Pacific RISE

Pacific Readiness for Investment in Social Enterprise

Australian Aid

Pacific RISE – Policy Brief

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How to effectively address gender and power in COVID-19 economic recovery responses in the Pacific

Introduction

Capital is moving quickly and urgently to Pacific communities in response to the COVID 19 health and economic crises. Donor agencies are pivoting fast and developing new policies to support COVID-19 economic recovery in the Pacific. DFAT has launched *Partnerships for Recovery: Australia's COVID-19 Development Response* and MFAT is discussing an Aid Program Pivot with a strong focus on economic recovery and support to protect those more vulnerable especially women and girls. In supporting swift and effective government action, it's more crucial than ever to integrate information about how we effectively address gender and power dynamics in financing economic recovery efforts. When analysing power dynamics in investment processes, it's clear that traditional funding models, which generally set assumptions and norms, are often inappropriate or detrimental to social impact–focused investments.

Pacific RISE has developed consistent findings about the importance of prioritising a gender and power lens in funding efforts. We've compiled a core list of lessons learned about approaches that do and don't work when financing social investments in the Pacific. While rethinking and rebuilding financial and economic systems in response to COVID-19, we have an opportunity to embed structures and processes into these systems to ensure that they work toward more gender-equitable, socially just, and successful outcomes over the long term.

This brief compiles key learnings across four distinct Pacific RISE publications: The Design of a Power Dynamics Framework for social equity in investment structures; the Gender-Based Violence Due Diligence Tool for impact investors; the Investment Thesis for Pacific RISE to identify investible future Pacific trends; and the Pacific RISE Design Analysis, investigating how program design affects impact outcomes.

This brief emphasises the critical importance of a gender-responsive and power-equitable approach to designing and financing COVID-19 responses that benefit the Pacific. It also provides practical insights for funders on how these approaches and principles can be translated into action.

Key lessons from Pacific RISE

The decision by funders on whether or not to address gender and power dynamics in their approach has a major effect on the success of social capital deployment. Our experience in the Pacific has shown us that:

- **The Pacific has a unique geographic, cultural, and economic context that relief interventions must take into account to achieve positive outcomes.** Capital interventions that have attempted to replicate external funding models, without effectively contextualising them for the Pacific, often produce no or negative outcomes. While the Pacific's unique geography and economies – including large informal sectors – have so far shielded the region from much of the COVID-19 impact seen elsewhere – the region could potentially be hit hard by the global economic impact.
- **Resilience is an asset worth investing in for the Pacific.** It affects every level of the region's societies during times of disaster – from individual health patterns, to household income levels, to market activity, and national interest rates. For the Pacific, resilience levels are impacted by its uniquely dispersed geography, the region's high risk of climate change disasters, challenges with gender equality, and high rates of gender-based violence. Such high rates of violence are a direct threat to the wellbeing and resilience of the Pacific islands. Gender inequality is exacerbated by the COVID-19 crisis, which is having an outsized effect on women as workers, caregivers, parents, and community members.
- **Deprioritising gender analysis as a perceived trade-off for expedience in relief allocation is a false dichotomy.** This will undermine both the effectiveness of short-term relief and the durability of long-term recovery, as gender equality is inextricably linked with a nation's resilience and recovery amid disaster.
- **Addressing power dynamics in program design by going beyond gender to also include cultural, socioeconomic, racial, and intersectional divides** is essential to effectively deploying capital in the Pacific's communities. Many power dynamics affect the success of social finance activity. How funders approach valuing knowledge, timing, access, incentives, and other power dynamics in program design and across funding processes will have major implications on the overall effectiveness of COVID-19 relief efforts in the Pacific.
- **Financial intermediaries allocating government funds must be incentivised and held accountable in ensuring gender-responsive or power-equitable methods of allocating capital.** Financial intermediaries are a key tool leveraged by governments to move capital, yet insufficient attention to power in Pacific communities can result in interventions faltering in both financial effectiveness and social impact returns.

