accountable entities.

Effective communications with both internal and external stakeholders about MCC's robust approach to inclusion and gender will be critical to the successful implementation of the strategy. In addition to consultation during the development phase, MCC will conduct periodic outreach to stakeholders.

## APPLICABLE POLICIES AND GUIDANCE

MCC's expanded ambition on inclusion and gender will be guided by the following key policies and guidance documents:

- [\*MCC Gender Policy\*](#) (2006, updated 2011) requires MCC and its partner countries to consider gender differences and inequalities in country selection, early analysis, program development and design, project assessment and implementation, program results monitoring, and evaluation.
- [\*MCC Counter-Trafficking in Persons Policy\*](#) (2016, updated 2021) helps to ensure that appropriate steps are taken to prevent, mitigate and monitor trafficking-in-persons risks in the projects MCC funds. The risks of trafficking in persons are highly gendered, given that women and girls are often disproportionately impacted.
- [\*National Strategy on Gender Equity and Equality\*](#) is a United States government strategy to achieve the full participation in economic, social, civic and political life of all people—including women and girls—in the United States and around the world.
- [\*International Finance Corporation Performance Standards\*](#) sets out environmental and social standards that all agency projects are required to meet.
- [\*MCC Policy for Monitoring and Evaluation\*](#) is designed to help MCC and its partners track and evaluate the impacts of its programs.
- [\*MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration\*](#) set out the operational requirements for social inclusion and gender integration at all stages of program development and implementation at MCC.
- [\*Guidance Note to MCAs on Sexual Harassment\*](#) provides partner countries with guidance on addressing sexual harassment in their programs.



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