Any nation that hopes to provide effective relief at this time must include a gender lens. This is especially critical to the Pacific islands. During this crisis, we can take advantage of unique and regionally specific contextual opportunities for greater development. The Pacific region's experience and skills in recovering from climate disasters, its value chains producing unique quality goods, and the power of its informal sector to capture value are but a few examples. This is also an opportunity to redesign malfunctioning systems and reduce gender and social inequalities through innovative, inclusive, responsive program design and power-attentive capital movement.

Integrating gender and power in the design of COVID-responsive funding plans

Existing inequities are exacerbated in crisis. Pacific RISE's efforts to increase women's economic empowerment and build an impact investment market in the Pacific serve to help minimise the financial burden on women and on the Pacific region. Our efforts also illuminate opportunities for alternative investment approaches that can guide philanthropy and donor agencies in economic recovery investment efforts.

Analysis of Pacific RISE's portfolio reveals that seven key power dynamics have a major impact on every phase of a social investment program – from program design, to intermediary selection, to capital deployment, and beyond. Lessons from those critical dynamics, and how to address them in developing COVID-19 economic recovery efforts, are below.

Power dynamic	Recommendations
Knowledge – which skills and experience are valued?	1. **Understand and value the existing resilience and safety nets in the Pacific.** Households and businesses in the Pacific often experience shocks and respond in the absence of government-funded aid. In the context of COVID-19 response designs, attention needs to be paid to the existing unique ways that Pacific groups are resilient. See our case study on resilience from Pacific RISE's portfolio, included in this policy brief. 2. **Design solutions focused on the Pacific. Creating broad Asia–Pacific responses or importing responses from other contexts won't work.** While responses are being designed quickly, the economies of scale from designing "Asia–Pacific" or cross-regional programs can result in reduced value in the Pacific. Knowledge and experience on the specific capital needs and social contexts of small and medium-sized enterprises needs to be included in the design and implementation of economic responses. This allows the solution to be driven by the needs and experience of Pacific businesses rather than intermediaries. 3. **Prioritise localised knowledge and inclusive engagement from start to finish.** The deep contextual knowledge of local actors and NGOs working on the ground is often overlooked by funders and intermediaries in favor of privileging technical and financial knowledge. Leveraging localised knowledge and networks from start to finish helps ensure that funding is not wasted by being channeled toward targets that do not actually suit community contexts.
Access – who is considered 'worthy' to access capital and resources?	4. **Pay close attention to who has access to funds and opportunities in order to ensure that money gets where it's needed most.** Bias in funding decision-making often emerges before it's noticed, with the limits of capital reach being determined by funders' or financial intermediaries' existing networks. This bias can have dire results for the most marginalised communities. It's important to seek out partnerships and input from local actors to ensure equitable access to resources. 5. **Design from the bottom up, not the top down.** Programs designed from the bottom up place higher value on social need, local business practices, and cultural or community structure. Allow these factors to influence program design and targets rather than imposing a predetermined solution. Identify who the target beneficiaries of the program are – such as the businesses and the community – and invest in understanding their needs to design funding activities based on direct knowledge from the communities you are trying to support.
Decision-making – who holds power across each phase and process?	6. **Work with partners who have strong local networks and are invested in the region.** Select partners based on who is best poised to deliver context-specific programming. When intermediaries enter into contexts that they are unfamiliar with, program principles to address power can be much more easily compromised. Maintain a sustainability mindset and expand beyond the usual suspects for partners if they are not plugged into the communities you want to reach.
Timing – whose time frame matters most and sets the pace?	7. **Design program timing to suit the impact need.** Consider program length in the context of what the program is trying to achieve, where it is starting from, and what may be realistic. Carefully consider the timing or length of activities – from funding applications to capital allocation and reporting – and how they affect the beneficiaries or partners. For example, businesses in financial distress may not be able to wait for lengthy program processes to roll out, or community centers may need time to set up systems for receiving capital. 8. **Think impact, not just outcomes.** Effective COVID-19 responses will include both short-term relief and long-term recovery efforts – both must be designed to consider dueling priorities. A program designed to help businesses survive in the short term will look different from a program designed to heal the long-term business environment – their targets must be distinct but still feed one another.

Power dynamic	Recommendations
Transparency – who gets to know what, when?	9. **Prioritise communication of criteria and timelines.** The expectation typically rests on capital recipients to provide as much information as possible to funders. In order to set up equitable COVID-19 response programs, however, funders must increase their own effectiveness by communicating across stakeholders and managing expectations. When recipients don't get clear materials or advice on funding criteria or expected timelines, they can't plan effectively, and time and/or impact may be lost. Providing materials and directions that are clear and comprehensible ties tightly into targets around funding accessibility.
Risk sharing – whose risks are prioritised and mitigated?	10. **Be explicit about risk – for programs, for partners, and for communities.** Identify clearly where various risks rest across each process to ensure that the value chain of moving capital is balanced, and funders don't shift risk unequally toward more vulnerable organisations and communities. The sustainability and effectiveness of social funding requires that risk-sharing mechanisms be championed by funders and leveraged effectively.
Alignment/ incentives – who is structurally incentivised to do what?	11. **Write contracts that incentivise equity in process *and* outcomes.** The expectations and milestones set within funding contracts with intermediaries can have a tremendous impact on the quality and consistency of program impacts. Holding intermediaries accountable for socially equitable processes, rather than focusing solely on outcomes, can help ensure that funding efforts achieve their desired goals. Funders have a responsibility to ensure community wellbeing by aligning incentives.

Case Study

Tanna Coffee - a model of equitable recovery

Tanna Coffee is a Vanuatu-based agricultural coffee company that grows on multiple islands in the Pacific, buying regional coffee from smallholder farmers and selling it through various channels. Tanna is a well-known organisation regionally with a strong reputation, in part due to its dedication to serving and engaging local communities and its empowerment of local farmers.

In March 2015, Cyclone Pam hit Vanuatu – the worst natural disaster in the history of the nation. Tanna Island was one of the most negatively affected areas. The team from Tanna Coffee – who buy their coffee beans from the island's farmers – were on the ground within 48 hours of the cyclone's devastation. They spent the following months helping over 500 farmers clear their land, prune their crops, and plant short-term crops to subsidise the farmers' incomes. This intervention was a strong example of relief efforts codesigned with communities, informed directly by on-the-ground needs, to the benefit of both farmers and the social enterprise.

While the coffee crops took three to five years to begin to fruit again, Tanna Coffee's assistance provided short-term solutions to the coffee farmers, alongside the (literal) seeds for economic development that would grow into the longer term.

COVID-19 has also impacted Tanna Coffee, with the closing of national borders leading to restricted regional and international travel, and reduced tourism-sector sales. Limited shipping has driven up prices of exporting product to Australia and New Zealand, but also to Fiji and other Pacific islands.

Resilient as ever, Tanna Coffee is still busy with communities preparing for the upcoming coffee harvest so the beans are ready when flights resume. The company is also working with local producers to diversify into other products that can be sold locally, such as honey.

Closing recommendation: Don't lose gender and power analyses in implementation

Donor agencies worldwide are seeking to move capital quickly and efficiently to aid economic recoveries. Yet, without thoughtful intervention, the efforts of funders to ensure gender- and power-equitable processes may be undermined if financial intermediaries and other implementing partners are not effectively equipped to implement structures that address power within their own processes. Place-specific capacity-building or contractual obligations with intermediaries that account for unequal structures of power can help ensure longer-term economic recoveries, and ensure that those who face existing structural inequities are not worse off after economic recovery efforts. Lessons from Pacific RISE can help capital move where it's most needed and promote design solutions that are more equitable and just.

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